

<b>SUMMARY REPORT</b>		
<b>Transformation Board Meeting in Public</b>		<b>06 April</b>
		<b>Item: 07</b>
<b>Title of report</b>	Health & Social Care Devolution: New Frontiers – a proposition to Government that builds on the Cornwall Deal and increases our economic, environmental and social resilience	
<b>SRO</b>	Jessie Hamshar and Tracey Lee	
<b>Author(s)</b>	Nick Hayden, SOF Head of PMO	
<b>Purpose of report</b>	The report presents <i>New Frontiers</i> : Cornwall and Isles of Scilly Leadership Board's proposition to Government for an inclusive approach to an economy, environment and society that works for everyone. It has been developed as a starting point for negotiations with the Government for a second deal for Cornwall. It includes a chapter which summarises key elements of the health and social care devolution proposals, which will be the particular focus of attention by the Transformation Board.	
<b>Recommendation</b>	<p>The Transformation Board is recommended to:</p> <ul style="list-style-type: none"> <li>• Consider and comment on the <i>New Frontiers</i> proposition</li> <li>• Endorse the health &amp; social care proposals in the <i>New Frontiers</i> document as a formal starting point for negotiations with Government to build on the Cornwall Deal</li> </ul>	
<b>Engagement and Consultation Undertaken to Date</b>	<p>At the time of writing, the draft ideas and principles set out in the <i>New Frontiers</i> document has been shared or presented at the Local Enterprise Partnership Board, a Cornwall Council All Member Briefing, the Cornwall Executive Group and the membership of the Cornwall and Isles of Scilly Leadership Board. Discussion on <i>New Frontiers</i> focus areas was also held at Cornwall Council's Customer and Support Services Overview and Scrutiny Committee on 31<sup>st</sup> October 2017. The health and social care chapter was presented to the Health and Wellbeing Board on 22<sup>nd</sup> March 2018.</p> <p>In service of the development of the health &amp; social care asks contained within the <i>New Frontiers</i> document, they have been developed following consultation with the following groups:</p> <ul style="list-style-type: none"> <li>• Cornwall Executive Group – 05.07</li> <li>• Council Corporate Directors Meeting – 13.07</li> <li>• SoF Transformation Board – 21.07</li> <li>• Informal Portfolio Holder Briefing – 31.07</li> <li>• SoF Clinical Practitioner Cabinet – 08.08</li> <li>• SoF Portfolio Board – multiple</li> <li>• Model of Care Delivery Group – multiple</li> </ul>	

## **Executive Summary**

*New Frontiers* is a proposition to Her Majesty's Government for a series of inter-linked devolution, fiscal and policy enablers to be transferred to Cornwall and the Isles of Scilly. Its main purpose is to outline a series of 'asks' and 'offers' to Government that taken collectively will improve the economic, environmental and social resilience of Cornwall and the Isles of Scilly. Developed by a wide range of partners, *New Frontiers* is designed to build on the progress that Cornwall has made through its 2015 Devolution Deal.

The New Frontiers document includes a chapter on 'Health and Social Care', which emphasises those aspects of devolution which will contribute to our economic resilience post-Brexit. Our devolution proposals include supporting an upgrade in prevention, creating an innovation testbed for rural and island communities and establishing a devolved place-based five-year funding settlement to enable local partners to co-ordinate budgets across health, social care, public health and health-related funds. Devolution is seen as a strategic enabler supporting delivery of our transformation plans for health and social care. The full set of proposals outlined in the New Frontiers document can be seen in appendix one.

*New Frontiers* is not a strategy; it is designed to support the delivery of specific elements of the existing strategies of Cornwall & Isles of Scilly Leadership Board members (including NHS Kernow CCG) and partners.

It is the intention that, subject to agreement, *New Frontiers* is 'launched' after the Cornwall and Isles of Scilly Leadership Board meeting on April 20.

With the right inputs locally and the support of NHS England and Government, devolution can provide us with the tools and funding required to truly transform our health and social care system and deliver significant benefits for our local population.

The health and social care chapter was discussed at the Health and Wellbeing Board on 22<sup>nd</sup> March 2018. Members were broadly supportive of the role that devolution can play in the transformation of health and care locally, particularly with regard to the potential for transformation funding (capital and revenue) to support the shift to a community, placed based model of care with a greater emphasis on prevention. The version presented to the Transformation Board incorporates some minor changes made to reflect feedback from health colleagues at the Health and Wellbeing Board.

*New Frontiers* should be seen as a starting point for a negotiation: any agreements that are made with Government would need to come back through the appropriate governance structures.

Senior HM Treasury colleagues visited Cornwall on 27<sup>th</sup> March 2018 to explore our plans for health and social care. The meeting was the beginning of a dialogue with Government departments and was well received. Treasury colleagues described the day as their most wide-ranging and stimulating discussion on health and social care in some time and there was a genuine desire to continue discussions on how national government can support us.

Colleagues were particularly struck by discussions as to how funding which Treasury has allocated for capital, digital and other improvements flows down through NHS systems in ways which can mitigate against securing the intended outcomes.

<b>Interdependencies with other work streams (where relevant)</b>	The strategic case for devolution is a strategic enabler for realising our ambition for an Integrated Care System and delivering a transformed model of care
<b>Financial implications</b>	There are no immediate financial implications for this report, but we are seeking to secure significant transformative funding through devolution.
<b>Key Risks</b>	The final negotiated position may be different from that contained within this document. While the officers and partners will only negotiate on the basis of the principles that are agreed, the experience of the Cornwall Deal was that there was a significant shift from the principles in the Case for Cornwall to the final Cornwall Deal. All agreements would come back to partner organisations for a final decision to mitigate this risk. The Shaping our Future governance will also provide oversight of the development of the proposals.
<b>Sources of evidence in support of proposals</b>	Draws on work completed for initial Devolution business case, and work undertaken elsewhere in the country.
<b>Equality and Diversity Statement</b>	The preventative aspects of the devolution case would make a significant impact on tackling inequalities.
<b>Communications requirements</b>	<i>New Frontiers</i> should be seen as a starting point for a negotiation: any agreements that are made with Government would need to come back through the appropriate governance structures

## Introduction

Brexit is a new frontier in our journey to build an economy that works for everyone in Cornwall and the Isles of Scilly. How we meet the challenges and seize the opportunities ahead will define our economy, our society and our place in the world for decades to come.

We cannot approach this new frontier in isolation. Our peninsula is a beautiful and fragile eco-system in which the resilience of our people, environment and economy are inter-dependent.

The newly created Cornwall and Isles of Scilly Leadership Board, born out of an independent governance review, provides the collective leadership we need to increase our environmental, economic and social resilience, and flourish beyond Brexit. We have long enjoyed excellent cross-sector collaboration, in a relatively simple administrative landscape surrounded by sea on three sides. The Cornwall and Isles of Scilly Leadership Board now provides integrated strategic leadership – with constituent members retaining responsibility for delivery – and is a key strength of our proposal.

### Cornwall and Isles of Scilly leadership board



New Frontiers is the Cornwall and Isles of Scilly Leadership Board's proposition to Government, offering an opportunity to collectively re-appraise national thinking on the tools and levers required to unlock regional growth in a post Brexit world.

## Our track record

Cornwall and the Isles of Scilly is a natural test-bed for new approaches to the grand challenges facing our society<sup>1</sup>, with a proud history of invention and innovation. Just as we led the first Industrial Revolution and connected the first transatlantic communications cables, our peninsula is now leading the way in

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<sup>1</sup> The vast majority of asks in this document are on a Cornwall and Isles of Scilly geography, but some are Cornwall specific

trailing smart technologies, space and satellite communications, creative and digital technologies, and green energy production.

As the first rural area with a devolution deal, Cornwall is a trailblazer for how devolved powers and funding can unleash the potential of non-metropolitan regions. Since 2015 we have used our devolved powers to deliver real benefits for the economy and people of Cornwall including:

- leveraging £17 million private investment into our bus network, enabling an extra 700,000 people to travel by bus, as part of our ground-breaking work to establish one integrated public transport system with the Cornish equivalent of London's Oyster card.
- generating business growth through our simplified Growth and Skills Hub, with all the extra business rates being kept in Cornwall, providing an extra £8 million funding for local services this year.
- leveraging £7.5 million private investment over three years into our Warm and Well programme, through which we are making the homes of 1,300 vulnerable households in Cornwall cheaper to heat every year.

### **Our catalyst for change**

The 2015 Cornwall Devolution Deal was signed in the wake of the Scottish referendum campaign. The timing of New Frontiers is driven by Brexit, our catalyst for change.

Cornwall and the Isles of Scilly is an economy in transition. Two decades of European support have enabled us to put in place the foundations for growth: two universities, major road upgrades, the UK's fastest growing regional airport, start-up space with streamlined support for local businesses, digital connections that make Cornwall more technology ready than Greater Manchester. These foundations have helped our economy to diversify into new sectors, our people to develop higher skills, and our local wages to increase.

However, the improvements to people's lives have not been fast or far-reaching enough. 44% of households in Cornwall and the Isles of Scilly are "just about managing" with total earnings below £20,000. Exeter University research into why Cornwall voted to leave the European Union identifies deep personal insecurity, with people concerned about their ability to earn a decent living, and to access the public services they need.

People have put their faith in national and local government, rather than distant European institutions, to deliver an economy that truly works for everyone. The shape of new British approaches to regional funding, migration policy, regulations, agriculture and fisheries once we have left the European Union will be critical to our future resilience.

With University of Birmingham research showing that many regions outside of London are more exposed to the possible negative impacts of Brexit<sup>2</sup>, we want to work in partnership with Government to meet its pledge to deliver an

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<sup>2</sup> <https://www.birmingham.ac.uk/schools/business/research/research-projects/economic-impacts-of-brexit-on-the-uk.aspx>

economy that works for everyone, including everyone in Cornwall and the Isles of Scilly. As such, New Frontiers is not solely focussed on devolution. It sets out a mix of policy, fiscal and sector based propositions that collectively provide the enabling tools and levers for Cornwall and the Isles of Scilly to flourish beyond Brexit.

## **Our proposition**

New Frontiers is not a strategy. It is a proposition to support the delivery of specific elements of our local economic, environmental and social strategies, and to unleash the full potential of Cornwall and the Isles of Scilly to contribute to the national vision and challenges within the Industrial Strategy and 25 year Environment Plan.

New Frontiers is structured around three sections setting out the policy, fiscal and sector levers that are needed to increase our environmental, economic and social resilience, through:

- **post-Brexit frameworks** for regional economic development funding, workforce migration, regulations, agriculture and fisheries that are designed to support all sectors of our economy, our environment and our society, and enable Cornwall and the Isles of Scilly to flourish beyond Brexit.
- **developing our distinctive strengths as a rural Industrial Strategy pilot** in clean growth, space and satellites, creative and digital technologies, as a wave two Local Industrial Strategy pilot capable of trailblazing the vision set out in the 25 year Environment Plan.
- **devolved powers and funding** that enable us to improve health outcomes for the most rapidly aging society in the UK, provide more affordable homes for local people, and secure fiscal freedoms and fair funding to support essential local services.

Each section contains a series of propositions which articulate a strong local 'offer', alongside our 'ask' of national government, to unlock clearly defined 'benefits. This match between an 'offer' and an 'ask' is at the core of New Frontiers: this is a proposed partnership with Government that has contingent responsibilities on all sides. New Frontiers has the support of all local partners as our collective proposition to Government.

The propositions in New Frontiers demonstrate the breadth, complexity and ambition of partners working together for Cornwall and the Isles of Scilly. Our region is ambitious in high tech, knowledge based sector; home to world class clusters in areas such as creative industries; leading thinking on post-Brexit regulatory frameworks and funding; championing new ideas to unlock housing development; and constantly developing and refining our traditional strengths in top quality agri-food, drink and hospitality.

This willingness to innovate, surprise and redefine is at the core of our offer to Government. The UK cannot afford to stand still in a post Brexit world. Cornwall

and the Isles of Scilly is committed to leading the way and demonstrating how rural regions can thrive beyond Brexit – with the devolved powers, funding and sector deals to deliver both on our local strategic intent, and on national industrial and environmental strategies. Coupled with our commitment to continue to develop and enhance our ‘double devolution’ programme to town and parish councils and community groups, we will continue to strive to ensure that services are delivered at the most appropriate level, building on the innate capacity and resourcefulness of our communities.

The central theme of New Frontiers is resilience: a series of interlinked propositions which collectively will create the environmental, economic and social resilience for Cornwall and the Isles of Scilly to flourish in the post Brexit world. We look forward to a maturing partnership with Government which provides the tools for Cornwall and the Isles of Scilly to contribute fully to the national economy through sustainable, inclusive growth that delivers the very best outcomes for everyone living in our region.

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## 1. Post Brexit frameworks

Brexit is a catalyst for change, giving fresh impetus to our drive for green and inclusive growth.

- Cornwall and the Isles of Scilly is an economy in transition. Two decades of European support have enabled us to put in place the foundations for growth: two universities, major road upgrades, the UK's fastest growing regional airport, start-up space with streamlined support for local businesses, and digital connections that make Cornwall more technology ready than Greater Manchester. This investment has helped our economy to become more productive, our people to develop higher skills, and our local wages to increase.
- However, the improvements to people's lives have not been fast or far-reaching enough. 44% of households in Cornwall and the Isles of Scilly are "just about managing" with total earnings below £20,000. Exeter University research into why Cornwall voted to leave the European Union identifies deep personal insecurity, with people concerned about their ability to earn a decent living, and to access the public services they need.

People have put their faith in national and local government, rather than distant European institutions, to deliver an economy that truly works for everyone. With University of Birmingham research showing that many regions outside of London are more exposed to the possible negative impacts of Brexit<sup>3</sup>, we want to work with Government to put in place the post-Brexit frameworks that will enable Cornwall and the Isles of Scilly to flourish. The approach which national Government takes to future funding, skills development, migration policy, regulations, agriculture and fisheries once we have left the European Union will be critical to our future resilience.

## Economic Growth to 2030

### Context

Cornwall and the Isles of Scilly's economic journey and trajectory are articulated in Vision 2030, our Strategic Economic Plan.<sup>4</sup> We face a fantastic opportunity to be at the forefront of a new economy, one that prospers in a unique creative, entrepreneurial and productive landscape. The connection of business, people and place is at the heart of our strategy.

