Cornwall and Isles of Scilly LEP: Strategy and Business Plan

Evidence Base Papers: 2 – Emerging Issues from detailed consultations with businesses from Cornwall and the Isles of Scilly

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SQW

Contents

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1: Introduction

1.1 This report summarises the insights generated through a series of in-depth consultations which were completed with "significant" businesses located within Cornwall and the Isles of Scilly. It forms part of the evidence base that has informed the development and drafting of the Strategy and Business Plan for the Cornwall and Isles of Scilly Local Enterprise Partnership (LEP).

Engaging with the business community in Cornwall and the Isles of Scilly to develop the evidence base

1.2 Cornwall and Isles of Scilly has a substantial business community. Estimates vary, but official data suggest that there are well over 22,000 registered enterprise/business units, the vast majority of which are small/micro businesses employing fewer than five people. For the LEP, this profile is challenging in terms of business engagement and yet, from the outset, the intention was that the strategy should be informed by the views of the business community.

1.3 In response, various different forms of "engagement" informed the process of strategy development. This included 15 roadshows which were held in different local areas and which were principally targeted at the business community; approaching 300 businesses attended these events (and the results are written up separately). The LEP also ran an on-line business survey. In addition, though, the LEP was keen that the Strategy was also informed by some more in-depth consultations, focusing particularly on firms that were regarded – in some sense – as "significant". Hence these businesses make no claim to be "typical" but – in the views of a range of stakeholders – they do potentially provide important insights and perspectives in relation to future economic opportunities across Cornwall and the Isles of Scilly.

1.4 Against this backdrop, the definition of "significant" was not altogether straightforward. Broadly, it was interpreted in terms of businesses meeting one (or more) of the following criteria (recognising that the criteria themselves are quite subjective):

- **scale** – i.e. businesses that are relatively large in Cornwall and the Isles of Scilly (in terms of turnover and employment) and may have well-developed supply chains locally
- **growth track record/potential** – i.e. businesses that have grown or have the potential to grow rapidly over the coming years
- "**excitement**" – i.e. businesses that are at the forefront of their sector and/or those that are making rapid advances in new technologies and/or those that have captured the imagination locally.

1.5 Businesses which met one or more of these criteria were identified through:

- direct nominations from LEP board members, Cornwall Council officers and other stakeholders

- participation on the "Grow Cornwall" business support programme delivered by Oxford Innovation (which is targeting fast-growing firms)
- nominations from the LEP business advisory group.

1.6 Through this process over 50 businesses were identified and invited to participate. It should be noted that this list is not exhaustive in terms of "significant" businesses in Cornwall; for the purpose of this relatively small scale review, it did however provide some case studies.

1.7 From this list, 15 firms agreed to be interviewed in depth. Although this number is relatively small, the findings from these consultations were extremely useful as part of the evidence base for the Strategy. Our semi-structured interviews were conducted in January and February 2012. Typically, these lasted between 45 minutes and 1.5 hours each. They focused on three broad areas of interest (see Annex A for the full topic guide):

- the "story" relating to the firm's activities in Cornwall and the Isles of Scilly – why the firm had established itself in the area and how it had developed subsequently
- the firm's current assessment of "doing business" in Cornwall and the Isles of Scilly – what it is like to run a business in the area, the challenges and opportunities this presents in relation to recruitment, supply chains, premises, etc., and the implications that follow
- future plans for the growth of the business, and the firm's perceptions on how the economy of Cornwall and the Isles of Scilly might change in the future.

Structure of this report

1.8 The remainder of this report provides a separate chapter on each of these themes. In presenting the findings, we seek to provide a sense of the most common priorities/issues identified across all 15 businesses, and to identify particularly pertinent points or insights for the LEP Strategy and Business Plan.

2: Understanding the businesses

Introduction

2.1 As intimated in Chapter 1, across the 15 businesses, there was an array of different circumstances: the one common feature was that all were successfully "doing business" in Cornwall and the Isles of Scilly. The table below provides a brief introduction to each of the in-depth business consultees.

