

FEEDBACK FROM ROUNDTABLE EVENTS TO INFORM A  
RESPONSE TO THE GOVERNMENT'S GREEN PAPER:  
“BUILDING OUR INDUSTRIAL STRATEGY”

FOR THE CORNWALL AND ISLES OF SCILLY  
LOCAL ENTERPRISE PARTNERSHIP

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# 1 Executive Summary

## 1.1 Introduction

The Government is developing a modern Industrial Strategy to build on Britain's strengths and enable all parts of the country to succeed. Its aim is to help deliver a high wage, high skilled and competitive economy that works for everyone.

To ensure it becomes a reality the Government is asking for ideas and feedback and has published a [green paper](#)<sup>1</sup> ("Building our Industrial Strategy") that sets out its vision, and the [10 pillars](#)<sup>2</sup> on which the Industrial Strategy is based. It wants to hear from every part of the country, every sector of industry and businesses of every size.

In Cornwall & Isles of Scilly (CloS) the LEP has been asked to co-ordinate the response from the business community. The LEP wants to have a genuinely open and collaborative conversation about the skills, research, infrastructure and the other things we need to get right to drive long term economic growth and productivity in the area.

This interim report provides a summary of the qualitative research that has been carried out in order to inform the LEP's response to the green paper. The LEP carried out a trio of geographically spread interactive roundtables across CloS to gather opinion and feedback

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<sup>1</sup> [https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting\\_documents/buildingourindustrialstrategygreenpaper.pdf](https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf)

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/585107/industrial-strategy-10-pillars.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585107/industrial-strategy-10-pillars.pdf)

on the strategy. Participants at the roundtable events were asked to provide suggestions concerning how each of the ten pillars would impact upon CloS and also to propose ideas or solutions to relevant challenges that build upon CloS's unique strengths that are related to the strategy.

The next stage of the research will involve a survey that will be distributed via the LEP and its partners to businesses and promoted using a range of internet tools, such as social media sites. The findings of the quantitative research will be used alongside the findings from the qualitative roundtables in order to inform CloS LEP's response to the Government on the Industrial Strategy.

## 1.2 Methods

Participants from across CloS were invited to attend three, 2-hour roundtable events in order to discuss their views in relation to the Industrial Strategy within CloS.

Events were held in different geographic locations across CloS, including Pool Innovation Centre on 23<sup>rd</sup> February 2017, Dunheved House in Launceston on 27<sup>th</sup> February 2017 and St Austell Conference Centre on 2<sup>nd</sup> March 2017. A range of representatives from the private, voluntary, academic and public sectors were in attendance.

Roundtable participants were divided into groups and asked to express their views in relation to each of the ten pillars contained within the industrial strategy. A series of questions were used as prompts. More detail relating to the 10 pillars and the associated questions can be found within Appendix 1.

Participants were asked to consider ideas that focus upon solutions and CloS's distinctiveness, so that CloS can be positioned as a unique area. This is comparable to the way in which the 'Northern Powerhouse' and 'Midlands Engine' have been positioned to reflect the specific industrial heritage within each area.

A note-taker was present within each group, in order to ensure that responses were accurately recorded. These notes were subsequently analysed using computer-assisted data analysis software. Key themes arising from this analysis are discussed within the remainder of this report.

### 1.3 Summary of Key Findings

The Government Industrial Strategy contains ten pillars. These pillars relate to investing in science, research and innovation; upgrading infrastructure; supporting businesses to start and grow; improving procurement; encouraging trade and inward investment; delivering affordable energy and clean growth; cultivating world leading sectors; driving growth across the whole country; and creating the right solution to bring together sectors and places. Participants in a series of roundtable discussions considered how the Industrial Strategy may impact upon CloS. Key themes from this series of discussions are summarised in Section 1.3.1 – Section 1.3.10 of this document.

#### 1.3.1 Investing in Science, Research and Innovation

Key themes in relation to this pillar include using innovative design and space to solve housing issues with CloS; developing the spaceport with range of associated industries focused on hardware and software across CloS; and also, a need to enhance science, research and innovation skills across the area. However, the need

for 'an iron focus' and sense of prioritisation was fundamental. There was general consensus for the existing Smart Specialisation sectors in CloS.

#### 1.3.2 Developing Skills

Key themes in relation to this pillar include a need to increase STEM skills within CloS; a keenness for the introduction of a technical college system that is comparable to the system used within Germany; and an increase in collaboration within and across sectors in order to meet training needs.

Participants from the digital sectors commented that there are many digital opportunities for young people within CloS. They also said that they lack trained coders and would be keen to work collaboratively to work out a solution to this issue.