Cornwall Council and the Cornwall & Isles of Scilly LEP play a pivotal role in local economic leadership - as well as securing and delivering economic development funding for Cornwall and the Isles of Scilly. Whilst significant progress has been

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<sup>3</sup> <https://www.birmingham.ac.uk/schools/business/research/research-projects/economic-impacts-of-brexit-on-the-uk.aspx>

<sup>4</sup> <https://www.cioslep.com/strategy/vision-2030>



made regarding our relative economic performance, we still lag behind the rest of the UK and much of Europe. Historic economic underperformance below the UK average dictates a need to ensure that productivity occupies our future approach as much as possible: we need to become a high productivity/high employment economy. Poor productivity and consequent low wages make it hard for businesses, and the region, to compete nationally and internationally. In 2016, GVA per head equalled 64.8% of UK average, the third year of an increase within the context of a significantly growing population. Add to this our dispersed rural settlement pattern (60% of the population live in settlements of less than 3,000), average annual earnings significantly below the UK average (77.4%) and lower than average number of residents with NVQ4+ and above - the future challenges are clear.

Cornwall Council estimates that two-thirds of our exports go to the EU: maintaining and growing these markets will remain important. Maritime, tourism, agri-food and logistic sectors (for example) will continue to have a strong trading relationship with other European regions. As the same time, a UK outside the EU can enable Cornwall and the Isles of Scilly to expand relevant markets elsewhere in the globe.

While nominal/relative GDP for Cornwall and the Isles of Scilly (in comparison with the EU average has relatively declined since 2003 (market value) the purchasing power per inhabitant has increased, as has the total value of the economy to over £11bn per annum: an annualised growth rate of 1.8%. Here, annual average growth rates for Cornwall and the Isles of Scilly have been impressive because of access to markets. Further devolution and economic innovation exploiting our unique assets can continue to add value.

The challenge for Cornwall and the Isles of Scilly is attracting evolving investment that can sustain this success. Despite progress made to date, it is becoming clear that if the UK had remained in the EU and the EU's Cohesion Policy retains its objective of economic cohesion, Cornwall and the Isles of Scilly would have expected to continue to receive funding as a 'Less Developed Region' in the 2021 to 2028 programme period. The estimated budget for this would have been in the region of c£500m of investment.

We are not strangers to our historic economic challenges and we've committed to focus on our opportunities. There were 33,000 more jobs in Cornwall and Isles of Scilly in 2014 than 2004. In 2014 over 105,000 working age adults held degree level qualifications, 43,000 more than 2004. Cornwall has a dynamic and thriving business community. Most of our businesses are SMEs with nearly 90% of them employing less than 9 staff. That means there is a lot of innovation, creativity and enterprising potential harnessed within our region.

The support that EU programmes and government investments such as RGF, Growth Deal, Coastal Communities etc have given to Cornwall and the Isles of Scilly in the last decades is a firm foundation to build upon and lessons learned can inform a successful UK wide succession programme.

The challenge for Cornwall and the Isles of Scilly is ensuring the continuation of economic growth in the context of the economic uncertainties facing the private sector as a result of Brexit negotiations, global uncertainties and reduced public

sector funding at a time when we need to encourage greater business rate income to replace the ending of block grant from Government. The social benefits of growth must also not be underplayed, and we need to ensure that our natural capital grows with it. We have a cohesive geography, a cohesive narrative and clear leadership. Our opportunity is to make that as inclusive as possible.

Ensuring a continuation of Cornwall and the Isles of Scilly's economic journey through an investment programme that delivers a whole system approach to economic development; increasing productivity and encouraging prosperity through a sustainable and inclusive approach to growth. Vision 2030 establishes a set of economic ambitions against six strategic drivers which provide the catalyst needed to continue our economic journey.

## **Unlocking Barriers**

### **The Rationale for Change**

Current European and UK Government economic growth programmes are siloed into programmes/funds/activity designed to produce outputs (e.g. number of business supported) rather than outcomes (e.g. productivity improvements in the supported business and progression for individuals), and historically it has been difficult to align separate programmes/funds at place or business level (e.g. a linked capital investment and associated skills provision). In order to maximise the collective impact of the support and to reduce delivery costs we believe a different approach is required.

Fund structure, eligibility and overly complex reporting mechanisms do not allow for a whole system or investment by investment approach. In Cornwall and the Isles of Scilly, this has resulted in an often disjointed approach, with projects that have been recognised as highly successful in meeting intended outputs remaining disconnected from the people that live and work in the vicinity, creating a perception that the impact has not reached those who need it most.

The complex process of reporting and audit often stifles innovation and ultimately distorts implementation, resulting in sub optimal, inefficient and ineffective delivery.

In a post-Brexit UK, the availability of economic development investment to act as a long-term economic catalyst is vital in securing the future growth of one of the UK's poorest regions at a time when it is critical to maintain investment and business confidence.

### **Our Ask**

To avoid stalling or reversing our growth trajectory and preserve investment confidence, we are seeking to continue our planned investment programme according to four key principles:

1. A single pot programme from 2021-2030 comparable with other EU Less Developed regions as the most efficient and effective way to achieve an integrated approach to economic development and growth.
2. A multi-annual (10 year) programme design focused on local accountability (within a locally agreed framework) that builds on our current Intermediate Body status as this will ensure that it is better targeted, more easily accessed by local beneficiaries and is owned and recognised by stakeholders and partners.

Robust sanctions to drive good delivery against a structured but simplified audit regime will ensure compliance without overburdening.

3. Measurements of success to be linked to the quality of outcomes achieved in order to ensure a whole system approach to sustainable and inclusive economic growth.
4. Adopt an inclusive growth approach to the delivery of the UK SPF and other UK economic development funding as this will help to rebalance the economy and deliver shared prosperity.

## **Our Offer**

Cornwall and the Isles of Scilly have been involved in the administration of Government, European Structural, rural development and fisheries funds for over 20 years. We are already operating Intermediate Body status for ERDF and ESF, which provides more local discretion over the allocation of structural funds than many other parts of the UK. In addition, via our arm's length economic delivery company (the Cornwall Development Company) Cornwall Council also acts as the "accountable body" for EAFRD and EMFF funds.

Over the last 20 years we have learned lessons on what works well, what does not work well, and how funding can best be managed at programme level and administered at project level to deliver better outcomes for local people and business. Well structured, targeted and locally controlled and informed regional economic development programmes can act as a catalyst for growth, and the transitional arrangements for post-EU funding need to be cognisant of lessons learned and build value onto existing investments.

We will use all the levers available to us to further increase our contribution to UK economic productivity. We aim to reduce the amount of economic development funding we receive from UK PLC over time, eventually becoming a net contributor through increasing the number of high growth and innovative businesses, improving the productivity of our business base, increasing skills levels, encouraging economic inclusion and reducing deprivation.

We will support:

- The strategic delivery of investment according to two clear agendas – Competitive Cornwall and Isles of Scilly and Prosperous Cornwall and Isles of Scilly
- An ‘inclusive growth’ approach to the delivery of the UK SPF and other economic development programmes as this will help to rebalance the economy and delivery shared prosperity across our region. We now have an opportunity to capitalise on the legacy of previous investments to become a thriving sustainable economy that not only delivers sustainable inclusive growth but that also contributes to the economic position of UK PLC and the reduction of welfare need.
- Private sector involvement in driving and delivering the programme to increase private sector match which will exceed HMG investment by 2030.
- The investment of legacy receipts and repaid loans as match funding to continue delivery of our ambitions for proposed financial instruments.
- Match fund capacity and expertise required to run the programme and act as the accountable body.
- Development of a Cornwall and the Isles of Scilly community development programme by investing in programme delivery and providing a cash flow facility to speed up investment.
- Development of an integrated growth and environmental skills and work hub to drive effective and agile private sector engagement and support.
- Alignment of a Cornwall and the Isles of Scilly investment programme with our local strategies, policies and funding including our Strategic Economic Plan, Environmental Growth Strategy, growth deal, Enterprise Zones, public and private sector match funding and skills, housing investment, employment and inclusion activity.
- Piloting approaches to SPF before launch in 2021/22 as an early test bed for fully integrated, locally delivered mechanisms and systems.

## **Benefits**

Cornwall’s 2030 Local Plan ambition is to create at least 38,000 new jobs, 52,500 new homes and 704,000 sqm of employment space. This proposal represents a key piece of the jigsaw in achieving that ambition. Our Vision 2030 and Local Plan targets were set in the context of delivering the current EU programmes unchanged until 2023 and the likelihood of a further EU investment programme (now understood to be likely to be a Less Developed Region programme) until 2030.

Over recent years, our GVA has begun to converge with the rest of the UK and productivity levels and average earnings have also increased. We now have an opportunity to capitalise on the legacy of previous investments to become a thriving self-sustaining economy.

Peripheral, coastal and rural economies such as Cornwall and the Isles of Scilly can make a significant contribution towards the UK economy, through an increased focus on digital connectivity and high value sectors, but the extent to which this is achieved as part of a wider re-balancing of the economy will depend

on how future funds are structured around the needs of local people and economies. The Cornwall & Isles of Scilly LEP has just published its "10 Opportunities" document<sup>5</sup> which is its pre-cursor for a local industrial strategy and once finalised we would use this document to direct future economic development activity.

## **Agri-food and Fisheries**

### **Context**

In Cornwall and the Isles of Scilly the agri-food and fisheries sector has a turnover in excess of £2 billion annually and is valued at over 6% of our GVA (equivalent figure for England is 3%). The sector employs over 20% of Cornwall and the Isles of Scilly's working age population compared to 15% in Great Britain. The sector also has a significant role to play in the environmental and natural capital value of our region through managing a range of ecosystem goods and services.

In financial terms the various strands of the Common Agricultural Policy (Basic Payment Scheme, Agri-environment Schemes, LEADER, EAFRD Countryside Productivity and the EAFRD Growth Programme) are worth in the region of £100 million per annum to Cornwall and the Isles of Scilly, so the decision to leave the EU and the transition from the current CAP regime to a British Agricultural Policy is of critical importance.

### **Unlocking Barriers**

#### **The Rationale for Change**

In a post-Brexit UK, the availability of financial support to act as a long-term economic catalyst is uncertain as details on any future Domestic Agricultural Policy are yet to emerge. However, the likely reduced levels of, or re-focussing of, the current Pillar 1 type CAP payments and Pillar 2 Rural Development Funds deliver a double challenge to the agri-food sector. The impact of these challenges will be felt across the direct supply chain and the wider economy of rural areas.

Finding ways to secure improvements in productivity and the future growth of one of the largest sectors in Cornwall and the Isles of Scilly are crucial to our overall Strategic Economic Plan (Vision 2030). Whilst the agri-food sector has grown considerably since 2000, further work is required to improve competitiveness, build efficiencies, address productivity issues and increase innovation to create growth across the whole of the supply chain.

Similarly, details of a new domestic Fisheries Policy are not yet available. However, it is clear that for the fishing industry, support from the EU Marine and Fisheries Fund has been an important source of investment for fishing vessels of all sizes, as well as in shore-based businesses. It has also been fundamental to the provision of essential port-based infrastructure. Identifying future sources of

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<sup>5</sup> <https://www.cioslep.com/strategy/10-opportunities>

investment to continue to modernise port facilities and enable businesses to adapt to post-Brexit market opportunities will be an important component of the future success of the fishing industry.

### **Our Ask**

We are seeking to build on our existing investment programme with future activity designed according to the following key principles:

1. The UK Shared Prosperity Fund (UK SPF) (or successor funding to the EU Rural Development and Fisheries Programmes) should take the form, at local level, of a streamlined single pot investment programme up to 2030 combining economic development funding for rural and coastal areas (including funding that is currently being delivered through programmes such as Countryside Stewardship, LEADER, EAFRD Growth and Countryside Productivity Programme's and EMFF) with other growth, infrastructure and skills funding schemes. Alternatively if the UK SPF is not going to support this activity, DEFRA need to consider a rural development programme as part of their future agricultural policy objectives.
2. Economic development funding for rural and coastal areas should be allocated to 'place level' and form part of the 'single pot' approach suggested above. At the very least, the financial support for the agri-food and fisheries sector should be aligned with UK SPF activity via an Agri-Food and Fisheries Sector Deal for Cornwall and the Isles of Scilly under the auspices of our local Industrial Strategy.
3. Adopt an 'inclusive growth' approach to the delivery of the UK SPF as this will help to rebalance the economy and deliver shared prosperity. We now have an opportunity to capitalise on the legacy of previous investments to become a thriving self-sustaining economy that not only delivers sustainable inclusive growth, but also contributes to the economic position of UK PLC.
4. The current Pillar 1 CAP payment system requires reform, and a transitional phase from the current system (5 years from 2020) will be required to lessen the negative impact on the agricultural sector. The replacement system needs to ensure that the environmental benefits derived from the current regime are not lost and that the income stabilisation role is also maintained in some way.
5. A programme design focused on local accountability (within a national framework) that builds on our current Intermediate Body/accountable body status will ensure that the programme is easy to access by beneficiaries, owned and recognised by stakeholders and partners; and easily accountable to and monitored by Government.
6. Delivery according to measurements of success, that are linked to the quality of outcomes achieved rather than outputs delivered, will ensure that

a whole system approach to economic growth can effectively tackle areas of underperformance and optimise the productive capacity of regions.

7. The Cornwall and the Isles of Scilly fishing industry and environmental stakeholders should be involved in any negotiations and policy development affecting access to fisheries resources in the 6-12 nautical mile and the 12-200 nautical mile zones, and access to quota allocation based on the distribution of stocks within UK waters.
8. The Government should take our high percentage of fish and shellfish catch exports fully into account when designing the UK fisheries policy and negotiating future trade deals.
9. Explore the potential for regional devolution of technical fisheries conservation measures. This could improve sustainability, increase profitability and promote stronger co-management of stocks, through a more responsive and proactive management regime.

### **Our Offer**

The decision to leave the EU provides Cornwall and the Isles of Scilly, and the UK as a whole, the opportunity to create a more joined-up approach to the design and delivery of economic development programmes. As a rural and coastal region, the ability to join up activity supported by the UK SPF with any activity supported by any future Rural Development and Fisheries programmes is vital; as it will help us to develop a competitive and sustainable agri-food and fisheries sector after Brexit that works in harmony with the environment.