Table 2-1: A flavour of the "significant" businesses in Cornwall and the Isles of Scilly

Name	**Brief description**
A&P Falmouth	A&P is an engineering services and fabrication group providing solutions for customers in the global marine and energy sectors. It was formed in 1971. Its Cornish operations are based in Falmouth. See http://www.ap-group.co.uk/
Arcol UK Ltd	Arcol specialises in resistor technology. It supplies major electrical equipment manufacturers around the world. It is based near Truro. See http://www.arcolresistors.com/
Bott	Bott is a manufacturer of workplace and vehicle storage systems, industrial furniture and workplace systems. Its UK head office is based in Bude. See http://www.bottltd.co.uk/
DCS Systems	DCS Systems specialises in helmet camera and head camera technology. It was founded in 2005. It is based in Bodmin. See http://www.dogcamsport.co.uk/
Flann Microwave Ltd	Flann Microwave Ltd is a designer and manufacturer of Antennas, Precision Microwave Components and Test and Measurement products. It relocated to Bodmin in the 1970s. See http://www.flann.com/index.html
Frugi	Frugi is an organic clothing manufacturer which was launched in 2008. It is based in Helston. See http://www.welovefrugi.com/
Geoscience	GeoScience Limited is an independent earth science consultancy, serving the oil and gas and geothermal industries. It is based in Falmouth. See http://www.geoscience.co.uk/
Imerys	Imerys has substantial operations in Cornwall based on minerals extraction linked to china clay. See http://www.imerys.com/scopi/group/imeryscom/imeryscom.nsf/pagesref/SCMM-6ZFN6E?opendocument&lang=en
Optoelectronic Manufacturing Corp	OMC is a specialist manufacturer of optoelectronics in Europe. The firm was formed in 1984 and it is based in Redruth. See http://www.omc-uk.com/
Rustler Yachts (Cornwall) Ltd.	Rustler Yachts is a specialist yacht builder. It is based in Falmouth. See http://www.rustleryachts.com/
Schoolscapes Limited	Schoolscapes is a manufacturer and supplier of playground equipment and outdoor furniture to schools and local authorities. It is based in Wadebridge and has been operating since 1996. See http://www.schoolscapes.co.uk/index.html
Seasalt Cornwall Ltd	Seasalt is a specialist ethical clothing manufacturer and retailer. Its first shop was opened in Penzance in 1981 but there are now outlets around Cornwall, the Isles of Scilly and elsewhere, and the firm has an active online business. The firm's HQ is now in Falmouth. See http://www.seasaltcornwall.co.uk/customer/about
Spider Eye	Spider Eye is a UK animation company producing 2D traditional, digital and 3D animation for TV and film. Since 2001, the firm has been based in St Just in Penwith. See http://www.spider-eye.com/company
Spiral Construction	Established in 1985, Spiral Construction is a manufacturer of spiral and helical staircases. Its head office is in Helston. See http://spiral.uk.com/
St Austell Printing	St Austell Printing company was established in the 1980s. It is located in St Austell. See

Name	Brief description
Company Ltd	http://www.sapc.co.uk/

Source: SQW – based on companies' websites

Different "types" of business "model"

2.2 Based on the synopsis in the table above, but also having spoken to the firms about their 'story' in terms of their activities in Cornwall and the Isles of Scilly, it is possible to identify different "types" of business "model", all of which appear to be both successful and, potentially, replicable. These "types" are neither mutually exclusive nor exhaustive, but they are a useful categorisation in thinking through "what a successful business looks like" (and why), and how the LEP can "grow" more of them. from our consultations, the three "types" appeared broadly to be as follows:

- businesses with a strong connection to the Cornwall and Isles of Scilly's knowledge base
- businesses that are built upon Cornwall and the Isles of Scilly's natural assets and/or 'brand'
- businesses that have (relatively) recently moved into Cornwall and the Isles of Scilly and are growing their business by trading nationally or internationally.

2.3 In the sections that follow we provide more detail on the nature of the businesses in each group.

Businesses connected to the knowledge base

2.4 From our consultations, it appeared that those businesses with strong connections to the knowledge base tended to work in – what one described as – a *"specialist and niche technical area"*. Some of these firms had grown out of the knowledge base; for instance, one of our consultee businesses described itself as a *"classic spin out from Camborne School of Mines"*.