It was also acknowledged that any attempts to increase skills within CloS need to work with those furthest from the labour market, in addition to those already within it.

#### 1.3.3 Upgrading Infrastructure

Key themes in relation to this pillar include a desire to remove barriers to home building; a wish to improve communication with local residents about the need to build houses; significant improvement to the rail infrastructure at Dawlish in order to improve travel into and out of CloS; and the development of better local transport links to Newquay Airport from each of the main towns within Cornwall.

Many participants said that they perceive that the Superfast Cornwall project has worked very well and led to increased growth.

They said that it has made it easy to use online training and also to gain access to international or national markets.

### 1.3.4 Supporting Businesses to Start and Grow

Key themes in relation to this pillar include the suggestion that local areas should be given the ability to reduce business rates for organisations operating within sectors needing to grow or develop; a perceived need to 'speed up' funding decisions by institutions; the provision of training and support for businesses to access new forms of funding, such as Crowdfunding; and the development of long term business growth programmes that take place over a 10 – 20-year period.

### 1.3.5 Improving Procurement

Key themes in relation to this pillar include using the high level of e-health expertise within CloS to supply services to the NHS; improving national supply chains for food producers and offering Universities the opportunity to carry out NHS administration in order to save money.

### 1.3.6 Encouraging Trade and Inward Investment

Key themes in relation to this pillar include using CloS digital expertise to drive international growth within the tourism sector; encouraging people to learn foreign languages, such as Chinese, so that tourism businesses can develop online content to appeal to this market; developing clusters of businesses that can work together to share export knowledge and access distribution networks; and using online tools, such as Airbnb, Amazon and Google for trade purposes.

### 1.3.7 Delivering Affordable Energy and Clean Growth

Key themes in relation to this pillar include encouraging consumers to reduce their energy consumption; developing CloS's existing ground source heat expertise; using deep geothermal projects, including a recent one in Penzance, as a showcase for CloS's innovative approaches to energy; developing local wind farms; increasing the use of PV; and redeveloping old Cornish tide mills to provide energy. A new approach to local energy markets and energy storage should be a key opportunity for CloS to lead at a national level.

### 1.3.8 Cultivating World Leading Sectors

Key themes in relation to this pillar include a focus on the development of local business clusters in order to cultivate world leading sectors; working with the tourism industry to develop the 'Cornish California'; and the possibility of removing 'red tape' following Brexit in order to reduce the perceived constraints upon business activity.

### 1.3.9 Driving Growth across the Whole Country

Key themes in relation to this pillar include the suggestion that a focus on productivity may be at odds with a focus on employability; the discussion of whether sustainability should cut across all pillars or become an eleventh pillar; using broadband technology to increase access to skills training and access to markets within CloS; and working with local Universities to commercialise products or services.

### 1.3.10 Creating the Right Solutions to Bring Together Sectors and Places

Key themes in relation to this pillar include a need to identify a small number of high-performing local sectors or organisations that could contribute significantly to innovation and growth; a perception that the Government Industrial Strategy should not be a tool for increasing government intervention within the private sector; a need for consistency with Cabinet Ministers staying in place over a longer time period; the need to 'move on' from the EU referendum results; and support with completing funding applications.

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## 2 Research Findings

### 2.1 Investing in Science, Research and Innovation

Participants were asked to discuss their views of the Industrial Strategy pillar that is focused upon investment in science, research and innovation. The discussion was based around five key areas and these are explored within the subsequent sections of this report.

#### 2.1.1 Priorities for Investment in Science, Technology, Research and Innovation

Participants were keen to discuss investment within science, research and innovation in CloS. There were many suggestions relating to priority areas for this investment. These include the development of the spaceport in Newquay with an associated industry based around the creation of hardware and software for journeys within space.

Additionally, many participants felt that CloS could use innovative design and space to solve housing issues. They also noted that this could link to sustainability and eco-development.

Other commonly cited suggestions include aerospace, marine and the agri-food sector. It was suggested that the innovative use of robotics within CloS's food manufacturing industry could provide a valuable opportunity.

One participant noted that he did not believe that individual counties should choose priority areas for investment. He argued

that it would be far more impactful to choose key areas on a national basis.

#### 2.1.2 Challenging Areas within which the Industrial Strategy Fund would hold the potential to Drive Maximum Economic Impact

Participants suggested a number of challenging areas within which the Industrial Strategy Fund would hold the potential to drive maximum economic impact. The most common suggestion related to the need for substantial government investment in training and skills development. This ranged from skills development at a primary school level to life-long learning.

It should be noted that the analysis showed that skills development and retaining talent within CloS were the most dominant themes across each of the round-table events. This will be discussed in more detail within Section 2.2 of this report.