This approach will generate improvements by:

- Encouraging profitable, resilient, competitive and dynamic businesses through investing in improvements in their performance and encouraging supply chain efficiencies that will reduce the reliance of these businesses on the funds currently derived from CAP/CFP payments;
- Enabling the agri-food and fisheries sector to become an employer of choice by investing in businesses and individuals to maximise their potential and reduce the reliance of the sector on migrant labour;
- Creating value out of knowledge to facilitate the increased use of RD&I to understand the barriers to growth and identify the knowledge required to address them in the indigenous business base, as well as driving export trade in this globally important sector;
- Utilising the natural environment responsibly as a key economic asset by improving the management and use of natural resources in order to enhance the economic and environmental performance of the supply chain and the economic performance of rural and coastal areas.

## **Benefits**

The agri-food and fisheries sector is one of the largest sectors in Cornwall and the Isles of Scilly. To meet Cornwall's 2030 Local Plan ambition for new jobs and growth, the role of this sector in helping us achieve our ambitions will be of paramount importance. The Isles of Scilly have equally challenging targets to meet.

Through a greater focus on productivity and fostering a more joined-up and place-based approach to the delivery of future rural development, coastal and fisheries funding programmes, alongside or as part of the UK SPF, this sector can adapt and flourish in the post-Brexit world.

## **Employment and Skills**

### **Context**

To deliver our economic growth aspirations, we must ensure the right environment for our people, businesses and places to build better careers in an inclusive and prosperous way. Cornwall and the Isles of Scilly has set a clear vision in regard to these aspirations: we will have a 'healthy, skilled and productive workforce with access to rewarding jobs, career progression and opportunities for all' in a 'place where every household both contributes to and benefits from our growing economy'.<sup>6</sup>

Underpinning the delivery of the Cornwall and Isles of Scilly LEP's Vision 2030 is a strong strategic and leadership approach. The LEP Employment and Skills Board (ESB), supported by a dedicated People and Prosperity Team, will deliver and co-ordinate the Employment and Skills Strategy 2016-2030. This approach is key to ensuring the right levels of skills and employment opportunities for individuals and businesses in an inclusive way.

### **Unlocking Barriers**

#### **The Rationale for Change**

Our economy is developing and changing and we are developing new systems and technologies that have the potential to change the way we work, live and do business. As a result Cornwall and the Isles of Scilly will identify, design and deliver a range of education, training and employment opportunities that will allow a positive contribution from and provide benefits for individuals, whilst making these opportunities both attractive and viable to local education providers and businesses.

Cornwall and the Isles of Scilly has been selected by the Department of Education (DfE) to help frame the Skills Advisory Panel Framework and analytical methodology; this will allow the ESB to fully understand skills demand and

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<sup>6</sup> <https://www.cioslep.com/employment-and-skills/employment-and-skills-strategy-2016-2030>



supply, the local employment and skills landscape and barriers and blockages in the local market.

Cornwall and the Isles of Scilly must also increase the capability and capacity across our leadership and business communities, and translate approaches to funders into a comprehensive and inclusive skills delivery programme. This will allow Cornwall and the Isles of Scilly to provide mainstream and bespoke skills opportunities which meet the aspirations of young people, people furthest away from the labour market, training providers and developing sectors and business.

### **Our ask**

We are seeking Government support and flexibility to provide skills and employment opportunities, which will truly enable our people and economy to thrive:

1. The Cornwall and the Isles of Scilly ESB, using the robust approach and evidence base which will be generated by the work of the Skills Advisory Panel (SAP) seek:
  - a. Training and capacity building to manage and update the evidence base generated by the SAP
  - b. Use of the SAP evidence base to influence and programme local skills opportunities in priority sectors and generic cross sector skills e.g. determining local T-Levels and apprenticeships outside of the national framework
  - c. A delegated fund that will pump prime opportunities for skills providers to procure training, assets and design courses that deliver priority and cross cutting sector skills that are not delivered through mainstream funding, for example on a consortium basis.
2. The Cornwall & Isles of Scilly LEP is supportive of a South West bid to deliver an Institute of Technology. This bid is based on a lead provider in the South West, utilising a number of anchor sites (providers) and delivery partners. To ensure a local focus our ask is to have fuller access to a range of sites and providers across the South West to provide skills opportunities which underpin a number of sectors outlined in the Cornwall & Isles of Scilly LEP's '10 Opportunities' campaign and links with national and local Industrial Strategy developments.
3. Following an identification of a gap not eligible for European Social Fund (ESF) support, Cornwall and the Isles of Scilly seeks the opportunity to pilot the early use of UK growth programme funding of £2m for early year's education. The identification at an earlier age, of children who may become NEET in later years, is crucial to developing programmes and interventions which engage children throughout their education and make a successful transition from compulsory education to further education or to the workplace. The funding will be strongly aligned to our successful approach to the Troubled Families' agenda and the positive outcomes already being delivered.

### **Our offer**

Cornwall and the Isles of Scilly hold Intermediate Body status for the European Regional Development Fund (ERDF) and ESF; one of ten in the UK.. This allows

for more local discretion over the allocation of funds than most other parts of the UK. Utilising a strategic approach to the allocation of ERDF funds targeting capacity building for businesses together with ESF funds to support individual participants provides a solid foundation for both the growth and skills agenda together with future funding approaches for example SPF and the Work and Health Unit Innovation Fund. To support our programme and commissioning approach we will:

1. Investigate opportunities to become a lead provider, working in collaboration with delivery partners, to deliver our strategic programme approach and providing the 20% match funding required. A strategic programme development approach to the delivery of remaining ESF. This would allow added value to the delivery of the Cornwall and Isles of Scilly programme as the only Less Developed Region in England; addressing local priorities, allowing for greater innovation and creativity and with stronger strategic influence over activity.
2. Be the delivery partner for the Work and Health Unit's Innovation Fund to deliver business engagement tools, a communications and social media campaign and support to business. The project will provide the opportunity to link businesses with people who are furthest from the labour market, develop innovative approaches to business engagement, especially hard to reach SMEs, and to change behaviours and build confidence. Our aim is to test and trial how established and new networks, led by business, could effectively create a market to recruit and retain disabled people and people with long term conditions.
3. Maintain and extend the Cornwall & Isles of Scilly LEP and Cornwall Council funding for the our dedicated People and Prosperity Team which will underpin, manage and monitor the delivery of the devolution and employment and skills agenda.
4. Continue to Match Fund the Enterprise Co-ordinator Network, funded by the Careers and Enterprise Company, delivering robust Careers Advice across our network of schools and employers.
5. Continue to fund our Careers Offer through a Service Level Agreement with Education and Early Years, providing a range of benefits such as post 16 education, employment and training, STEM/STEAM Strategy and the SEND Employability Strategy.
6. Support the SAP by creating and maintaining a skills analyst network, reporting findings and skills proposals for decision to the Employment and Skills Board; ensuring that we are linking skills and training to our sector approach
7. We will source match funding opportunities for ESF, strongly aligned to the delivery of the Employment and Skills Strategy.
8. We will provide support to the consortium of organisations to deliver a South West Institute of Technology and align our emerging Investment Programme to support the provision of activity in Cornwall where this is appropriate. We will host and deliver the Innovation Fund Project, embedding the project and staff within the People and Prosperity Team.

## **Benefits**

1. The benefits of a strategic programme development approach include:
  - securing better value for money
  - ensuring that ESF adds more value to the delivery of local programmes,
  - delivering and addressing local priorities,
  - allowing for greater innovation and creativity,
  - stronger strategic influence and integration over activity as the specification would delivery cross cutting activities and reduce duplication across programmes with positive alignment as already agreed by the Cornwall and Isles of Scilly Integrated Territorial Investment – agreed as part of the Cornwall Deal.
  - promotes greater coherence,
  - co-ordination and targeting of provision
2. Reduction in the number of NEETS
3. Fewer people in receipt of Employment Support Allowance
4. More people retained or entering the labour market with a long term health issue or disability
5. Increased local job creation and progression
6. Increase in higher level skills and apprenticeships

## **Migration and Inclusive Workforce Growth**

### **Context**

Limits to the numbers of European Economic Area (EEA) nationals allowed to work and study in Cornwall and the Isles of Scilly are seen by businesses and public service bodies as one of the greatest risks of Brexit for Cornwall and the Isles of Scilly's society and economy, particularly for key sectors such as tourism, agriculture, horticulture, higher education, health, care services and construction.

A post-Brexit UK immigration policy that works for Cornwall and the Isles of Scilly will help us to attract talented overseas students and overseas workers with the skills that our economy needs, accommodating both permanent and seasonal working patterns.

Cornwall currently has around a 3% unemployment rate, while at the same time has a higher than the UK average number of those economically inactive with long term health issues who would like to work. Cornwall and the Isles of Scilly will help to create flexible responsive workplaces to enable more people to work, working with employers to address their needs while gaining the health and wellbeing benefits for those in 'good' work, and establishing Inclusive Growth.

### **Unlocking Barriers**

### **The Rationale for Change**

The free movement of people between the UK and the EU is scheduled to end in March 2019. It is essential that the impacts of ending free-movement of labour are understood from the varying and specific needs and perspectives of the devolved nations and English regions, including more rural regions such as Cornwall and the Isles of Scilly.

Localis has identified Cornwall as one of the areas of England that will be left most exposed by a post-Brexit labour shortage.<sup>7</sup> Research recently commissioned by Cornwall Council and the Cornwall & Isles of Scilly LEP on the economic and social impacts of EEA workers on Cornwall and the Isles of Scilly<sup>8</sup> not only supported our Catalyst for Change findings on key sectors that will be significantly affected by restrictions on future migration from the EU to the UK, but also highlighted that rural and peripheral areas of the UK are likely to find it challenging to attract migrant workers after Brexit if they are required to compete against urban areas for a restricted number of migrant workers allowed to enter the UK.

Early research has shown that employer anxiety over the employment of older and disabled workers prevents many from gaining the opportunity to contribute to the economy. Employers are missing out on a wide skills and knowledge pool. A lack of flexibility and understanding is often a barrier to committed workers being given the chance to remain in work or to gain access meaningful work, if they develop long term conditions. Employers' concerns reflect a lack of awareness of new ways of working, an understanding of the legislation and knowledge of the support services available to them.

### **Our ask**

To be directly involved in ongoing Government discussions regarding the design and delivery of post-Brexit UK immigration policy. Regional variation in migrant workforce requirements and skill levels cannot be fully accommodated under a single, centralised policy. To see investment in 'good' work, to maximise productivity and the health and wellbeing of the Cornish workforce. To invest in innovative, responsive support models that address both employer and employee needs to employment.

### **Our Offer**

Cornwall and the Isles of Scilly is building an emerging evidence base on the potential impacts of future UK immigration policy on peripheral, rural and coastal areas. We are developing a greater understanding of which sectors in these areas are likely to be the hardest and most immediately affected by restrictions on future migration from the EU to the UK. The involvement of Cornwall and the Isles of Scilly in the design of post-Brexit UK immigration policy would help the Government to ensure that the implementation of the policy will work for all parts of the UK.

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<sup>7</sup> [http://www.localis.org.uk/wp-content/uploads/2017/11/012\\_Localis\\_InPlaceofWork\\_AWK\\_WEB.pdf](http://www.localis.org.uk/wp-content/uploads/2017/11/012_Localis_InPlaceofWork_AWK_WEB.pdf) (p11)

<sup>8</sup> <http://www.cornwall.gov.uk/media/29104898/economic-and-social-impacts-of-eea-area-workers-on-cornwall-and-the-isles-of-scilly-2017-final.pdf>

Cornwall is working with the Department for Work and Pensions as a location for piloting new approaches to support employers take on older and disabled workers and those with long term chronic health conditions. Cornwall will offer expertise and a 'test-bed' to create evidence based solutions to increase access to work for those currently struggling to (re-)enter the workplace and help retain those in work, while also improving productivity and workforce retention.

## **Benefits**

A UK immigration policy that is sufficiently flexible to cater for the specific workforce requirements of all parts of the UK would enable Cornwall and the Isles of Scilly to continue to re-balance and grow its economy. The Government must recognise the distinct, sector-specific needs of Cornwall and the Isles of Scilly and other regions within the UK that cannot be met through a UK-wide approach.

Improving access to work for older workers and those with disabilities or health conditions is a major challenge for all economies as we see workforces age, and individuals seek to work for longer. Employers are struggling to recruit and yet are uncertain how to engage with this talent pool. By breaking down these barriers, companies can recruit and grow, more people gain the health and wellbeing benefits good work can provide and there is less demand on the NHS and benefits resources. Solutions developed in Cornwall and the Isles of Scilly can be applied throughout the UK and beyond.

## **Regulations (post-Brexit)**

### **Context**

Cornwall Council provides expert business support capability and capacity as a unitary authority with a high level of contacts with local businesses, including over 4000 food inspections a year. We have already developed a successful Business Regulatory Support Hub with the support of the Cornwall & Isles of Scilly LEP, are a champion of "Better Business for All" (BBfA) and lead in developing business support packages to help businesses save time and money.

The proposals in this chapter apply to Cornwall only and do not cover the Isles of Scilly.

### **Unlocking barriers**

#### **The Rationale for Change**

Regulation should be simple. The over-layering of regulatory responsibilities between agencies is unnecessarily complex, inefficient, and is not suitable for enabling businesses to achieve regulatory compliance quickly. This costs businesses both time and money. Brexit is an opportunity to review, simplify and roll back responsibility to a local level.

For example “approved premises” that present higher food safety risks are mostly inspected by Cornwall Council’s environmental health officers, yet meat cutting and game handling plants in Cornwall are inspected by the Food Standards Agency (FSA). Similarly businesses seeking to export food may require permission to do so from different agencies depending upon the type of food product.

Businesses that comply with regulations should have regulatory burdens eased. Additional flexibilities would be required to enable Cornwall Council’s officers to grant local food businesses “earned recognition” when there is assurance of compliance. Currently local flexibility is restricted by a national, “hard-wired” risk assessment scheme.

Community protection can be enhanced and resources applied more efficiently through the greater empowerment of town and parish councils and through greater availability of more cost-effective sanctions for breaches (eg fixed penalty notices).

### **Our Ask**

Regulatory powers and derogations over areas such as Animal Health, Environmental Health, Licensing, Port Health and Trading Standards should, as the default principle, be devolved to Cornwall Council.

Specific empowerment is sought to:

- Enable local flexibility over the FSA’s Codes of Practice to tailor intervention strategies for businesses, including by basing earned recognition on local accreditation schemes.
- Issue certificates to permit the export of all food products. Currently different agencies permit the export of different products.
- Redraw local enforcing responsibilities for health and safety with HSE to ensure the best use of collective resources to provide support to Cornwall’s businesses.
- Simplify regulation in farming (currently divided between numerous agencies) through the consolidation of statutory powers to the Council where possible.
- Devolve the power to make Public Space Protection Orders to appropriate local town and parish councils.
- Issue a single, “life time” licence to businesses for all licensable activities with local fee-setting powers and a single public record.