2.5 For others, the links with the knowledge base had developed over time. For example, one firm spoke of the benefit of its links with University College Falmouth. Specifically, the firm had been able to influence and shape one of the courses on offer. The consequence was that UCF was now able to "*train people up to the standard and expertise we need*". This benefited the business directly and it also meant that there were increased opportunities for graduating students to find appropriate employment locally.

2.6 Regardless of how the linkages developed, businesses with strong linkages to the knowledge base appeared to trade both nationally and internationally. All could be regarded as high value, knowledge based businesses, employing highly skilled people locally.

Businesses built upon Cornwall and the Isles of Scilly's natural assets and/or "brand"

2.7 A second group amongst our business consultees was typified by the strength of its links to Cornwall and the Isles of Scilly's natural assets and/or 'brand'. Although these firms differed from each other, in all cases, this link was cited as significant in terms of why the business was established in Cornwall and the Isles of Scilly, and why it continues to "do business" locally.

2.8 For some firms, the critical draw was access to mineral resources or agricultural produce; for others it was the coastline and port infrastructure; for a third group, it was the fact that Cornwall and the Isles of Scilly is a *"great place to live"*; and for others it was an acknowledgement that Cornwall and the Isles of Scilly "*is home*" (i.e. the business leaders described themselves as "*Cornish born and bred"* and with no desire to move out of the area). These ties were summed up succinctly by one consultee who noted that in his case, *"Cornwall is in the genetic make-up of the business"*.

2.9 Strong local ties however should not be confused with parochialism. Amongst the businesses we spoke to, all traded nationally and/or internationally and, perhaps surprisingly, the extent of local sourcing was quite limited: sales are frequently international and so too are procurement decisions. In terms of employment and turnover, firms in this group were very variable – some were large businesses (employing over 1,000 people locally) whilst others were currently small (fewer than five employees).

2.10 For the larger employers, it was apparent that over the last five years they had had to adapt and adjust to changes and shocks in international markets, and while the situation may have *"settled down"* currently, there was an acknowledgement that traditional markets are changing – not least with the emergence of low cost competition from the BRIC (Brazil, Russia, India and China) countries. The implication is that although these firms are "in and of" Cornwall and the Isles of Scilly, they are also intimately bound up with a global economy in which shocks happen and responses are needed.

Recent in-movers

2.11 A third group amongst our consultees comprised businesses that had moved into Cornwall and the Isles of Scilly within the last five years. In most cases, these relocation decisions had been prompted in part by a *"lifestyle choice"* supported by the realisation that Cornwall and the Isles of Scilly was a *"good place to do business"*. Specifically, consultees noted that – in straightforward locational terms – Cornwall and the Isles of Scilly is *"price competitive"* in relation to key business inputs/overheads – notably the cost of labour, property and business rates. Specifically, one business contrasted its previous rent bill in London (£60-70k per annum) with costs of £1-2k per annum in Cornwall for premises which were actually bigger.

2.12 For this group, the Cornwall 'brand' had no real relevance to their products with the majority noting that they could work *"from anywhere in the country"*. For this group, the internet was key as this was invariably the primary medium through which they did business both across the UK and internationally.

2.13 This group largely comprised small – sometimes family run – businesses, but they were characterised by fast and high levels of growth, both in terms of turnover and employee numbers. One firm noted that it had *"gone from six employees in 2008 to 25 in 2012"*. A second explained that from its base in Cornwall and the Isles of Scilly, its turnover had more than quadrupled in five years, from "*£600,000 in 2006 to £2.7 million in 2011"*.

Conclusion

2.14 The number of in-depth business consultations completed was modest and because of this, these different case studies cannot be extrapolated to the entire business population across Cornwall and the Isles of Scilly. However, amongst these "significant" businesses, some concluding comments are important, and they have implications for the LEP Strategy:

- First, it is clear that the "lifestyle" provided by Cornwall and the Isles of Scilly is important. But recognition of its importance is not synonymous with any lack of business ambition. Instead, these businesses (and the people who run them) are benefiting from the lifestyle *whilst also* growing and running internationally competitive businesses
- Second, it is apparent that links to the area's knowledge base are of growing importance within this group of businesses. In this context, it is worth noting that the knowledge base – i.e. those institutions engaged in teaching and research – has developed significantly over the last decade. Links between businesses and the research community take time to develop and hence there is scope for developing these relationships further
- Third, Cornwall and the Isles of Scilly's natural assets are providing a resource for internationally competitive businesses. The form of these is changing, and no doubt will change further, but the value of the asset base is clear.