Other areas proposed by participants include funding for innovative SMEs; responsive support structures that can offer help with IP and research development funding applications; and innovative housing.

#### 2.1.3 How the UK can create an Environment that supports the Commercialisation of Science, Research and Innovation Oriented Ideas

Participants proposed a number of ways in which the UK can create an environment that supports the commercialisation of science, research and innovation oriented ideas.

The key theme within this area relates to perception. For instance, one group of participants mentioned that they thought that there is very little national awareness of innovative practices within CloS. They said that it is often perceived that CloS contains only tourism, care homes and farming communities. Similarly, many participants commented that children and young people do not perceive that there are many science and technology oriented careers available to them within CloS.

Other suggestions include investment in collaboration between organisations, the development of business clusters and also, the opportunity for businesses to turn University research or ideas into commercial offerings. It was also suggested that Brexit and Cornish devolution may offer the opportunity to remove any 'red tape' that is perceived to be hindering development.

#### 2.1.4 How the Government can Support the Next Generation of Research Leaders and Entrepreneurs

There were three main suggestions relating to how the government can best support the next generation of research leaders and entrepreneurs. These include the provision of a 'world class' education system within CloS, increased collaboration between businesses and education institutions and a flexible work experience programme for school-aged children.

#### 2.1.5 How the Government can Support Research and Innovation Strengths within Cornwall

There were a number of suggestions relating to how the government can best support research and innovation strengths within CloS. These include funding the provision of training based

upon how robotic technology can be used within the food sector. It was felt that this may provide a particular advantage to small businesses that would otherwise struggle to fund this activity. A group of participants said that the government should ensure that CloS gets its 'fair share' of a £170 million skills capital fund linked to technology institutes. It was also felt that it would be beneficial to utilise any research data that may have been generated when evaluating previous EU-funded projects, so that future projects can benefit from mistakes made in the past.

A small proportion of respondents felt that the Industrial Strategy placed too much of an emphasis on science and technology. One participant commented that, "The message of the Industrial Strategy seems to be that science and technology is good, but everything else is not needed as much."

## 2.2 Developing Skills

Participants were very keen to discuss the role that skills development could play in the Industrial Strategy. As a result, a great deal of the data that was generated at the round-tables relates directly to this pillar. The majority of the commentary suggested that participants perceive that there is a lack of skills within CloS and that this needs to be addressed.

### 2.2.1 Improving Basic Skills

It was commonly acknowledged that there is a need to improve basic skills within CloS. Many participants felt that this is essential if new sectors within the area are to grow quickly. There were numerous suggestions relating to how this could and should be done.

It was also noted that it is important that the upcoming transition year is well managed by central government. Despite this, there appear to be few suggestions relating to this specific area.

A sizeable proportion of participants felt that there is a need to make schools better aware of the skills requirements of local businesses. Proposed means of improving this situation include clearer communication between local organisations and schools, opportunities for teachers to spend time with local businesses and a means of directly involving parents with skills development amongst children.

A significant area of concern appears to be a perception of a lack of STEM skills within CloS. Solutions proposed by participants include a focus on STEM skills within primary schools, collaboration with manufacturing groups and the development of specialist courses aimed at filling this gap. It was also suggested that these courses should be online in nature, so that it is not necessary to travel to attend.

Other suggestions within this area include employer or demand led provision of training that is more responsive to changing workforce requirements.

One participant commented that, “We also need to ensure this links all the way down to the people that feel or seem furthest from the labour market... We need to re-evaluate the way in which we support them to ensure they can have access to these new opportunities.”

Participants also questioned who should be expected to pay for basic skills training in areas such as computing, ‘doing things better’, business and administration.

## 2.2.2 A New Technical Education System

The data generated suggests that the vast majority of participants feel very positive about the introduction of a new technical education system. Furthermore, there appeared to be no suggestion that this would not be a positive step towards enhancing skills within the area.

Several participants spoke of the technical college system in Germany and argued that this would be an excellent way for the UK to enhance technical skills provision amongst its workforce.

There were several criticisms of existing approaches to developing technical skills, including suggestions that schools are far more likely to promote academic rather than technical pathways; that students within CloS do not perceive that science and technology can provide a viable career and thus, do not train within this area; and that there is a lack of courses focused upon specific technical skills. It was also mentioned that apprenticeships need to be tailored to meet commercial requirements more closely.

It was suggested that technical education needs to be responsive to business needs and also, a means of providing transferrable skills. Other suggestions include technical education focused upon areas such as French artisan methods of seafood processing, artisan brewing and other specialist food training. This would enable the area to develop its agri-food sector.