In short Cornwall Council is asking for “a seat at the table” as discussions about future regulation unfold.

### **Our Offer**

Cornwall Council's close relationship with the Cornwall & Isles of Scilly LEP, status as a champion of BBfA and leading role in developing business support innovation demonstrate that we are capable and ready to take on wider regulatory responsibilities.

The simplification of regulatory arrangements and the appointment of Cornwall Council as a local single point of contact for managing more regulatory arrangements would improve compliance, improve business competitiveness and potentially allow Cornwall Council to make changes to some regulations in order to boost local economic growth and enhance Cornwall's contribution to UK PLC. Cornwall Council offers assistance in piloting and evaluating proposed regulatory changes i.e. to act as a "test bed" to aid future central government policy decisions.

### **Benefits**

Businesses will benefit from a local, more joined-up regulatory framework, which will simplify regulations and save time and money. Improved business competitiveness and economic growth in Cornwall have the potential to attract more businesses to operate in Cornwall and create jobs. Communities in Cornwall will benefit from the devolution of regulatory powers/sanctions to Cornwall Council with the further devolvement of community protection powers to town and parish councils delivering whole system efficiencies. Cost-effective sanctions will also reduce burdens on the courts system. The Cabinet Office estimate potential average savings of 10% to regulators' costs from earned recognition/regulated self-assurance.

## 2. Developing our distinctive strengths as a rural Industrial Strategy pilot

Cornwall and the Isles of Scilly is the perfect living laboratory to trial innovative responses to the five foundations of productivity and four grand challenges identified in the Government's Industrial Strategy. We want to **work with Government as a second wave Local Industrial Strategy pilot**, demonstrating the contribution rural areas can make to national prosperity

The key Industrial Strategy themes correspond well with our growth strategies (set out in Vision 2030, 10 Opportunities and our Environmental Growth Strategy) and our current and emerging **sector deals around artificial intelligence, creative industries, space and industrial digitisation**.

Cornwall and the Isles of Scilly has a strong track record of collaboration through cross-sector partnerships where business, academia, civil society and government work together across conventional barriers. Research, Development and Innovation in Cornwall and the Isles of Scilly is starting to transform business models across many sectors, and this targeted support alongside the development of our natural capital presents huge opportunity to engage in future global developments around the Grand Challenge themes.

The Cornwall & Isles of Scilly Local Enterprise Partnership is leading the development of relevant economic clusters and delivering strongly against our existing devolution deal in an area where business start-up and scale up is critical to regional prosperity. Our propositions in the previous section for post-Brexit frameworks, including a devolved single programme replacing European funding, are key to our economic, social and environmental resilience. The propositions in this section for developing our unique and distinctive strengths as a rural Local Industrial Strategy pilot will unleash the real potential of Cornwall and the Isles of Scilly to:

- **Shape the future of mobility**, offering potential for a secure supply of the lithium required for batteries in electric cars following the ban on new petrol and diesel cars from 2040, through a comprehensive public research and development programme alongside commercial extraction of Cornwall's lithium resource. This is strategically significant at a UK level against a backdrop of increasing demand tripling the spot price of lithium in the last twelve months. Our proposed Space Science Hub will also contribute to the future of mobility, integrating space and terrestrial communications technologies to deliver 'downstream' applications. See 'Spaceport' pages 22-24; 'Clean Growth and Environmental Management' pages 30-35.
- **Grow the artificial intelligence and data driven economy** by developing the first Spaceport in Europe to take advantage of our unique location and satellite connections; turbo-charging one of the UK's fastest growing tech clusters with a pioneering Fibre Park in the centre of Cornwall; piloting rural deployment of 5G connectivity and 100%



broadband coverage to end the 'not spots' in our remote and rural communities; and developing Cornwall as a priority area for the screen industries, alongside a range of projects capitalising on the strength of our creative industries. See 'Spaceport' pages 22-24 and 'Creative Industries and Digital Technologies' pages 24-30.

- **Create an innovation testbed in health and care for an ageing society**, building on our £8 million investment in e-health to pilot an innovative technology enabled model of care capable of evaluation and roll-out to other rural communities - using robotics, aids and adaptations, predictive analysis and a unique system-wide Intelligence System to provide real time situational analytics and digital testing of future service configuration options. See 'Health and Social Care' pages 48-53.

We are also a region that is proud of our **commitment to Green Growth**: we are renowned for our renewable energy generation and development of new technologies; we are piloting the first local energy market project in the UK, we are pioneering with the Smart Energy Island programme, and have committed over £100m through our European funding programme to low carbon projects. We can capitalise on this through:

- **Driving clean growth and environmental management**, building on our distinctive strengths in marine and renewable energy through the creation of an Energy Innovation Zone trialling practical technical, policy and regulatory solutions to transform rural energy systems - complemented by an Energy Futures Observatory building on our world renowned academic research base and existing £30 million investment in exploring future energy markets, alongside developing the STEM skilled workforce those future markets require. See 'Clean Growth and Environmental Management', pages 30-35.

Cornwall and the Isles of Scilly also provides the ideal location for the Government's ambition set out in the Industrial Strategy to relocate more public bodies outside London; this will form another key element of our region reaching its economic potential and also contribute towards the re-balancing of the UK economy.

## Spaceport

### Context

Spaceport Cornwall offers a globally unique horizontal launch site, where human spaceflight, launch and scheduled passenger services are fully integrated. It will allow Cornwall and the UK to become a leader in Europe for the development of launch and rapid human transport technologies.

### Unlocking barriers

### The Rationale for change

The Government aims to establish space launch capability at a UK Spaceport by 2020, to maximise the commercial opportunity from growth in spaceflight and satellite technologies. Cornwall and the Isles of Scilly offers the only site in England with potential for horizontal launch, and has all the ingredients for an influential new satellite technology-based space cluster, including:

- our Aerohub Enterprise Zone at Cornwall Airport Newquay and Goonhilly Earth Station;
- our Aerospace and Space Cluster Programme funding £3.19 million research, development and innovation in the sector and its upstream and downstream supply chains;
- the South West Centre of Excellence in Satellite Applications supporting space-focused research and business opportunities;
- incubation and acceleration support for start-ups to exploit space technology provided by SpaceTech SW;
- a strong Local Enterprise Partnership placing space at the heart of our strategies for growth with active collaboration from higher and further education, business and public sector partners.

Spaceport Cornwall operations will involve launch of satellites from a commercial aircraft that will carry a launch rocket, space human flight experiences and scientific tasks. These aircraft could, for example, launch a satellite with 'payload' to monitor crops or control driverless cars, or a system that carries low gravity scientific experiments, or transports humans into space. More broadly, Spaceport Cornwall offers opportunities to develop a new supply chain around launch, attract inward investment and promote trade, create more highly-skilled employment opportunities, inspire children and young people in Cornwall to pursue STEM subjects and attract international researchers.

Alongside Spaceport Cornwall, the Space Science Hub Cornwall proposed by the South West Centre of Excellence in Space Applications with lead partner University of Exeter will build on our considerable assets and investments to unlock the full space potential of our peninsula. Space Science Hub Cornwall will provide specialist infrastructure, resources and services, expert science and technology support for incubation and innovation, supporting space-centric commercial ventures from scientific research and early stage technology.

### **Our Ask**

We are asking the UK Government to approve Spaceport Cornwall's bid, provide the airspace to operate systems, facilitate operational licence, and make UK Space Agency funding available to develop first stage infrastructure with our commercial launch partner.

We are also seeking support for the South West Centre of Excellence in Space Applications proposal to establish a Space Science Hub Cornwall to unlock the

full space potential of our peninsula, and cement the UK's competitive edge in this area building on Exeter's world-leading research.

### **Our Offer**

Spaceport Cornwall has the potential to transform our local and national economy by creating a high-value space cluster in support of the Industrial Strategy, National Space Policy, and the UK Space Growth Action Plan ambition to capture 10% of the £400 billion global space-enabled market by 2030.

Space Science Hub Cornwall will bring together academics specialising in data analytics, data ethics, materials science, medicine, rare-earth materials, engineering, sports science, computer science, programming, mathematics, biology, astrobiology and robotic. It will use Exeter's world-leading research in extreme environments and alternative energy sources to leverage additional research backing and cement the UK's leadership in all these areas, as well as generating scientific research, innovation and early stage technology to support space-centric commercial ventures.

### **Benefits**

The commercial spaceflight market could be worth £25bn over the next 20 years. Cornwall Spaceport has the potential to cumulatively realise over £290 million additional economic activity in Cornwall and 500 new jobs nationally in suborbital human spaceflight, satellite launch, regional tourism and microgravity research by 2028.

Space Science Hub Cornwall's market-led, cross-sector approach will generate and incubate innovative research ideas with the commercial support mechanisms for companies of all sizes to build business and generate growth around these ideas in the future. It will enhance and accelerate the growth of the local space-economy, maximising our contribution to the targeted £40 billion UK global market-share.

## **Creative Industries and Digital Technologies**

### **Context**

Our proposition will see Cornwall and the Isles of Scilly become an internationally renowned digital and creative-tech cluster, spearheading the fourth Industrial Revolution just as we led the first.

Cornwall and the Isles of Scilly has a long tradition of cultural expression, with the arts and our rich cultural heritage underpinning the creative and visitor economy. Now propelled by digital connectivity and content we also have a high-growth creative sector which has seen the number of creative firms in the region increase by 26% from 2011 to 2015. By 2025 the creative industries will be worth £128bn.

Cornwall and the Isles of Scilly is uniquely placed to grow the artificial intelligence and data driven economy in support of the Industrial Strategy. More technology ready than Greater Manchester<sup>9</sup> and one of the best digitally-connected rural areas in Europe, we have secured further investment of £17.6 million to deliver ultrafast broadband to homes and businesses in the next phase of our highly successful £160m Superfast Cornwall programme. Our space and satellite connections are amongst the best in Europe, with £8m investment further enhance Goonhilly Earth Station. We are home to world-leading research activity, one of the fastest-growing digital and technology clusters, and we are delivering significant investment in projects trialling innovative application of technology such as our Smart Islands project showcased in the Industrial Strategy.

Our proposals will capture and accelerate this growth for the poorest part of the UK and increase the UK's market share in the sector, with support for the creation of:

- a **pilot for rural deployment 5G technology and 100% coverage of superfast broadband**, building on our existing capabilities as one of the best digitally enabled rural areas in Europe to maintain our competitive advantage, underpin our target growth sectors like the creative industries, and overcome the challenges caused by our peripheral geography removing the remaining 'not spots' for growth in our more remote and rural areas
- a **'Harbour' for the screen industries**, hothousing top talent from Falmouth University's growing School of Film and TV, providing business incubation space and industry standard post production, visual effects, studio and workspace for over 1200 new jobs. This will support a programme of work (BBC Kernow) in partnership with the BBC and creative industries in Cornwall to produce Cornish TV, film and radio programmes and develop a platform for them to reach a wider audience.
- a **'Creative Industries Enterprise Zone'**, developing Cornwall as a priority area for the screen industries by locating key national assets in the region, including a British Film Institute Centre of Excellence.
- an Arts and Humanities **Creative Industries Cluster Programme** to drive product development, new IP and accelerate growth in the creative industries.
- a **Cornwall Innovation and Research Park (CIRP)** where entrepreneurs, students, investors and researchers work together to solve problems, gain knowledge, innovate and commercialise, supporting the creation of 600 jobs.

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<sup>9</sup> [European Regional Competitiveness Index](#)

- an augmented and virtual reality lab, '**Immersive Cornwall**' creating a unique Mixed Reality (MR)<sup>10</sup> resource, providing businesses with access to technology, RD&I expertise and investment to generate new digital content for an emerging, high-value Smart Specialisation marketplace.
- a pioneering '**Fibre Park**' located in the centre of Cornwall with access to hyperfast connectivity at 100Gbps speeds. The Fibre Park will be a game changer for the tech industry, combining tech innovation, next generation connectivity and grow-on space to create a digital market place; the integration of educational facilities within an industry led complex; and serve as a well-being hub, linked with other global food tech hubs.

## Unlocking barriers

### The Rationale for Change

The first phase of our award-winning Superfast Cornwall programme is adding an estimated £275 million to our economy every year and has helped to create around 3,300 start-up businesses.<sup>11</sup> Further digital infrastructure investment is now essential to maintain this competitive advantage, enable access to global markets and the ability to produce and distribute world class digital content, and remove the remaining 'not spots' for growth in our remote and rural communities.

Cornwall and the Isles of Scilly supports a density of creative businesses normally found in cities and hosts the UK's third-fastest growing tech sector cluster (Truro-Redruth) with 153% turnover growth recorded in 2017<sup>12</sup>. This cluster currently provides 1,380 digital jobs, £39m digital GVA and 79% tech sector growth potential. 'The Geography of Creativity in the UK' report confirmed Cornwall is a nationally significant creative cluster.<sup>13</sup>

New creative and tech companies from Falmouth University's flagship 'Launchpad project' are working with market leaders such as Amazon and Sony to grow our own high value jobs and will create 65 new companies and 526 jobs over the next five years. Local investments are producing growth and multiple success stories. The distinctive offer that embracing our heritage offers to our future prospects is illustrated by the award winning 'Man Engine', which had a global reach of 112 million people across 104 countries and an economic impact of £2.9 million.

<sup>10</sup> Mixed Reality is the merging of real and virtual world to produce new environments and visualisations where physical and digital objects coexist and interact in real time

<sup>11</sup> [Business Cornwall](#), 22/08/17

<sup>12</sup> [TechNation 2017](#)

<sup>13</sup> Nesta, [The Geography of Creativity in the UK](#)

Tate St Ives recently opened its doors to world class arts provision and this will be followed by a £20m investment in the Hall for Cornwall, which will have an economic impact of £62m.

The University of Exeter's new Institute for Data Science and Artificial Intelligence creates a platform for collaboration between the university and industry, and introduces the UK's first Degree Apprenticeship in Digital and Technology Solutions.

We have other ambitious projects in the pipeline to capitalise further on the strengths of our creative and digital industries, and we request the support of the Government to unlock the full potential of these projects.