3: "Doing business" in Cornwall and the Isles of Scilly

3.1 This chapter distils the views of our business consultees in terms of "doing business" in Cornwall and the Isles of Scilly. This was explained through six lenses: people; networks and supply chains; land, property, infrastructure; intellectual capital (in the broadest sense); money and business expertise; and "living" in Cornwall and the Isles of Scilly. In the paragraphs that follow, we examine the views of our business consultees in relation to these six lenses in turn.

People

3.2 Across the 15 businesses, issues relating to "people" – skills, recruitment, retention, etc. – were (inevitably) a core concern. Despite the range of different business circumstances, there were some recurring themes in this context:

- First, **the recruitment of higher qualified individuals requires national – if not international – advertising and searches, particularly if highly specialist skills are required.** The more general point is that the local labour market is of limited scale and for fast-growing and/or large businesses, there is often a need to look outside of Cornwall and the Isles of Scilly.

  In general, our business consultees were not unduly concerned about the need to dip into national or international labour markets; indeed, one consultee commented that there are *"a lot of people in London who are looking to move back, if they can find the right job"*. In fact, the greater concern was the general lack of opportunities in the labour market for those with higher level qualifications as it is households – not just individuals – that need to be persuaded to relocate: *"a big problem with recruitment is finding work for husbands and wives"*.

  Another observation made by a few consultees was that the quality of potential local recruits was improving. Within this overall context "*Unlocking Cornish Potential*" – a programme run by Combined Universities in Cornwall (CUC) – was considered to have had an impact, especially in respect of graduates (who were often from Cornwall originally and/or were attracted to the lifestyle on offer).

- Second, most consultees noted that **local recruitment is easier at the lower end of the skills spectrum**. Generally, businesses recruited locally-based apprentices or adult trainees, including through the job brokerage programmes of Jobcentre Plus.

- Third, several of the business consultees noted that they tend to **train staff *"in house"* and *"grow everything ourselves"*.** This was explained in part by the perceived lack of appropriate training provision in the area and in part – and more positively – because it simply enabled them to *"train up staff to our exact requirements"*. However, as **links with Higher and Further Education**

Institutions have improved, some consultees noted that they had been able to input into and shape the courses, thereby influencing the skills sets of those graduating.

- Fourth, on the whole, consultees noted that **staff tend to live relatively close to their place of work** and hence these successful businesses in Cornwall and the Isles of Scilly are not generally dependent on long distance daily commuting. For instance one business noted that *"the vast majority of staff – about 95% – live within a 30 minute drive time and two-thirds live within 10 miles"*; and another that *"80% of the employees live within two postcodes"*. Hence for some businesses at least, labour market catchments tend to be really quite localised (presumably following relocation, if relevant).

- Fifth, in the main, the **turnover of staff is extremely low regardless of business sector or the type of business**. For instance, one consultee noted that "*it is rare for staff to leave"*. When pushed on why this was the case, consultees were generally of the opinion that "*the lifestyle benefits of Cornwall*" are *"a key asset in staff retention"* and that the limited local competition for certain skills sets also limits choices.

  However, our business consultees saw this stability as "double-edged" in terms of overall economic performance. One consultee observed that the **lifestyle benefits may have a negative impact on aspiration**: specifically, he commented that *"for young people, they don't want to leave and for professionals, they don't want to push themselves as they are happy to have a decent job and ok pay"*. Another consultee observed that **workforce stability *"is both a positive and a negative"*.** While local businesses benefit from low staff turnover, he raised the concern that Cornish companies *"probably lose the new ideas that come with new blood"*

- Sixth, a couple of consultees cited the **affordability of housing as an issue in recruitment**. The point was made that house prices are high relative to wage levels and that relocation decisions may be thwarted because of affordability issues. This was seen as a particular issue for those on low wages.