### 2.2.3 Applying for Further Education and Apprenticeships

The most commonly mentioned suggestion was that a UCAS style application process for apprenticeships is needed. There should also be clarity regarding apprenticeship pathways and progression routes.

### 2.2.4 Skills Shortages within Specific Sectors or Geographic Areas

Participants were very keen to discuss skills shortages across CloS.

Solutions proposed include schemes to raise aspirations and provide the basic skills required for living well, increasing the level of engineering training within the area, encouraging children and young people to consider training within the digital sector and helping people to engage in online training, so that they do not need to travel or move away to upskill.

A participant from a technology-oriented business said, “We have specific business issues such as the lack of coders. Young people are digital natives and there are jobs in the future yet to be invented. We should look into online learning via global platforms.”

It was also suggested that the government and industry should work together to promote opportunities within industries with a shortage of skills to young people that have moved away from CloS. It was felt that time spent living in a different location may offer an additional perspective, which could be useful within the workplace.

### 2.2.5 Encouraging Retraining and Upskilling throughout Life

It was acknowledged that there may be challenges associated with retraining or upskilling throughout life. Participants suggested that lifelong learning should be encouraged and that employees should be provided with opportunities to progress ‘on the job’. One again, it was suggested that training providers and local businesses should work together more closely in order to meet employer needs. A commonly cited barrier to training was that many SMEs find it difficult to fund training for their staff.

A number of participants commented that there has been a decline in the performance of certain sectors in CloS. They suggested that government should look at skills and resources amongst this section of the workforce, so that they can consider how these people may be able to transfer their skills to growth sectors.

## 2.3 Upgrading Infrastructure

Participants provided a range of opinions relating to upgrading infrastructure. This was commonly acknowledged as one of the key barriers to competing on a national level for many organisations within CloS. Several participants felt that CloS’s peripherality means that it can be difficult to access national and international markets.

### 2.3.1 Actions to support Private Investment in Infrastructure

Participants offered a range of suggestions for supporting private investment in infrastructure. The most commonly cited

suggestions related to the building of new houses. These suggestions include removing the barriers to building houses and also building on areas with planning provision; supporting the development of an eco-home building cluster that uses local materials to provide affordable homes and engaging in better local messaging about the need to create more housing.

A number of participants commented that support should be used to enable small, niche businesses to develop infrastructure. Their rationale was that 'big, shining opportunities' often fail to complement the local landscape or preserve a unique place. One person commented that large projects 'throw the baby out with the bathwater'.

### 2.3.2 How Local Infrastructure should be Incorporated within National Infrastructure Policy

There were many suggestions relating to how local infrastructure should be incorporated within national infrastructure policy. The most common area, by far, was the development of railway travel into and out of CloS. One person commented that, "There is too much focus upon shaving 10 minutes of time off the journey between London and Birmingham, but not enough work towards improving the railway infrastructure at Dawlish."

There were also suggestions relating to enhancing all travel-oriented connectivity within CloS, including the railway, road and airport. Travel costs and time were commonly cited as a barrier to business growth. It was also noted that Newquay Airport should be more accessible from the major towns in Cornwall. A small proportion of people also reported that they felt that electric vehicles should play a key role in the development of local and national infrastructure policy.

The only non-travel oriented suggestion in relation to integrating local and national infrastructure policy was focused upon electricity. One group of participants explained that they would like local and national infrastructure policy to take into account the expensive impact of power cuts. One person said that the UK's only manufacturer of ground source heat pumps is based in CloS and that this may provide an innovative means of increasing energy supply locally and nationally.

### 2.3.3 Improving Infrastructure Performance in relation to International Benchmarks

There were very few suggestions focused upon improving infrastructure performance in relation to international benchmarks. It was suggested that funding is provided to enable staff within underperforming local businesses to learn about robotics, so that they can upskill and be deployed to a new sector. Additionally, one participant said that the Industrial Strategy needs to build upon the successes of EU funding, instead of ignoring them.

### 2.3.4 How Government and Industry may Collaborate to provide the Skills and Supply Chain to Deliver Strategic Infrastructure

A sizeable proportion of participants said that they felt that Superfast Cornwall is a very good example of a successful collaboration between government and industry. It was suggested that this is used as a model for creating the skills and supply chain required to deliver strategic infrastructure that delivers real benefit to a geographic area.

This was the only suggestion in relation to this topic.

## 2.4 Supporting Businesses to Start and Grow

### 2.4.1 Causes and Remedies for Lower Rates of Fixed Capital Investment within the UK

It was suggested that fixed capital investment may be increased by providing local areas with the ability to reduce business rates for organisations operating within sectors identified as in need of growth.