### **Our Ask**

In order to deliver and accelerate our vision and project pipeline, we seek Government support and flexibility in a number of areas, including:

- **Enhancing our Digital and Creative-tech Innovation Hub by de-risking** the necessary investment to build 'large data' digital capability alongside the associated physical, Innovation and research assets within Cornwall and the Isles of Scilly.
- Supporting the establishment of a **HE-based Data Hub and collaborative workspace** for product and service co-creation developing synergies between enterprises, research and development and HE. This will develop a capability in Cornwall that will enable it to engage in future Industrial Strategy challenges building on our universities' expertise in enabling technologies relevant to the creative sector and the 'creative bridge' into other high growth sectors. This will stimulate demand by developing/showcasing new data applications designed at the hub so that businesses can become new technology adopters.
- **Facilitating investment in our pioneering 'Fibre Park'**, which will combine education, tech innovation, next generation connectivity and grow-on space to create a digital market place, enabling businesses across Cornwall to meet and collaborate on future technological opportunities. It will also serve as a well-being hub, creating links with global food tech hubs.
- **Becoming a pathfinder region to pilot rural deployment of 5G technology and 100% coverage of superfast broadband.** Utilising and building on our existing capabilities and reputation as a leading rural region in terms of connectivity and digital sector growth is a key enabler to overcoming the challenges caused by our peripheral geography and underpinning our target growth sectors like the creative industries. We also want to explore the potential to require developers to install superfast

broadband so that new developments enjoy the same connectivity as our existing homes and premises.

- **Creating a Global Creative Industries Observatory in Cornwall** to 'cement the UK's position as the leading international authority on Creative Industries strategy and policy for, and measurement of, this sector' as recommended in the Bazalgette Report. We are a test-bed for Creative Industries policy and investment.
- **Developing Cornwall as a priority area for the screen industries** by locating key national assets in the region, including a British Film Institute Centre of Excellence, and establishing an enhanced Creative Industries Enterprise Zone pilot in line with the Creative Industries Federation's response to the Industrial Strategy.
- **Shaping emerging Financial Instruments and Business Support** mechanisms to accelerate digital and creative industries, removing the barriers to finance which are a brake on growth for IP led businesses.
- **Facilitating investment and support from Innovate UK** in our interdisciplinary 'Immersive Cornwall' Lab and other programmes of related innovation led research.
- **Promoting creative careers and a talent pipeline** to diversify recruitment and support a trail programme, which enables a wider range of creative subjects (STEAM) to be taught and provides better careers advice which aligns with the regional focus on the Creative Industries.

## **Our Offer**

Our projects will accelerate growth, capture market share, increase productivity, boost skills and create jobs in Cornwall and the Isles of Scilly, delivering a 'global presence' in the post-Brexit environment. This will make a significant contribution to the delivery of the Industrial Strategy and the vision of shared prosperity throughout the UK.

Building on the supporting measures we seek, our offer would include:

- **A Data Hub**, providing data platforms supporting data gathering, analytics connectivity, simulation, visualisation and interpretation to create a data network aligned to meeting Cornwall and the Isles of Scilly ' strategic priorities through investment on research facilities, technology transfer and people to support business supply chains in data intensive enabling technologies.

- **An Augmented and Virtual Reality ‘Lab’.** Our ‘Immersive Cornwall’ project will create a unique Mixed Reality (MR)<sup>14</sup> resource, providing businesses with access to technology, RD&I expertise and investment to generate new digital content for distribution in an emerging, high-value Smart Specialisation marketplace.
- **Targeted growth in the Screen Industries** (Film/TV/Games/Visual Effects) by creating a ‘Harbour’ for the industry in Cornwall, building on the success of local companies and the growth of the Falmouth University School of Film and TV (SOFT). ‘Harbour’ will house top SOFT talent, provide business incubation space and industry standard post production, visual effects, studio and workspace, enabling a high value cluster to develop which will fill a strategic gap in the UK economy.
- **Deliver an Arts and Humanities Creative Industries Cluster Programme.** This will support the creative industries’ vital role in the growth of the nation’s economy and enable micro businesses, SME’s and larger enterprises to partner with academic researchers to develop new products, services and experiences.
- **Fibre Park:** The proposed site in Pool, near Redruth, will enable space for over 1200 new jobs, plus safeguarding 300 existing jobs. With average salaries in the tech/software development industries around double the local average, the Fibre Park will generate HMRC annual taxation revenue at a density of £1622/sqm or approximately £18m per year to HM Treasury. The impact on the local economy of such jobs will be similarly much higher than average levels and provide a very positive direct social influence on the Camborne, Pool and Redruth areas.
- **Further digital infrastructure investment** to maintain Cornwall and the Isles of Scilly and the UK’s competitive advantage, enable access to global markets and the ability to produce and distribute world class digital content.

## Benefits

Cornwall and Isles of Scilly is *the* place where creative industries and digital technologies cluster together to drive growth and jobs in a rural context. The Bazalgette review revealed that by 2025 the Creative Industries will be worth £128bn and generate one million new jobs by 2030. Our proposals will capture and accelerate this growth for the poorest part of the UK. Cornwall and Isles of Scilly will become an internationally renowned creative cluster, contributing

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<sup>14</sup> Mixed Reality is the merging of real and virtual world to produce new environments and visualisations where physical and digital objects coexist and interact in real time



significantly to the UK's market growth in the sector, focussing on exports to existing and emerging markets;

- Our 'Harbour' project and associated Creative Enterprise Zone will have an economic impact of circa £80m and create over 200 jobs
- Our Immersive Cornwall project will allow our businesses to access a market that the Digital Catapult predicts will be worth £1.2bn in the UK alone by 2020; PWC estimate annual growth of 76% over the next 5<sup>15</sup> years, with over 257m MR headsets in use global values could reach \$166bn by 2021<sup>16</sup>.
- Our plans for a Cornwall Innovation and Research Park will create capacity for world class Research and Innovation. We will create a 10,000m<sup>2</sup> environment where entrepreneurs, students, investors and researchers work together to solve problems, gain knowledge, innovate and commercialise. Concepts will turn into products, services and experiences. Collectively, we will access global markets, with the economic benefit felt in Cornwall and the UK, including the creation of 600 jobs.
- The Fibre Park will be located in the centre of Cornwall and have access to hyperfast connectivity at 100Gbps speeds. The Fibre Park will be a game changer for the tech industry, providing for the integration of educational facilities within the industry-led complex to enable business-led FE courses, HE degrees and advanced apprenticeships to be pioneered through co-location and a collaborative approach with local educational institutions.

## **Clean growth and environmental management**

### **Context**

Cornwall and the Isles of Scilly is defined by its unique and beautiful natural environment. It gives this place a positive brand identity that would be worth millions on a company balance sheet. Throughout history it has also shaped our economy, as resourceful people create their livelihoods from the rich natural resources of our living land and sea.

The economic opportunities offered by our natural environment are no less distinctive today than during the first Industrial Revolution. Cornwall and the Isles of Scilly is the ideal location for global space and satellite connections, with a wealth of natural resources capable of powering the future through clean green growth.

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<sup>15</sup> [www.pwc.co.uk/outlook](http://www.pwc.co.uk/outlook)

<sup>16</sup> IDC, Goldman Sachs, 2016

Our environment, economy and society are inextricably connected within our local eco-system, and we have a strong record of collaborative partnership working to protect and enhance our natural resources. Our Local Nature Partnership is delivering a clear shared vision set out in our Environmental Growth Strategy. Protection is not enough: we need environmental growth to leave Cornwall and the Isles of Scilly in a better state for future generations and to realise the distinct economic opportunities of our unique geography. Under our proposition for post-Brexit frameworks we offer to work with Government to shape British regulations, agriculture and fisheries policies that protect and enhance our environment.

Cornwall and the Isles of Scilly is leading the way in green energy and low carbon, as set out in the Cornwall & Isles of Scilly Local Enterprise Partnership's 10 Opportunities document. Our peninsula is energy rich, with strong established and emerging renewable energy sectors including solar, wind and geothermal. We are home to an internationally renowned research base in clean energy, circular economy, ecosystems, health and wellbeing. Cornwall and the Isles of Scilly is ideally placed to pilot innovative new approaches to the grand challenge of clean growth identified in the Industrial Strategy and our proposition would see the creation of:

- a. a Cornwall and Isles of Scilly **Energy Innovation Zone**, working collaboratively with the West Midlands Combined Authority to trial key technology and social innovations with partners from across the energy industry - using Cornwall and the Isles of Scilly as a living laboratory to identify practical policy and regulatory solutions to transforming energy systems in a rural environment.
- b. complemented by an **Energy Futures Observatory** at Exeter University's Penryn campus, leading a funded programme of clean energy research building on our existing £30 million investment in exploring future energy markets and world renowned research, and developing the STEM skilled workforce those future markets require
- c. a **secure supply of the lithium required for batteries in electric cars** following the ban on new petrol and diesel cars from 2040, supporting the Industrial Strategy focus on future mobility, through a comprehensive public research and development programme alongside commercial extraction of Cornwall's lithium resource – which is strategically significant at a UK level as we have seen increasing demand triple the spot price of lithium in twelve months.

Each of these propositions is set out in more detail below:

## A: Energy Innovation Zone

### Unlocking barriers

#### The Rationale for Change

Energy generation, demand and control systems are fundamentally changing, driven by the digitisation of the electricity system, falling costs for renewable energy and storage, and a desire from companies and individuals to do things differently.

These changes provide opportunities for a more customer focused, energy efficient, cheaper system. They also create new challenges for the industry, policy makers and the regulator, and the wider institutions developed around our current top-down centralised energy system.

The best solutions reflect local circumstances and existing local infrastructure. Future energy systems will need to be far more decentralised and take a whole systems approach. Regional and local energy solutions - both for how the physical infrastructure is used and developed, and also the wider governance for the range of actors involved in energy system change - are of increasing importance.

**Our ask:** Cornwall and the Isles of Scilly propose to create a rural Energy Innovation Zone, a living laboratory to pilot new regulatory and policy approaches across heat, transport and power, working collaboratively with the West Midlands Combined Authority. The Energy Innovation Zone would drive bottom-up system optimisation and trial innovative new approaches, including policy and regulatory change. It would provide an enabling environment for partners - across the energy industry, national government, the energy regulator, key innovation funders, communities, and regional centres of excellence like the University of Exeter, the Centre for Sustainable Energy and Regen South West - to identify practical solutions to challenges and trial key technology and social innovations.

**Our Offer:** Cornwall and the Isles of Scilly are at the cutting edge of energy innovation. Our Cornwall Local Energy Market pilot with Centrica, and our Smart Islands project with Hitachi showcased in the Industrial Strategy are nationally significant energy innovation projects. We are delivering strongly against our Devolution Deal commitments with a Marine Enterprise Zone, an Energy System and Storage Masterplan, a Local Supply blueprint, and an Energy Company Obligation (ECO) Flex Eligibility pilot.

We have around **£115 million private sector investment in innovative low carbon** projects over the next four years, piloting smart solutions, local energy markets, deep geothermal, sustainable transport and energy efficiency – with a need to overcome regulatory and policy barriers to roll out. Our well established relationships between key partners - including both Councils, the Local Enterprise Partnership, the District Network Operator, key local employers, research organisations and community energy groups – are a further key strength of our proposition.

**Benefits:** Cornwall and the Isles of Scilly are at the cutting edge of energy system transformation. The Energy Innovation Zone will further strengthen work between partners - including national government – to trial innovative new approaches including piloting regulatory changes to overcome barriers to change. As other countries move to regulate network companies to deliver public goals - such as decarbonisation, storage integration, and providing market platforms - the Energy Innovation Zone would potentially provide a platform to explore and trial Ofgem and BEIS interest in how changes to the role of distribution operators might apply in the UK.

Through the Energy Innovation Zone, Cornwall and the Isles of Scilly will develop a **blueprint for smart flexible energy ecosystems capable of being rolled out to other rural areas** of the UK with defined end-user benefits. This blueprint will support the Energy Future vision of community participation, industry driven solutions, and intelligent networks that balance power generation and demand all the way to the consumer level.

## **B: Developing future energy markets**

### **Unlocking Barriers**

#### **The Rationale for Change**

At the same time as local systems need to adapt and innovate to meet the challenges of a changing energy system, the UK needs to stay at the cutting edge of research into future energy markets. We are investing £30 million of ERDF funding in major research and development programmes engaging utility companies, distribution network operators, and the University of Exeter. Our internationally renowned research base and culture of innovation and exploration makes Cornwall and the Isles of Scilly ideally placed to develop future energy markets.

**Our Ask:** Cornwall and Isles of Scilly proposes the creation of an **Energy Futures Observatory**, building on the expertise in Cornwall at Exeter University's Penryn campus. The Energy Futures Observatory would lead a collaborative cross-sector programme of research, development and innovation support for future energy markets, infrastructure and enabling technologies. Recognising workforce challenges for future energy markets, it would promote STEM careers through improved educational pathways, skills accelerators and CPD building on existing higher/further education links and business engagement.

**Our Offer:** Cornwall and the Isles of Scilly is ideally placed to address the grand challenge of clean growth identified in the Industrial Strategy. Our environment is rich in natural geothermal, wind and solar assets, and we offer strong cross-sector partnerships working at the cutting edge of both research development and practical application of innovative future energy solutions. Our leading research base is informing government policy on future energy provision in the wake of concerns on reliability of imported energy, including through our Engineering and Physical Sciences Research Council funded iGOV programme.

**Benefits:** The Energy Futures Observatory will harness research and education capabilities in renewable energy, energy policy, economics and investment, technology development and environmental assessment. The Energy Futures Observatory will complement the proposed Energy Innovation Zone - providing cutting-edge research and development, to inform practical innovation and trials in our living laboratory to overcome the challenges associated with locating, installing and managing complex energy systems within a rural environment. The research led by the Observatory will provide cross benefit to future mobility challenges through electric vehicle growth which can be translated to other similarly positioned regions of the UK and beyond, and strengthen regional energy expertise through improved Higher Level Skills provision, and greater collaboration between business, higher and further education.

## **C: Developing our Lithium resource**

### **Unlocking barriers**

#### **The Rationale for Change**

Lithium resource in Cornwall could be strategically significant at a UK level, especially as the demand for lithium has increased dramatically with the spot price tripling in the last 12 months. There is potential to offer a secure supply of the lithium required for batteries in electric cars following the ban on new petrol and diesel cars from 2040, supporting the Industrial Strategy focus on future mobility, putting Cornwall and the Isles of Scilly at the forefront of the circular economy and energy revolution. Alongside significant lithium resource, we offer global leading extraction expertise in our world renowned Camborne School of Mines, together with significant existing investment in geothermal projects that will enable efficient and sustainable extraction, and interest from a number of commercial companies offering parallel investment.