Networks and supply chains

3.3 Amongst our business consultees, it was apparent that **all of these businesses operate in global markets with clients, customers and competitors based elsewhere nationally or internationally**. However, there was less commonality in their approach to networks and supply chains with the consultees broadly falling into one of two camps.

3.4 A first group included those businesses that were **tied into or part of *"good local supply chains, often with other SMEs"***. For some, this was the result of a specific 'buy local' policy, while for others it was because of a historical relationship that had been established over time. These businesses were also more likely to be part of local networks – although this was not a consistent finding. The second group consisted of **businesses with international supply chains and networks** (and specific examples of trading partners were identified in China, the USA and Europe). In the main, businesses within this second group explained that they *"do not have a great deal of contact with other businesses in Cornwall and the Isles of Scilly"*.

3.5 On the whole there was a **generally negative view of organised networks.** Most of our consultees played down their value. They also expressed some reluctance to engage with them. One business stated that *"we are not part of a network and not particularly interested in joining one"*. The reasons given for this lack of participation surrounded the time that it required and the membership – most of our business consultees failed to find "other interesting businesses" within these groups.

Land, property and infrastructure

3.6 When asked about land, property and infrastructure four talking points consistently emerged: the importance of superfast broadband; the shortage of appropriate commercial property; road, rail and air transport access in and out of Cornwall; and other 'single issues'.

Superfast Broadband

3.7 As could perhaps have been expected, consultees were **unanimous in the view that superfast broadband was crucial for 'doing business',** and that its importance was – if anything – growing. They explained that more and more business 'transactions' are done online, including through video conferencing, sending significant amounts of data, e-commerce, etc. The importance of superfast broadband was repeatedly underlined by consultees: one stated simply that *"it is a pre-requisite to doing business"* and another (rather more dramatically) noting that "*superfast broadband will change my life!"*.

3.8 The only issue emerging through the consultations was around the speed of superfast roll-out with a number of the consultees noting that they *"need it now"*; and that it *"will be great when it arrives"*. Some of the business consultees were perplexed at the roll-out process: one explained that *"I have 1.5 mb/s at my office (on a business park on the edge of Truro) but 40mb/s at my house (in a village near Falmouth)"*.

Provision of commercial premises

3.9 For *some* of the businesses consulted, a **lack of appropriate commercial premises was identified as a significant hindrance to growth.** These firms explained that their inability to find suitable premises was *"a major problem"*, a *"limit to growth"* and a *"real challenge"*. This finding was particularly true for those businesses that had grown rapidly over recent years; it was generally not cited as a challenge for those businesses that could be considered as more 'established' in Cornwall and the Isles of Scilly. The issue therefore primarily appeared to be about the **availability of suitable 'grow-on space' that enables start-up businesses to make the move from home/innovation centres/small office space to a more permanent and 'fit for purpose' base**.

3.10 Other businesses however were more positive about the provision of commercial property. Indeed, the comment was made by some that there had been some recent improvements. In practice, the picture may well vary from one part of the LEP area to another.

Road, rail and air transport access in and out of Cornwall

3.11 In discussing transport infrastructure, our business consultees made the following observations:

- **Access to London is very important, regardless of the nature/sector of the business**. In travelling to London, the train service – particularly the sleeper service – and Newquay airport were both seen as vital. Business consultees explained the particular importance of being able to get to London for a morning meeting without needing to travel up the day before and stay in a hotel (and it was in this context that the sleeper service was seen by some as *"invaluable"*). Nevertheless, the cost and hassle of travel to London was generally regarded by businesses as the "*price you pay"* for the benefits and advantages of living in Cornwall and the Isles of Scilly: it was something that businesses dealt with, and it was not generally seen as a major problem (although improved services would obviously be welcome and any erosion to existing services would certainly be problematic).

- **Newquay airport is not currently as effective as a transport hub for business as it could potentially be.** The reasons for this primarily included the limited number of flights and the fact that it is *"not connected to the mainline"*. In the words of one business: *"we have given up on Newquay; we used to spend £100,000 a year on tickets, now it is less than £2,000 – we tend to use Exeter, Bristol or Heathrow instead"*

- The **road network is vital to businesses both travelling within and outwith Cornwall**. One consultee – who was not atypical – explained that the public transport infrastructure is *"so deficient"* that without the car, "*businesses could not function"*.