### 2.4.2 Constraints upon Longer Term Investment Decisions amongst Companies and Fund Managers

A number of participants said that they felt that businesses within CloS do not only look at financial growth; instead they look at a much wider picture, including a work and life balance. As a result, they may be less likely to make longer term investment decisions.

### 2.4.3 Increasing Uptake of Equity Capital outside the South East

There appear to be few, if any, references to the uptake of equity capital outside the South East contained within the data generated. As a result, this area may need further consideration prior to the completion of the final response to government.

### 2.4.4 Driving the Adoption of New Funding Opportunities, such as Crowdfunding

It was commonly acknowledged that the adoption of new funding opportunities, such as crowdfunding, will be very important to the growth of businesses and new sectors within CloS. The vast majority of respondents said that they felt that government needs

to provide more support and information focused upon how to effectively engage with these sources of funding.

It was also suggested that Universities' may be able to help businesses to apply for funding. Furthermore, several participants cited examples whereby they had tried to access funding, but found that it was particularly complex or too slow to enable them to meet the dynamic and continually changing needs of their business. As a result, it was suggested that government considers whether there is a means of increasing the speed of funding applications, so that funding can be made available sooner.

### 2.4.5 Addressing Barriers facing Businesses that hold the Potential to Achieve Greater Growth

The most commonly cited barrier to growth is a perception of a lack of support for already established businesses. One participant commented that many business programmes in Germany provide support over a period of ten years or more. They also create plans for 10 – 20 years into the future. It was suggested that this level of planning would be a positive step for the UK.

A number of participants from across CloS said that they felt that business clustering would provide a means of enabling greater growth, particularly within technology oriented sectors. Perceived benefits of clustering include the ability to benefit from economies of scale, share skills, attract a skilled workforce to the area and share resources in order to grow more rapidly.

## 2.5 Improving Procurement

### 2.5.1 How the Government can support Innovation via Public Procurement

Participants felt that government can take steps to support innovation through public procurement. Steps include engaging in local procurement where possible. It was noted that CloS offers a great deal of countryside and heritage that could be used within more innovative 'outdoor' approaches to improving health and wellbeing. Furthermore, SMEs within CloS should be given the opportunity to use their high level of e-health expertise to engage in healthcare provision across the UK. This may present an opportunity for SMEs to provide a service to the NHS.

There was an amount of discussion that indicates that organisations within CloS need to get together to work out where CloS holds strength, so they can consider how public procurement may be used to encourage greater innovation within the area.

A small number of people felt that devolution may act as a means of supporting innovation via public procurement, as this may provide more flexibility and a reduction in 'red tape'. They also noted that the way in which government has changed its rules part way through a procurement programme has not been helpful to SMEs, who typically, have fewer resources.

Once again, it was noted that Cornish food producers are able to contribute significantly to innovation and growth within CloS, but would be able to do so to a far greater extent if government provides support for them to access national supply chains.

One participant noted that there are two Universities in Truro and that both engage with Treliske Hospital. He suggested that Universities are encouraged to 'bid' for the opportunity to run services, such as hospital administration. He felt that this would reduce costs within the NHS whilst increasing overall efficiency within the local area.

Finally, it was proposed that the government engages in clean energy procurement within the CloS. There has been a great deal of innovation in relation to the energy sector, including projects that utilise ground source heating, alongside the heating of the Jubilee swimming pool using geothermal energy, the re-use of old Cornish tide mills that remain from historic times and the promotion of the adoption of special batteries that store energy.

### 2.5.2 Using Public Procurement to Drive Industrial Strategy in areas where the Government is the Main Client

The vast majority of proposals within this area relate to healthcare. A number of participants said that they felt that CloS had specialisms within fields such as e-healthcare. It was proposed that the government uses services and products from these organisations in order to drive further innovation within CloS.

A number of participants noted that the development of a spaceport and associated enterprise zone in Newquay would provide a useful tool for driving industrial development. They felt that this would build upon innovation in the local aerospace and digital industries.

## 2.6 Encouraging Trade and Inward Investment

### 2.6.1 How the Government can support Firms wishing to Begin to Export or Increase their Exports

Participants considered how government may support firms wishing to begin exporting or increase exporting. The most common suggestion was providing support and training to businesses that wish to export. CloS has a growing digital sector and it was suggested that this is capitalised upon, so that online training opportunities can be utilised, where possible. This fits well with aforementioned comments in relation to the weaknesses of the transport infrastructure that is used to travel into and out of CloS.

One solution proposed involved the promotion of training in foreign languages, such as Chinese, so that businesses can exploit strengths in the local digital economy and use online technologies to sell to consumers in a range of countries.