Lithium exploration is currently entirely reliant on private sector investment, and while some has been forthcoming, progress is slow and findings remain commercially sensitive. Significant public sector investment in lithium exploration would quickly establish whether there are commercially viable deposits, and potentially place the UK at a competitive advantage. It is expected that the brines required for the extraction of the resource will be found in the same geological structures as the geothermal hot waters circulating through natural fractures that we will be exploring early next year for electricity generation. As a result there is an opportunity to start exploration within the next year, through one or more publicly funded science-focused projects running alongside the commercially-focused operations for deep geothermal and lithium extraction.

**Our Ask:** Research, innovation and development funding is required to accelerate the understanding of the opportunity, multiple benefits potential and identify optimum sites to commercially exploit the lithium and deep geothermal resource in Cornwall, providing a secure supply for the battery industry in the UK. A comprehensive research programme could cost in the region of £20-30 million with scope to start early with smaller sums.

**Our Offer:** The production of lithium in Cornwall would provide the UK with a secure supply of the strategic mineral required for batteries used in electric cars following the ban of new petrol and diesel cars from 2040. Rising demand has tripled the lithium spot price in the past year, and our lithium resources are potentially strategically significant for the UK.

Cornwall and the Isles of Scilly is already investing over £15 million in deep geothermal through a mix of ERDF and Cornwall Council funding, with drilling to depths of 4.5 km beginning in early 2018, and a second geothermal project is proposed subject to funding. Both developers are working closely with Cornish Lithium and have agreed to provide access to the geothermal brine for testing.

Camborne School of Mines has an international reputation and undertakes a wide range of industrially-focused research across the mining value chain in Cornwall and internationally in the global mining industry. It is partnering with Cornish Lithium and the BGS on a £600k satellite imagery project to help identify the lithium resource funded by Innovate UK and Cornish Lithium has already secured £1m private sector investment to undertake some initial exploratory work.

## **Benefits**

Our assumptions are based on findings in Nevada where the average grade of their brine is similar to those in some historic records from Cornwall (around 120ppm) and sourced from a similar depth. If lithium is successfully exploited commercially it is anticipated that by 2030 there could be three extraction plants and one refinery in Cornwall, collectively creating 460 jobs, ranging in value from engineers, maintenance, technicians to security jobs. Each extraction plant could produce in the region of 8,000-9,000 tonnes of battery grade lithium per annum, the equivalent of 500,000 Tesla EV batteries, far exceeding the amount imported into the UK in 2014. Based on the current lowest trading price this is worth 400m US\$ (£303m), this amount of export sales would improve Cornwall's GVA by an additional £129m, over 1% increase.

The scientific learning, academic methods, technological advances and expertise could also be developed in Cornwall and the UK and exported, supporting the creation of a UK Mining Centre supporting the Clean Growth agenda, building on Camborne School of Mines international reputation. Using the CSM alumni network, research and teaching excellence this would develop a global network with international experience, outlook and knowledge to confront global challenges and operate in a global context.

Our proposition would cement university and business linkages, supporting a globally mobile talent pool and a multinational base for discovery and innovation, and developing strong commercial relationships with global mining industry to power the supply chain in Cornwall.

## Relocation of Public Bodies

Cornwall and the Isles of Scilly provides the ideal location for the Government's ambition to relocate more public bodies outside London<sup>17</sup>, including new national agencies that will need to be established to carry out functions currently delivered by the European Union.

### Unlocking barriers

#### The Rationale for Change

Our beautiful peninsula is a great place to live and work, offering excellent digital connectivity, the fastest growing regional airport, enhanced road and rail networks, and appropriate premises for occupation in key strategic locations.

The Industrial Strategy proposes relocating Government agencies to different regions across the UK in order to support local clusters and private sector growth.<sup>18</sup> The relocation of Government agencies and/or elements of their functions to Cornwall and the Isles of Scilly would send a strong message that the Government is genuinely committed to re-balancing and driving economic growth in all parts of the UK.

The Cabinet Office estimates that over 20 new public bodies will need to be created to manage functions repatriated to the UK following EU exit. One Cabinet Office Minister has already expressed a preference for the new bodies to be based in locations outside London.<sup>19</sup> The relocation of public agencies and functions outside London will particularly benefit rural and peripheral areas of the UK, where communities can feel removed from national decision-making. Situating public agencies and functions in rural and peripheral areas at the sharp end of change and innovation, such as Cornwall and the Isles of Scilly, has potential for positive impact on national policy development as well as our local economy.

#### Our Ask

We seek Government commitment to support the relocation of at least one Government agency, arms-length body, and/or functions to Cornwall and the Isles of Scilly by 2020 through ongoing dialogue with senior decision-makers.

#### Our Offer

- **Excellent Connectivity:** Cornwall and the Isles of Scilly is one of the best connected rural areas for superfast broadband in the UK. Cornwall Airport Newquay is the fastest growing regional airport in the UK, with regular and direct flights to London, Manchester, Birmingham, Newcastle,

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<sup>17</sup> [Industrial Strategy Green Paper](#), p124

<sup>18</sup> [Industrial Strategy Green Paper](#), p124

<sup>19</sup> [Civil Service World](#) 28/07/17

Edinburgh, Belfast and beyond. We have a direct rail link to London Paddington, with plans to introduce upgraded trains to provide more services and reduce journey times from 2018. Improvements to road and rail networks have enhanced connectivity between North-East Cornwall and Exeter.

- **Suitable sites:** Appropriate existing sites in Launceston, Bodmin, Liskeard and Cornwall's administrative centre in Truro can be made available to host relocated public bodies, with future developments capable of being shaped to meet the requirements of relocated bodies.
- **Support local economic growth:** Cornwall and Isles of Scilly's long term growth strategies have improved its position within the UK economy through a focus on smart specialisation areas and high value, knowledge based sectors. However, public sector employers are still the largest in the region. Locating the public sector where the economy is most reliant on it would lever in procurement opportunities for rural local businesses, provide employment and career opportunities, and create an important stimulus to the local economy. There is opportunity to reinforce established and emerging clusters in areas such as energy, environment, creative & digital and space through the relocation of relevant Government agencies.
- **Opportunities to rural-proof new policies:** Cornwall is a good test-bed to trial new policy initiatives to assess their impact on rural and coastal areas. One-fifth of the population of England and a quarter of England's registered businesses are situated in rural areas;<sup>20</sup> however, rural areas face specific challenges concerning distance, sparsity and demography that the Government must take fully into account when developing policy. Public bodies relocated to Cornwall would be able to work with local businesses and communities on the ground to co-develop, pilot and rural-proof new programmes before rolling them out more widely in other parts of the UK.
- **Outstanding track record of partnership-working:** Cornwall can boast a long track record of proactive and constructive collaboration between public, private and third sectors. This is most recently exemplified in the establishment of the Cornwall & Isles of Scilly Leadership Board and the Cornwall & Isles of Scilly LEP's prominent role as a founding member of the South West Rural Productivity Commission. The Cornwall and Isles of Scilly Local Nature Partnership is also noted regionally for the diversity of partners it brings together and unified strategic approach.

## Benefits

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<sup>20</sup> [DEFRA](#), 16 March 2017



Relocating Government agencies, arm's-length bodies and/or functions to Cornwall would provide the opportunity for highly skilled employment opportunities and personnel to work in one of the poorest regions of the UK. Matched to the historical investment that Cornwall has made into its connectivity, the resulting economic gain to the area would be significant and add value to the UK economy moving forward. Relocation to Cornwall would also send a strong message that the Government is delivering its commitments set out in the Industrial Strategy to re-balance the UK economy and develop place-based strengths in all parts of the UK.

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### **3. Devolved powers and funding**

As the first non-metropolitan devolution area, Cornwall has delivered strongly on its first devolution deal, and this was recognised in a recent Peer Review process that outlined devolution as one of the key strengths of Cornwall Council<sup>21</sup> (accepting that many partners are involved in the delivery). We now have more control over our remaining European funds, we have delivered many of the facets of an integrated transport system, thousands of people have received skills training, and our energy system is being transformed with the potential for new energy sectors and innovative demand and supply technology innovations.

The time for building on this is right, and while this section is focussed on what might be traditionally seen as 'devolution' asks, all of the chapters in New Frontiers should be seen through the lens of greater local determination, supporting local partners to deliver better outcomes for our residents, businesses and environment.

While we are proud of the first devolution deal, the Case for Cornwall had many aspects within it that were not included in the final deal, and these dealt with important areas such as housing and planning. To truly indite the meaning of devolution, a wide range of tools, freedoms, devolved instruments, sector deals and greater control all need to coalesce to allow local partners to match their local commitment and resources to improving our resilience. The following tools should be seen not in isolation, but as part of the wider jigsaw of asks and offers that collectively will allow Cornwall and the Isles of Scilly to flourish.

#### **Housing delivery, infrastructure and planning**

##### **Context**

Cornwall recognises that the shortage of new homes is one of the major barriers to achieving sustainable economic growth in the region and is working strategically with partners to invest and directly tackle barriers that have been identified. Providing a range of high quality affordable housing is a key priority. We have two interlinked asks: the first pertaining to unlocking housing delivery growth through enabling infrastructure; the second linked to planning powers to plan and deliver new villages.

The proposals in the Housing delivery, infrastructure and planning chapter apply to Cornwall only and do not cover the Isles of Scilly.

##### **a. Housing delivery, growth and infrastructure**

##### **Unlocking Barriers**

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<sup>21</sup> <https://www.cornwall.gov.uk/media/31600495/corporate-peer-review-final-report-160218.pdf>

## The Rationale for Change

Cornwall has 19,000 households registered on the housing register and 9,000 new applications a year, creating a need of 2,000 new affordable homes annually. Alongside this key challenge for Cornwall is the range and complexity of the local housing market conditions, with low wages and high house prices resulting in some areas facing affordability ratios exceeding 1:16. The average in Cornwall is 1:9, compared to the national average of 1:7.

Diversification within the market and the attraction of Cornwall as a place to invest for new providers is dependent upon the certainty of longer term funding.

In the past private investment has been encouraged on the basis of the Council's own programme of grant funding and a single investment fund would allow not only a strategic approach to the allocation of funding, but would attract more providers into the market. Forward funding of infrastructure would help unlock sites, reduce risk and give greater certainty to the market providers, enabling them deliver above and beyond business as usual.

Cornwall has a stable housing market and good rate of housing completions to date, alongside its strong partnership approach which means its ambitions and offer to deliver on accelerated housing is achievable.

## Our Ask

Cornwall is asking for support to accelerate planned delivery, ensuring housing is fit for purpose and tailored to Cornwall's demographic and to maximise on private investment.

We are requesting a single devolved delivery fund for Cornwall to forward fund infrastructure and bring forward stalled strategic sites, totalling **£60m**. This fund will be a rolling fund which will be invested and recouped on an ongoing basis to tackle stalled sites. Where necessary, land will be directly acquired to deliver houses, diversifying the market and providing additionality alongside private investment.

The initial investments will be focused on:

- unlocking the infrastructure requirements for the urban extension to west Truro and Broadmoor Farm
- acquiring developmental land to directly deliver houses at Hayle, West Carclaze and western Truro
- to fund the creation or upscaling of a local off-site manufacturing factory to secure a supply chain
- to unlock custom and self-build plots
- cover seed funding for a multi skilled delivery team

## Our Offer

As part of Cornwall Council's growth and investment programme it aims to deliver houses alongside jobs and infrastructure for Cornwall's communities.

The Council has already committed to providing a 20% uplift of housing delivery up until 2021. In addition to this, the Council's Growth and Investment Programme is working towards investing in direct delivery of 1,000 homes over four years through its Housing Delivery Programme. This is alongside additional proposals currently being considered around delivering 1,200 extra care units and specialist houses, investing in empty homes and building homes through the Cornwall Land Initiative. Over the proposed first four years of this investment programme the combined number of new homes could reach 3,200 per year on average.

The Council intends to underwrite risks where necessary to enable the development of schools and utilise its borrowing powers to directly invest in the acquisition of land at key strategic sites such as West Carclaze, Langarth and Hayle.

Finally, our partnership approach (through the Cornwall Executive Housing Sub Group) with the Cornwall & Isles of Scilly LEP, Homes England, Housing Associations, Health colleagues and private sector representation is helping to ensure that barriers to delivery are being addressed at a strategic level and in a joined up way.

Significantly this partnership approach has resulted in Cornwall benefiting from a commitment from Housing Associations to deliver 8,000 homes, of which 6,000 will be affordable, over 2016-2021 with a total investment of £600m.

We have ensured that our forecasted growth is sustainable, meeting the demand and ensuring resilience to market boom and bust cycles.

## **Benefits**

- Our proposals would unlock an additional 9,404 high quality homes of mixed tenure to be delivered over the long term.
- This will be alongside our current trajectories of 12,161 homes to be delivered in the shorter term (2017/18-2020/21).
- Key infrastructure would be in place to unlock additional homes.
- Based on the National Housing Federation Economic Impact calculator these proposals have the potential to contribute £920m to the local economy and £2bn nationally, alongside supporting 19,000 full time employees in Cornwall and 49,000 across the UK.

These proposals will:

- Create self-sufficient and resilient communities, promoting smaller settlements to be centres of employment and services. Improving and regenerating our communities through quality building, using housing development to meet local need.
- Real and sustainable growth, with an integrated programme of environmental growth, housing, skills and employment demonstrating how development can have environmental, social and economic benefits.

- A strong and confident market in Cornwall with improved investment opportunities.
- Uplift in our housing delivery to address our current back log in provision, with a mixture of tenure to meet local demands and need and high quality construction to tackle fuel poverty and health and wellbeing implications of poor housing.

## **b. Powers to plan and deliver new villages**

### **Context**

Cornwall has a unique and dispersed pattern of interrelated towns and villages which are constrained by geography and history, particularly with very tight historical centres. Cornwall Council believes that beyond the current housing allocations and plan period (2010 to 2030) Cornwall will rely on the creation of a series of new settlements and wishes to be in a position to shape and drive forward these settlements, ensuring they are suitable for Cornwall's housing market and take a whole place approach.

The Council plans an early review of the Local Plan, continuing the ambitious accelerated delivery of at least 3,000 homes per year, with a focus on increasing supply and affordability whilst ensuring delivery of good quality and functional new villages.