3.12 Adding these observations together, it is apparent that transport infrastructure is a huge issue for businesses. Whilst they can and will "work around it", it is clearly affecting the viability and profitability of businesses. Any threat to the quality of existing provision would be seriously problematic. By the same token, any improvements could generate significant benefits.

3.13 For a number of the larger businesses consulted it was also apparent that there were **often big, single infrastructure issues that were, or could in the future, impact on the viability and profitability of doing business in Cornwall and the Isles of Scilly**. These included:

- the 'internal' rail network and branch lines
- further dualling of the A30
- wider port infrastructure
- the creation of a deep water port at Falmouth.

Intellectual capital

3.14 For **many of the businesses consulted, there was little or no contact or links with HE or FE institutions**. However, **for some, effective linkages have been, or are being, developed**. Below, we provide some illustrative examples:

- one business has worked closely with the head of the degree course to shape and influence the content of the course in an attempt to provide graduates with the 'right skills' for the industry
- another business purchased a specialist piece of equipment that it needed for its operation and has given it to the Camborne School of Mines; this should result in *"knowledge development both ways"*.
- a third has significantly increased its dialogue with CUC around a range of relevant subjects: it viewed CUC as a significant draw to the area for young people and hence "*vital to the economic wellbeing of Cornwall"*
- a fourth business has recently recruited a knowledge transfer partnership graduate to help it move forward in the renewables market place.

Money and business expertise

3.15 In terms of securing the capital necessary to fund business growth, our consultees could be divided into two groups:

- those that do not require any external investment or borrowing as they are able to *"generate their own capital"*
- those that need support but have found that securing *"capital investment has been extremely difficult"* as the banks are *"not interested"*.

3.16 The second group presents some important challenges to the LEP. One consultee felt that his difficulties in accessing investment had arisen because his business was not seen as a traditional Cornish industry and therefore it was *"harder for people to see and understand the business"* and subsequently to invest it. Another business commented that while it had secured external finance to fund a Management Buy Out a few years ago, it was convinced that it would not be able to repeat the exercise currently. This was seen as important because it was through the MBO that the platform had been put in place for its recent growth. Hence businesses that are currently looking to effect ownership transitions are likely to be struggling and therefore the foundations for future business growth are not being developed.

3.17 For those **businesses that have required business support, our consultees reported that they have generally been able to *"find it when required"* and, further, that they have valued the support provided**. There was agreement across a number of businesses that **international marketing support** ought to be a priority for business support looking ahead; this could be an area that the LEP wishes to pursue.

Living in Cornwall and the Isles of Scilly

3.18 Regardless of the scale or the nature of the business, through our consultations, it was impossible to get away from the fact that **Cornwall and the Isles of Scilly is a good place to live and that this is important to the operation of businesses**. In particular, consultees noted that the high quality of life is *"top of the scale"* in terms of moving the business to Cornwall; that it is "*important in the recruitment of highly qualified individuals"*; that the lifestyle on offer is a *"big plus"* and *"pulls people in"*; and that in "people businesses" it is *"nicer to spend time in Cornwall than Middlesbrough"*. One consultee – in a very fast growing firm – even noted that they implement flexible working arrangements *"to enable staff to enjoy the benefits"* of Cornwall and the Isles of Scilly.

3.19 Alongside extolling the quality of life available in Cornwall, the businesses were also at pains to point out that **Cornwall is not just a leisure destination but also a good location for businesses.** As a result, there was a widely shared view that there is a real *"need to push Cornwall as a place to do business"*.

4: Future plans – and how the wider economy of Cornwall and the Isles of Scilly might change

4.1 This final chapter looks forward and summarises the views of our business consultees in relation to:

- growth aspirations for their own business over the next 2-5 years
- the opportunities and impediments for future business growth in Cornwall
- their expectations as to likely changes in the economy of Cornwall and the Isles of Scilly over the next decade, and how the LEP could help.