Another solution focused upon clusters of businesses. A range of discussion suggested that business clusters could lead to the sharing of export knowledge and expertise. It could also result in the export of a range of complementary products and services.

It was also felt that innovation within the tourism sector would benefit CloS exports. Several people noted that any government support within this area would be welcomed.

A small number of participants commented that they felt that exporting was not relevant to many CloS businesses.

### 2.6.2 Key Lessons from Other Countries

One participant explained that tourism organisations within the EU are often keen to use online tools such as Airbnb and Google to encourage visitors from other countries. Subsequent discussion suggested that local businesses would value support relating to how best to optimise such tools. The same participant also noted that many businesses within other EU countries use their unique cultural heritage to appeal to prospective visitors online. A number of people commented that there are many EU citizens that are fond of the EU. Therefore, it may be beneficial for businesses to promote CloS's unique features to this group.

There appeared to be very little discussion in relation to whether there should be more emphasis placed upon measuring the impact of FDI upon growth. It is not clear whether this was because those in attendance did not feel that they knew enough about this topic in order to discuss it further or whether there was some other reason for the lack of opinion within this area. As a result, it would be sensible to consider whether it is necessary to carry out further research within this area before compiling the response to government.

## 2.7 Delivering Affordable Energy and Clean Growth

### 2.7.1 How the Government can Limit Energy Costs over the Long Term

Participants proposed a number of ways in which government can limit energy costs over the long term. These include considering energy efficiency and encouraging customers to change their behaviour, considering risk when investing in new energy schemes and investing only in projects with lower levels of risk and finally,

encouraging sustainability and self-sufficiency, which would increase the likelihood that people will produce and store their own energy.

Another participant argued that ground source heat pumps are very cost-effective and are very durable, which means that they will produce energy over an extended period of time. He felt that this benefit outweighed the high initial set-up costs. He also suggested that encouraging widespread adoption of electric vehicles would bring down costs within this sector.

The vast majority of comments centred around the belief that CloS has no power stations and holds expertise within the field of clean energy, which means that the region is in a strong position to develop long-term renewables that can grow to meet the changing needs of the population.

### 2.7.2 Creating Competitive Energy Markets that do not rely upon Subsidies

One solution focused upon the argument that energy markets should be developed using market financing instead of public funds. This would encourage competition and sustainable growth. Other suggestions include showcasing existing geothermal projects, such as the one in Penzance, on a global scale. Successful geothermal drilling in Penzance would make an excellent hot spring showcase for Cornish drilling and geothermal services.

A small proportion of respondents commented that CloS should continue to take pride in maintaining a healthy coastline and that this should not be sacrificed for short-term energy gains.

Finally, it was noted that a focus on the continual development of the skills required by businesses within the energy market would be a healthy source of growth for CloS, which should ultimately reduce the need for subsidy in a number of areas.

### 2.7.3 How Government, Businesses and Researchers can Collaboratively Develop Competitive Opportunities from Innovation in Energy and Existing Industrial Strengths

There were a range of ideas relating to how government, businesses and researchers can work together to develop competitive opportunities from innovation in energy and existing industrial strengths. These include increased stakeholder involvement in existing schemes such as the geothermal project in Penzance; using learning and innovation from the development a spaceport in Newquay to enhance sustainability offerings building upon existing resources within CloS including the use of deep geothermal energy within Cornwall's mines and also, the local development of associated products and services.

One participant commented that, "We need to make the most of our unique geographic location on the planet. There is an abundance of coastline, many disused mines and a large amount of open, rural space."

Other suggestions include the development of existing local wind farms and PV installations into mini power stations with the provision of battery storage; and also, the redevelopment of existing tide mills, with mini hydro and tidal sources over the long-term. Many participants felt that this would make the most of the distinctive coastline within CloS and create new jobs for the region.

#### 2.7.4 How Government can Support Businesses to make Cost Savings by Greater Resource and Energy Efficiency

The vast majority of comments in response to this area were positive. The two main ideas provided included encouraging behavioural change in relation to energy consumption amongst the business community and also, enabling resource and energy efficiency by supporting the eco-building that is already taking place in the area.

Several participants asked whether there may be a pillar missing and that this pillar should relate to sustainability. However, other participants felt that sustainability should be an important theme across all pillars.

There was a range of discussion centred on whether CloS should develop its existing brand to incorporate sustainability. It was suggested that it would fit particularly well with areas that the area is already known for, including its coastline, rurality and outdoor environment.

### 2.8 Cultivating World Leading Sectors

#### 2.8.1 Working Collaboratively to create World Leading Sectors

The data generated suggests that respondents were far less keen to discuss this topic. There were far fewer comments in relation to creating world leading sectors than any other topic. It may be beneficial to consider why those in attendance appear to be less keen to discuss this area and whether this has any implications for the Industrial Strategy in CloS.