The Council has learnt from the planning and delivery of four current and currently proposed new settlements in Cornwall, Nansledan (Newquay), West Carclaze Garden Village (St Austell), Higher Newham Farm (Truro) and the Threemilestone Corridor (Truro).

### **Unlocking Barriers**

#### **The Rationale for Change**

The current Plan-led system does not provide the enabling levers which the Council needs to allocate sites for new garden village settlements, to avoid over-development damaging the character of our historical towns and villages, and share the uplift in land values between community benefit and a dividend to the landowner(s).

### **Our Ask**

To work with Government to develop a pioneering new model that would allow Cornwall Council to identify and test potential new sites for garden villages and obtain the powers necessary to acquire the allocated land at a small multiple of agricultural value. This would involve revisions to compulsory purchase legislation and new planning legislation alongside associated planning policy and regulations.

### **Our Offer**

Our offer is to take a direct role in the delivery of new garden village settlements as part of the Council's growth agenda and will be identified as part of our Local Plan review.

Through the Council's Investment Programme we will add to our current initiatives and funding, with a clear ambition to be the top provider of affordable homes of all English Councils.

The programme includes a number of different interventions to build more homes that meet residents' needs both in terms of quality and price. Over the proposed first four years of this investment programme, the combined number of new homes could reach 3,200 per year on average, dealing earlier with the housing needs clearly identified in our Local Plan.

We want to provide certainty to the private sector market and ensure that, through uplift of land value, the development of new garden village communities will pay for associated infrastructure (including schools and health provision) without recourse to the public purse.

### **Benefits**

The benefit of our offer is that more homes will be developed that are affordable to the whole community, underpinning the Local Plan's ambitious plans for 38,000 new jobs in Cornwall by 2030, creating significant tax revenues and enabling a significant reduction in dependence on public subsidy.

At least 3,000 new homes per annum will be developed, exceeding (on a proportionate basis) the Government's national plans for the increased supply of new homes, with an estimated 38,000 new jobs over 20 years.

### **Fiscal Freedoms**

Cornwall Council is committed to ensuring that Cornwall receives fair funding for the services that it provides; whether this is for the roads that we maintain, or for service provided to our children, the Council has been forthright in its campaign for a fairer funding settlement for the people of Cornwall. Working in conjunction with this, we are also committed to developing greater flexibilities in the way that money raised in Cornwall is allocated. Through the Cornwall Devolution Deal, Cornwall has obtained greater local control over transport spending and achieved Intermediate Body status for the EU Growth Programme to give us more influence over how the available funds are managed in Cornwall and the Isles of Scilly. The Government has also confirmed its commitment to work with Cornwall Council to develop and deepen our 100% Business Rate Retention Pilot for 2018/19.

We now want to build on Cornwall's progress in this area by opening a conversation with the Government on the devolution of fiscal freedoms. Cornwall currently has some control over the funds outlined above, but does not have complete freedom to decide how the funds should be managed, targeted and

spent. Cornwall has two separate asks in relation to the devolution of greater fiscal freedoms: firstly, Cornwall would seek to have more influence over the management of business rate policies in Cornwall, particularly regarding the application of mandatory reliefs; secondly, Cornwall wishes to explore the potential establishment of a VAT escalator pilot for Cornish SMEs. We are also keen to explore, based on our original Case for Cornwall propositions, the option of localising 2p from every litre of existing fuel duty, and we would also welcome a discussion on changes to legislation that could result in second home owners who pay no business rates or council tax making a contribution towards the cost of essential services in Cornwall.

## **a. Business Rates**

### **Context**

The Government has also confirmed its commitment to work with Cornwall Council to develop and deepen our 100% Business Rate Retention Pilot for 2018/19.

We now want to build on our progress in this area by opening a conversation with the Government to give Cornwall Council more influence over the management of business rate policies in Cornwall, particularly regarding the application of mandatory reliefs.

The proposals in this chapter apply to Cornwall only and do not cover the Isles of Scilly.

### **Unlocking barriers**

#### **The Rationale for Change**

Cornwall's 100% Business Rates Retention Scheme went live in April 2017 and, according to that agreement, will remain in place up to the 'roll out of a national scheme'. The Business Rates Retention Pilot represents a fundamental move away from the statutory Local Government Finance structure and we would like to explore how greater flexibility can be built into the scheme.

#### **Our Ask**

We are seeking support for the roll-in of Government Grants as part of Cornwall Council's 100% Business Rate Retention pilot and would like this to be included in the forthcoming Local Government Finance Settlement.

We request:

- The underlying structure of the existing pilot will continue i.e. that in exchange for 100% business rate retention, Cornwall Council will forego other Government grants including Revenue Support Grant, Rural Services Delivery Grant and Highways/Transport Capital Grants

- That in order to maintain fiscal neutrality, there will be a corresponding adjustment to the Council's Top Up grant – benchmarked against the Government 'Business Rate Baseline' for Cornwall Council.
- That the business rate pilot will continue to operate at 'no detriment' to Cornwall Council i.e. in the event that the Council is actually worse off as a result of the pilot, then the Government will make good that difference through additional grant.
- Other funding streams will be rolled into the pilot, in particular the currently ring-fenced Public Health grant and the extending of flexibility around Highway funding, enabling the Council to borrow against the funding previously received for Highways.
- We will also explore the possibility of taking over from Government the authority to decide upon mandatory relief policy within Cornwall, thereby truly making this a rural pilot with decisions and benefits made at a local level and applied to support places and sectors to promote economic opportunity.

This will impact on and will require the commitment and support of several Government departments.

### **Our Offer**

We are seeking to develop the Business Rates Retention Pilot further in 2018/19 to benefit Cornwall locally, by determining the priorities our resources should be focused on, but assisting Government ahead of the technical national roll out of a scheme.

### **Benefits**

As a result of the Business Rates Retention pilot, Cornwall will retain 100% of local business rates and, therein, 100% of growth. This provides not only a significant financial gain to Cornwall and a greater incentive for economic growth, but also greater financial freedoms in the way limited resources are used. For example, by 'rolling in' capital highways/transport grants, those resources can now be used for wider revenue preventative works, avoiding more costly major repairs.

## **b. VAT escalator**

### **Context**

Cornwall's business base is composed primarily of micro, small and medium sized enterprises. There are approximately 23,835 VAT registered businesses across the LEP area. Through existing activity such as the Cornwall and the Isles of Scilly's Growth Hub and Better Business for All initiative, considerable efforts have been made in Cornwall to assist new businesses to start and existing businesses to grow.



The proposals in this chapter apply to Cornwall only and do not cover the Isles of Scilly.

## **Unlocking barriers**

### **The Rationale for Change**

Cornwall and the Isles of Scilly's business base is composed primarily of micro, small and medium sized enterprises. There are 23,835 (source: UK Business Counts, 2017) VAT registered businesses across the LEP region.

Through existing activity such as the Cornwall & Isles of Scilly Growth Hub and Better Business for All initiative, considerable efforts have been made in the region to assist new businesses to start and existing businesses to grow. There has been a 13% growth in VAT registered businesses since 2010: but only half that of the UK total in the same period.

One issue that is consistently cited as a barrier to growth is the VAT registration threshold. There are approximately 44,000 businesses operating below the VAT threshold in Cornwall and the Isles of Scilly. Reasons for operating below this threshold vary, but often the decision to stay below is down to the fact that the level of growth required to maintain the income levels of the business owners is too great in the first years of a business' existence, which therefore represents a risk it. Currently once the VAT threshold is reached, many businesses close, operate limited or seasonal opening hours (with the resulting impact on employment, coastal communities and productivity) or put off investment to the next financial year (therefore delaying growth).

### **Our Ask**

We propose to pilot an approach that encourages businesses at or near the VAT threshold (and who are not currently registered for VAT) to register on a scheme as part of a wider strategy to accelerate growth. Registration would be for a maximum of three years and would entail a suite of activity that enables the business to voluntarily register for VAT to make the transition to growth; but obtain funded business support to enable this growth paid for by these voluntary contributions (for example an escalator approach with a lower percentage of VAT contribution in the first year etc: detail to be agreed) . From year 4 onwards the business would have to continue with their registration (at the normal VAT rate) or de-register depending on their performance. Business would only have a one-time ability to participate in the escalator pilot and the voluntary contribution would be collected via the Cornwall Council Better Business For All service and administered by the Economic Growth service of Cornwall Council

This proposition would be cost neutral for Government as without the pilot and the scheme these businesses would not have grown over the threshold, at least not so quickly. If and when business sustainability is achieved then the resultant VAT revenue would go to Government in the fourth and full VAT year: deregistration would result in the Government being no worse off.

Sustainable business growth could also result in eventual growth in numbers employed (who can pay their Council Tax) and business rate revenue to the Council: this would be the benefit for the Council. The three year growth should be ring fenced for economic development purposes. This is explicit in the '10 opportunities' document for a sector such as tourism (the theme here will be strengthening and adding value to the supply chain).

## **Our Offer**

Any funds generated from the VAT escalator pilot would be additional to current VAT receipts and retained in Cornwall to support the journey to business growth with the Council allocating its revenue from the escalator pilot to targeted economic development support.

Participants in the VAT escalator pilot would gain access to targeted support from various business support initiatives (e.g. Growth Hub and BIG2) in order to maximise the chance of successful transition from their current scale of operation. By enabling flexibility in terms of the gradual escalation of VAT, costs can be redeployed to overheads and investment in the early years of the business' existence to help establish the business and grow employment (yielding increased national insurance, income tax, business rate and purchase spending power).

## **Benefits**

A graduated approach to VAT growth would encourage and enable investment. With the escalator increasing each year, individual businesses would be able to budget to develop during their early years preparing for growth: with funded and tailored business support. The Government would see tax revenues increase at the end of the escalator process and if some businesses fail to grow they would not have lost revenue. Supply chain evolution supported by successful growth has the opportunity of increasing revenues from their own tax base (including VAT).

As an aspect of 'regulatory compliance', early years VAT rates would also reduce the cost of HMRC regulation and time costs for business bureaucracy (estimated to be 1-2% of turnover) for investigation, as the scheme could be administered by Cornwall Council. Graduating an introduction to VAT would also assist in the re/use of industrial and commercial building space to support sustainable business development and opportunity for workspace in the countryside. Increased employment would not only generate additional income tax, national insurance receipts and savings in social security payments, but also generate additional VAT through an increase in the number of (employed) individuals with disposable income.

A cut in the VAT registration threshold pending growth over a four year period would, if the pilot is successful and rolled out across the UK, support the UK's competitiveness in Europe after Brexit.

**c. Allow Cornwall to create a Better Roads Fund funded by the localisation of 2p in every litre from existing fuel duty.**

Cornwall's geography means that our road network is extensive with the Council responsible for repairing and maintaining over 7,303 kilometres of highway from major principal roads to narrow country lanes.

With a diminishing budget, the Council is facing challenges to keep Cornwall moving safely. Allowing Cornwall to retain 2p per litre from the existing fuel duty will generate approximately £7.5 million a year that would be used to maintain our rural roads.

This proposal applies to Cornwall only and does not cover the Isles of Scilly.

**d. Second home ownership; working on legislation to ensure everyone contributes**

The second homes market represents nearly 9% of Cornwall's housing stock overall and exceeds 20% in 47 out of our 213 Parishes. The average cost of housing is 8.4 times the average annual salary (compared to 6.7 nationally) which puts home ownership beyond the reach of many people.

An increasing number of Cornwall's towns and villages have more than 1 in 5 dwellings classed as second homes, which are distinct from holiday homes in that they are invariably empty for large periods of the year.

Some of the owners of these homes do not pay either council tax or business rates, seeking exemptions that mean that no contribution towards essential services is made. We want to start a dialogue with Government on how this can be overcome through legislation, and would welcome the opportunity to discuss how this could be developed.

## **Health and Social Care**

### **Context**

Between 2016 and 2040 Cornwall and Isles of Scilly's population of over 85s will increase by 31% more than in the rest of the UK<sup>22</sup>. While Cornwall and the Isles of Scilly have above average life expectancy, it has only average healthy life expectancy. We must deliver a radical upgrade in prevention, self-care and care in the community so that people in Cornwall and the Isles of Scilly can live well for longer, supporting improved personal wellbeing, as well as managing the significant cost pressures of an ageing population upon our health and care budgets. We also have the challenge of providing locally accessible, timely and equitable care across rural and island populations.

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<sup>22</sup> ONS

Cornwall and the Isles of Scilly are ideally placed to pilot innovative responses to the Industrial Strategy grand challenge of an ageing society. We have a strong local offer: the Cornwall & Isles of Scilly Local Enterprise Partnership has already invested heavily in e-health and we are ideally placed to test new models of technology enabled care capable of being scaled up nationally, with particular benefits in sparsely populated rural and island populations. Cornwall Council is directly investing £90m in extra care and supported housing alongside upgrading hard to heat homes for 1,300 of our most vulnerable households every year – a radical upgrade in prevention, ill-health prevention and wellbeing. Our local universities are internationally recognised for research into healthy aging and supported living and are supporting the application of big data, artificial intelligence and machine learning to improve health and wellbeing through our Smartline project with 350 Cornish households in social housing. Our Smart Islands investment will deliver 200 Smart Homes reducing fuel poverty and improving health outcomes for vulnerable people on the Isles of Scilly.

While our local health and care system has challenges, local partners across the Councils, NHS, private and voluntary sector are committed to effective joint working so that we can live within our means through a fair settlement and local flexibilities. We are already demonstrating the impact of integrated approaches, in relation to our demonstrable progress in tackling delayed transfers of care.

## **Unlocking Barriers**

### **The Rationale for Change**

We have high rates of diabetes, heart disease, stroke, cancer and osteoarthritis and for many people they can be prevented or delayed, or for others contained if caught early and managed well.

We have some of the most disadvantaged neighbourhoods in the country. Seventeen of Cornwall's neighbourhoods are in the 10% most deprived in England.<sup>23</sup> People in our disadvantaged communities are at higher risk of living with at least one debilitating condition.

We have a significantly higher rate of childhood obesity than nationally with no evidence of a reduction in this trend.<sup>24</sup> Obesity in childhood is largely due to lifestyle factors such as diet and physical inactivity, and therefore preventable.

We have above average rates of economic inactivity which are both a cause and a consequence of ill health. Business, voluntary, health, academic and local authority partners are working to support those furthest from the labour market into work. This is essential to improve health and wellbeing, and also to our future economy as research shows our labour market challenges are already increasing as Britain prepares to leave the European Union.

As with many other health and social care systems across the UK, we are facing significant operational and financial pressures and we are working together across the health and care system to re-align how we work. Underpinning this proposal, we now have a credible plan to fix what have for too long seemed

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<sup>23</sup> <https://www.cornwall.gov.uk/media/15560743/imd-2015-analysis.pdf>

<sup>24</sup> <https://www.cornwall.gov.uk/media/29038814/healthy-children-infographic-2017.pdf>

intractable challenges. This provides a strong platform for taking forward our devolution proposals, which feature securing greater control over our system resources, devolved powers and simplified decision making. These are key to unlocking our ambitions for the future.

## **Our Ask**

**To support our radical upgrade in prevention**, we are seeking:

- an injection of invest to save funding to tackle our biggest population challenges, in particular obesity, fuel poverty, employment for those with health problems and harm from alcohol, as part of a wider locally led health and wellbeing plan.
- an opportunity to test a place based approach to the development of physical activity and sport in schools, exploring direct, ring fenced allocation of Healthy Pupil Programme.

Alongside our work locally, we want to work with central Government to examine wider opportunities to:

- influence the national approach to the sale, advertising and over consumption of unhealthy foods and drinks which is a key factor in local health challenges within Cornwall and the Isles of Scilly
- test alternative approaches to using winter fuel payments which recognise that 14% of households in Cornwall struggle to afford heating compared to less than 10% nationally, another key contributing factor to local health challenges

To support the creation of an **innovation testbed for rural and island communities** we are asking for **transformation funding to enable**:

- the development of a more flexible, blended workforce capable of utilising technology enabled models of care and working flexibly across a community focussed health and care system, whilst managing significant operational pressures.
- testing of new technology enabled methods of care provision using robotics, aids and adaptations
- critical infrastructure projects in estates and information technology, including Urgent Treatment Centres.
- an Intelligence System that will create a unique system-wide intelligence platform to provide real time situational analytics and a digital system model against which to test future service configuration options.

Moving to a more community focussed model of care will require investment in local care facilities which people across Cornwall and Isles of Scilly can access. To develop these facilities and build strong community support, we wish to secure prioritised access to national capital to enable delivery of our

transformation plans, in addition to invoking our original devolution commitment from Government to retain local capital receipts for reinvestment.

### **Living within our means through a fair settlement and local flexibilities**

We want to move to a devolved, place-based five year funding settlement which enables local partners to co-ordinate budgets across health, social care, public health and health-related funds, working together to commission and provide the best possible health outcomes for people in Cornwall and the Isles of Scilly. While each local partner will remain accountable for effective management of its budgets, strong joint working and co-ordinated deployment of budgets will ensure the most cost-effective use of local resources.

Consistent with our ambition to be a testbed for other rural and island based communities, we would welcome dedicated resource and expertise to help us understand the impacts of the funding formula and Market Forces Factor locally, in order to better inform the national debate, particularly in the context of providing services to dispersed rural and island communities, and public sector pay relative to average local wages.

We want to work with Government to shift to a single local outcomes framework for measuring the impact that health and social care services have on the health and well-being of a local population; and continue the work already underway with regulators to develop a coordinated approach to place reducing the burdens on the local system whilst strengthening local accountability.

### **Our Offer**

Cornwall and the Isles of Scilly are the ideal testbed for piloting innovative new approaches. Largely surrounded by sea, with a single unitary authority for Cornwall working closely in partnership with the Council of Isles of Scilly, supported by a single CCG, and a single Local Enterprise Partnership we have all the ingredients for successful joint working. Building on our considerable local investment and award-winning research base into e-health we will provide a prototype for a new model of technology enabled care in a rural community that shows how we can improve the health and well-being of our citizens, develop our workforce and contribute to strengthening our local economy.

Our relatively uncomplicated organisational landscape provides the right environment to progress rapid integration of health and care services and test an innovative approach to delivery. Providers, commissioners and the local authorities all believe that the Cornwall and Isles of Scilly system can provide a 'test bed' of how other rural areas can meet the challenge of an aging society. Part of our offer is to contribute to national policy on how health and care needs are best served in rural areas.

### **Radical upgrade in prevention**

We are investing significant local resources which, coupled with Government support for our devolution ask, will deliver measurable improvements in health outcomes for people in Cornwall and the Isles of Scilly within five years - helping to manage the considerable cost pressures we will face over the same time

period from meeting the health and care needs of our changing and aging population.

We have secured £7.5m private investment over three years alongside investment from our social landlords to make the homes of 1,300 vulnerable fuel poor households cheaper to heat each year. Alongside this, Cornwall Council is directly investing over £90 million in extra care and supported housing, helping more people live well and independently for longer.

We are piloting older and disabled worker initiatives with the Department for Work and Pensions, alongside managing European Social Fund investments to establish innovative approaches to support those furthest from the workplace into work through supportive pathways and skills development.

### **Create an innovation test-bed for rural and island communities**

We will pilot a technology-enabled care model capable of national roll-out, building on our £8 million e-health investment, and create a pioneering System Intelligence System.

Through our internationally recognised European Centre for Environment and Human Health we will explore the impact of nature on health, and the role new technologies such as virtual reality can play for those unable to access our 'green' and 'blue' spaces.

With InnovateUK support, we will work with the South West Centre of Excellence in Satellite Applications to build on our SMART & Well study phase, using satellite technology to deliver better health services to remote areas, with a focus on critical medical services, health and social care and healthy active lifestyles.

We will secure wide engagement in this pilot through our established Peninsula Forum on Environment and Human Health, the eHealth and eWellbeing Stakeholder Group, and sector groups such as Software Cornwall.

We will pilot a £3.5m capital investment in primary care with a possible further roll-out, and explore options for local capital investment in community facilities. We will continue to release land through our One Public Estate programme to increase access to health and care facilities for the residents of Cornwall.

### **Living within our means through a fair settlement and local flexibilities**

Local health and care partners across Cornwall and the Isles of Scilly – from Council, NHS, and voluntary sectors - will work jointly in partnership to deliver the best possible health outcomes for our residents, working as one system to one plan. We will test our partnership arrangements from April 2018, before formalising arrangements from April 2019.

We will jointly commission the strategic health and care outcomes we need for Cornwall and the Isles of Scilly, and help providers work in partnership to better join up community health services that are sustainable for the long term.

We will provide early feedback to Government on the indicative return on investment that could be realised in other rural areas, from new models of technology enabled care within a strong framework of local community facilities.

## **Benefits**

With the right support from Government we will secure better health outcomes from our local health and care budgets, helping to manage the cost pressures arising from the needs of our rapidly changing population. We will ensure that we improve our A&E performance, meeting national expectations as a minimum, and we will reduce further the delayed transfers of care beyond our stretch targets. By 2019, we will jointly establish an outcomes-based contract with a partnership of local providers that encourages quality and innovation as well as improved financial and performance management.

As part of our **prevention** strand, we aim to close the gap between the local employment rate for those with a long-term health condition and the national average (29.6%). This is critical not just to the health and wellbeing of local people, but also to our ability to maintain a strong local economy with well-paid jobs, with independent research showing that local businesses will face significant recruitment challenges in an already tight labour market as Britain exits the European Union. Our investment in tackling fuel poverty and more supported housing, above, will help more people live well for longer.

Government support for our devolution asks above, coupled with our local investment, will enable us over five years to tackle the rise in childhood obesity and lead a reduction in smoking prevalence towards the national ambition of 13%. Scaling up evidence based interventions could prevent up to 700 cardiovascular events per year, reduce falls by 40% and fall-related admissions to hospital in over 65s by 10%.

**Creating an innovation test-bed for rural and island communities** will deliver a technology enabled care model capable of national roll-out, reducing demand. Improving A&E performance and reducing in delayed transfers of care in line with agreed improvement trajectories.

Staff turnover will be reduced, vacancies requiring expensive agency cover will be reduced and 800 extra care, 400 specialist houses and 1000 houses with disabled adaptations will be built. Urgent treatment centres will be established, operating as an important component of our community based urgent care strategy and additional GP access for a population of 100,000 will be released via the One Public Estate programme.

**Living within our means through a fair settlement and local flexibilities** will deliver strengthened provider sustainability, more cost-effective provision, and achieve the best possible health outcomes for Cornwall and Isles of Scilly.



## **Context**

Cornwall Council through Resilient Cornwall incorporating Cornwall Fire, Rescue and Community Safety Service (CFRCSS) already share excellent working relationships with Devon and Cornwall Police (DCP) and South West Ambulance Services Foundation Trust (SWASFT) and have an impressive track record of collaborative working.

Joint community prevention activities, effective and efficient response to and recovery from large scale operational incidents, flexible roles and shared property occupancy all provide tangible evidence of our success in this area. Our excellent relationship and shared community safety priorities with the Office of the Police and Crime Commissioner has delivered CCTV projects in nine towns, ten joint funded Safer Towns initiatives. We have developed our innovative Tri-Service Safety Officer (TSSO) combining duties from across all three emergency services and have a shared commitment to further expand this valuable flexible role across rural communities in Cornwall.

Cornwall's One Public Estate (OPE) programme has enabled us to develop a purpose built Emergency Services Community Station in Hayle, where Police, Fire and Ambulance Services successfully co-locate. First phase concept design tri and bi service property projects are being considered in Wadebridge, Liskeard, Looe, Bodmin and Newquay with a genuine understanding of the cultural change and financial benefits these projects deliver.

The Police and Crime Act 2017 and the English Fire and Rescue Services National Framework Document provide the legislative freedom and flexibilities for innovative local collaborative solutions for the provision of emergency services. Cornwall Council, DCP, SWASFT would like to maximise this opportunity for innovation with an ambitious and accelerated programme of blue light transformation.

The Police have an ambitious programme of £14.7 Million capital investment in Cornwall, through the One Public Estate programme and the development of a new Police custody at Bodmin to create a Headquarters for Cornwall, with aspirations for further colocation with partners.

## **Unlocking Barriers**

### **The Rationale for Change**

The rural nature of Cornwall and our peninsular geography creates challenges for the successful delivery of emergency services. In order to overcome these challenges, CFRCSS, DCP and SWASFT need support to strengthen their current innovative and constructive working relationships even further.

There are ongoing challenges to provide sufficient resource to manage the increasing demand for emergency services in Cornwall. For example, the Fire & Rescue Service workforce is made up of approximately 66% on-call staff, and the recruitment and retention of this significant tranche of the workforce is becoming increasingly difficult with employers showing greater reluctance to

release staff to undertake these duties. To ensure effective collaboration can continue to progress there would need to be investment to support the development of innovative collaborative pilot projects.

Road safety – levels of death and serious injury on our roads is not acceptable. South West Region saw a 6% drop in fatalities in 2016 (compared to 2015) but rising in Devon and Cornwall

- 2017<sup>25</sup> and 8 fatalities and 822 serious (total KSI 890)
- 2016 and 2 fatalities and 772 serious (total KSI 824)
- 2015 - 44 fatalities and 652 serious (total KSI 696)

There may be further opportunities to increase road safety assessments in collaboration with Highways England and Police colleagues by encouraging community SpeedWatch campaigns. This would need to be supported by capital funding to mitigate the problems and respond to community need.

### **Our ask**

We want central government to support these ambitions with a one-off capital transformation grant, ring-fenced for emergency services innovative collaborative projects. This would be accessed through invest to save business cases developed jointly, which enable Cornwall to become a test bed of innovation for emergency services.

### **Our offer**

Through a ring-fenced capital pot we would develop business cases for innovative collaborative projects that are challenged and approved through the Leaders Board, our rural mayoral model for governance. This enables Cornwall to be a test bed of innovation for emergency service provision.

### **Benefits**

Accelerating our shared property projects would provide revenue efficiencies that can be reinvested in new and flexible ways of working. Emergency Medical Response, TSSO's, CCTV schemes, Safer Towns, joint tasking could all be expanded and funded from savings delivered through an ambitious shared property portfolio.

In the 12 months from January 2017 to December 2017 CFRS responded to over 800 emergency medical calls on behalf of SWASFT. Integration could be greater enhanced by further development and roll-out of the Tri-Service Safety Officer role. The role, based in Hayle in the South West of Cornwall was developed as a pilot in 2015. In the period of May 2015 to August 2017 the officer attended 499 police logs, 181 incidents for the fire service, 226 ambulance calls, was involved in 61 anti-social behavior cases and 56 low level crime investigations. Further to this the prevention work has seen the officer undertake 322 home safety visits, make 159 safeguarding referrals and conduct 90 school / youth intervention meetings.

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<sup>25</sup> 2017 data not fully verified

The success of this pilot role has led to expansion of the project with two additional TSSO officers now supporting communities in Bude and Liskeard in the East of the county. The aspiration would be to further increase the number of TSSOs to cover key geographical locations across Cornwall.

Our Critical Control Centre has already expanded its role to include CCTV, monitoring 93 cameras across nine towns. This provides a multi-faceted approach to community safety, mobilising of resources and information gathering, sharing and coordinating activities across the wider service. Around 80% of the incidents that we monitor are related to the prevention or detection of crime and around 20% are concerned with vulnerable people (those in need of medical assistance, lost persons, etc). This could be further remodelled to create a joint emergency services control centre, managed locally, using local resources and shared intelligence.

Collaborative arrangements between CFRS and the Isles of Scilly Fire and Rescue Service already exist with operational and tactical support and advice being provided. The rural and isolated nature of the IoSFRS, may present opportunities to develop the TSSOs on the Islands. There are also opportunities for CFRS to support IOSFRS in developing community risk profiles and risk-focused Integrated Risk management Plans (IRMP).

Exploration of joint ways of working could be extended into the voluntary sector by considering how groups, such as The Red Cross, RNLI and Search and Rescue organisations could support a community-based emergency response.

Capital transformation funding with a commitment to share our learning and experiences across the UK through the National Fire Chiefs Council and Home Office would support and demonstrate central government's commitment to blue light transformation. Cornwall Council have invested £10M in emergency services property projects and agreed a £27M 15 year Capital replacement programme for CFRS. Financial pressures for all Cornwall emergency services and withdrawal of central capital grants and transformation funding has seen our ambitious plans slow down and in some cases stall.

Government investment in Cornwall's emergency services will support our devolution ambitions, help our health and social care integration devolution goals as well as deliver more effective and efficient emergency services that are "Working Together to make Cornwall Safer".