Despite this, one person in attendance commented, “This is a real opportunity for CloS to focus on the implementation of a strategy and not just the words contained within it.”

Participants frequently noted that working with other organisations within a sector could be very beneficial. They felt that this would provide numerous benefits from economies of scale to making it easier to attract skilled workers to an area and benefitting from sharing best-practice.

The most common idea related to this topic is based upon the suggestion that the government could aid the development of local business clusters. A second idea focuses upon using government help to develop the existing local tourism area into the ‘Cornish California’.

#### 2.8.2 Ensuring that Sector Deals promote Competition and Incorporate the Interests of New Entrants

There was a small amount of discussion focused upon ensuring that sector deals promote competition and incorporate the interests of new entrants. One group of participants suggested that it is more important that a deal is focused on a small number of key sectors, instead of trying to help too many sectors in a more superficial way. They felt that a deeper level of support for a smaller number of businesses would be more impactful within CloS.

Correspondingly, it was suggested that businesses within CloS come together to establish key strengths within CloS, so that this can be effectively communicated to government.

Once again, it was suggested that Brexit may provide an opportunity to remove any 'red tape' perceived to be inhibiting growth amongst smaller organisations.

### 2.8.3 Collaborations between Government and Industry to Enable Growth in New Sectors focused upon Technology and Business Models

There were a range of comments that relate to this question. Most relate to the perception or belief that CloS must do better at telling government about its unique strengths and opportunities. It was noted that the success of collaborations may depend, in part, upon better communication of these strengths and opportunities.

A number of participants said that CloS needs to concentrate on areas that it already excels at, such as the generation of renewable energy or the development of a high-performing digital economy. They felt that the impact of government collaboration would be most noticeable within such areas.

## 2.9 Driving Growth across the Whole Country

### 2.9.1 Whether the Principals contained within the Pillar are Correct

There was a range of discussion centred on whether the principals contained within this pillar are correct. As previously mentioned, the role of sustainability within each pillar was widely discussed. One participant commented that, "There needs to be a genuine focus upon sustainability within the Industrial Strategy."

A small number of participants said that they are concerned that the focus on productivity is at odds with a focus on employment.

They felt that the widespread focus upon innovative technology may reduce employment levels within the country. Some participants also perceive that the Industrial Strategy appears to be too grand and that this will discourage SMEs from engaging with it.

### 2.9.2 New Approaches to Raising Skills Levels in Low-Skill Areas

Participants discussed many ideas centred upon using new approaches to raising skills levels in areas where they are lower.

A very large proportion of those that attended the roundtable events said that they believe that CloS needs to capitalise upon the work of Superfast Cornwall to ensure that people living within the area are able to access a wide range of training. There were suggestions relating to developing coding skills using Internet courses, encourage existing education institutions to offer a wide range of skills-based courses using Internet technologies and encouraging people to use sites, such as YouTube and Google to enhance their knowledge.

The comments in relation to using broadband and Internet technology in such a way were overwhelmingly positive. Many participants suggested that this is one of CloS's main areas of strength and that it has helped growth across the region. One person commented that, "New technology allows sectors to grow and not be confined by the regions that they are working in."

Other ideas include encouraging the sharing of University expertise and also, developing more schemes aimed at placing PhD students within local companies. A respondent said, "Placing PhD students within a local business can be transformational. Previous

Knowledge Transfer Partnerships with Plymouth University have worked very well for business.”

## 2.10 Creating the Right Solutions to Bring Together Sectors and Places

### 2.10.1 The Need for Local Initiative and Leadership

There were a number of ideas in relation to the need for local initiative. These ideas include the perception of a need to identify a small number of local ‘winners’ and focus growth effort upon these businesses or sectors; the argument that the Industrial Strategy should not lead to greater ‘interference’ from government; the suggestion that locally oriented businesses would benefit from the consistency of having the same Government Minister for more than 2 years; and the consideration of Cornish devolution, so that the area can benefit from local initiative and leadership.

It was also noted that ensuring that each of the pillars worked together in a holistic manner would maximize the benefits of local initiative and leadership.

### 2.10.2 Institutions requiring Support in order to Enable Growth within Key Areas

There was a range of institutionally oriented discussion. However, most of this discussion relates to moving forward after the results of the EU referendum and is therefore, suited to the following section of the report.

### 2.10.3 The Creation of New Institutions to support Local Growth

A sizeable proportion of roundtable participants felt that EU funding has not been spent successfully within Cornwall. They said that it is possible for lessons to be learned from this. Criticisms of the administration of EU funding include the suggestion that the application and decision-making process is far too lengthy to be of use; that applying and also awarding funding is a costly process; there are too many costly conditions to the funding; that the people responsible for reviewing a bid do not fully understand what the bid is about and also that suggestion that public money is wasted on these projects. Those that made such criticisms also proposed that these considerations are taken into account when designing new institutions.

Regardless of participants’ personal opinion, the overall consensus was that any lessons learnt from EU funding processes will be particularly relevant to the implementation of the Industrial Strategy.

## 3 Appendices

### 3.1 Appendix 1

The Industrial Strategy consists of ten pillars. These pillars are contained within the following section, alongside a series of related questions. The Government is currently seeking opinion relating to each of these questions.

#### **Pillar 1: Investing in science, research and innovation**

- What should be the priority areas for science, research and innovation investment?

- Which challenge areas should the Industrial Challenge Strategy Fund focus on to drive maximum economic impact?
- What else can the UK do to create an environment that supports the commercialisation of ideas?
- How can we best support the next generation of research leaders and entrepreneurs?
- How can we best support research and innovation strengths in local areas?

#### **Pillar 2: Developing skills**

- What more can we do to improve basic skills? How can we make a success of the new transition year? Should we change the way that those resitting basic qualifications study, to focus more on basic skills excellence?
- Do you agree with the different elements of the vision for the new technical education system set out here? Are there further lessons from other countries' systems?
- How can we make the application process for further education colleges and apprenticeships clearer and simpler, drawing lessons from the higher education sector?
- What skills shortages do we have or expect to have, in particular sectors or local areas, and how can we link the skills needs of industry to skills provision by educational institutions in local areas?
- How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?

#### **Pillar 3: Upgrading infrastructure**

- Are there further actions we could take to support private investment in infrastructure?
- How can local infrastructure needs be incorporated within national UK infrastructure policy most effectively?
- What further actions can we take to improve the performance of infrastructure towards international benchmarks? How can government work with industry to ensure we have the skills and supply chain needed to deliver strategic infrastructure in the UK?

#### **Pillar 4: Supporting businesses to start and grow**

- What are the most important causes of lower rates of fixed capital investment in the UK compared to other countries, and how can they be addressed?
- What are the most important factors which constrain quoted companies and fund managers from making longer term investment decisions, and how can we best address these factors?
- Given public sector investment already accounts for a large share of equity deals in some regions, how can we best catalyse uptake of equity capital outside the South East?
- How can we drive the adoption of new funding opportunities like crowdfunding across the country?
- What are the barriers faced by those businesses that have the potential to scale-up and achieve greater growth, and how can we address these barriers? Where are the outstanding examples of business networks for fast growing firms which we could learn from or spread?

#### **Pillar 5: Improving procurement**

- Are there further steps that the Government can take to support innovation through public procurement?

- What further steps can be taken to use public procurement to drive the industrial strategy in areas where government is the main client, such as healthcare and defence? Do we have the right institutions and policies in place in these sectors to exploit government's purchasing power to drive economic growth?

#### **Pillar 6: Encouraging trade and inward investment**

- What can the Government do to improve our support for firms wanting to start exporting? What can the Government do to improve support for firms in increasing their exports?
- What can we learn from other countries to improve our support for inward investment and how we measure its success? Should we put more emphasis on measuring the impact of Foreign Direct Investment (FDI) on growth?

#### **Pillar 7: Delivering affordable energy and clean growth**

- What are the most important steps the Government should take to limit energy costs over the long term?
- How can we move towards a position in which energy is supplied by competitive markets without the requirement for ongoing subsidy?
- How can the Government, business and researchers work together to develop the competitive opportunities from innovation in energy and our existing industrial strengths?
- How can the Government support businesses in realising cost savings through greater resource and energy efficiency?

#### **Pillar 8: Cultivating world-leading sectors**

- How can the Government and industry help sectors come together to identify the opportunities for a 'sector deal' to address – especially where industries are fragmented or not well defined?
- How can the Government ensure that 'sector deals' promote competition and incorporate the interests of new entrants?
- How can the Government and industry collaborate to enable growth in new sectors of the future that emerge around new technologies and new business models?

#### **Pillar 9: Driving growth across the whole country**

- Do you agree the principles set out above are the right ones? If not what is missing?
- What are the most important new approaches to raising skill levels in areas where they are lower? Where could investments in connectivity

**Pillar 10: Creating the right institutions to bring together sectors and places**

- Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?
- What are the most important institutions which we need to upgrade or support to back growth in particular areas?
- Are there institutions missing in certain areas which we could help create or strengthen to support local growth?

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