Growth aspirations

4.2 In terms of growth aspirations, our business consultees expressed a range of views. Broadly though, these fell into two groups:

- those small and medium sized companies that had grown over the previous five years generally expected growth to continue, albeit at a slower rate and primarily in terms of turnover rather than employment
- the larger companies were generally looking to a period of stability: global markets have been extremely turbulent over the last couple of years and their expectation/hope was one of gradual recovery and "settling down".

4.3 These two scenarios are different and the inference is that the smaller growth businesses could be disproportionately important in developing the economy across Cornwall and the Isles of Scilly over the next few years.

Opportunities and impediments for growth

4.4 We asked our consultees to identify opportunities for growth across the wider economy of Cornwall and the Isles of Scilly. In response, a number of observations were offered in relation to the scope for – in the words of one consultee – "*sustainable wealth creation*". They include:

- **SME businesses attracted to, or starting up in Cornwall** (*"rather than half a dozen new multi-national companies"*)
- growth in the **renewables sector,** which was regularly cited as an *"important sector"* for Cornwall and the Isles of Scilly
- the **development of a new aerospace hub around Newquay airport**

- **maximising the economic opportunities arising out of the St Austell Eco-Town, Falmouth Port and Newquay Airport;** these were all seen as *"really big hooks on which to hang wealth creating activity"*

- **growth in 'back office' service sector functions** to maximise the opportunities provided by superfast broadband.

4.5 In order to realise these opportunities, a range of impediments/constraints to growth may need to be managed and mitigated. Businesses considered that these impediments included:

- the **negative view and perception of 'growth' that currently exists in some quarters** – as one consultee put it, *"the focus of activity needs to be on sustainable development, whereas currently there is a danger that it is all sustainable and no development"*

- the **current disconnect in terms of investment in training and its relationship to what businesses actually need** – again, to cite one consultee, "*in ten years' time, Cornwall's population will be more highly skilled but their skills may still not match onto the jobs that firms are seeking to fill"*

- the **perceived remoteness, the travel time** and the fact that it remains difficult *"to do Cornwall in a day"*

- a **possible shortage of commercial premises**, particularly those that are suitable for growing businesses.

Cornwall and the Isles of Scilly 2022, and what the LEP could do to help

4.6 We asked our business consultees to engage in some "future thinking" and to reflect on what the economy of Cornwall and the Isles of Scilly might look like in ten years' time. Amongst our consultees, the overwhelming perception was that:

- in ten years' time, the economy of Cornwall and the Isles of Scilly will be **broadly similar to now** – the traditional industries of tourism and agriculture will still be important economic drivers

- at the same time, Cornwall and the Isles of Scilly is likely to be less dependent on these sectors and the hope of many consultees is that the Cornish economy in 2022 will also be driven by small businesses across a range of **new knowledge based sectors**.

4.7 The view, therefore, is very much that economic growth should not be about *"complete transformation"* but instead the focus should be on **overall improvements in productivity and wages** as new businesses are created and attracted to the area and as established ones reinvest.

4.8 In order to achieve this 'vision', consultees suggested a range of potential actions for the LEP:

- making sure that Cornwall is **known and promoted as a place to 'do business'**

- **attracting new businesses to Cornwall** and "*improving the enablers that link these businesses to their key markets"*
- **ensuring the Cornish infrastructure is appropriate and "fit for purpose" for growing businesses** – this includes the continued roll-out of superfast broadband, dualling the A30, maintaining the train link to London
- ensuring that **new industrial and commercial premises are brought forward** – *"filling the gap left by SWRDA"*
- **offering *"high quality leveraged marketing*"** that helps Cornish businesses to operate internationally – "*following the model first developed in the mid-90s for the 'In Pursuit of Excellence' programme"*
- **providing a co-ordinating role across the range of activities taking place in Cornwall** and the Isles of Scilly to ensure that "*public monies are focused on supporting businesses rather than individual skills"*.

Annex A: Topic Guide

I: The "story" relating to your firm's activities in Cornwall and the Isles of Scilly area

- When and why did your firm establish a local presence (and in which part of Cornwall and the Isles of Scilly)?
- What are your firm's principal activities and have these changed substantially since the business was established?
- What (in headline terms) is your business model and ownership structure?
- What has been the firm's pattern of growth, and how big is it currently (in terms of staff numbers, turnover, etc.)?

II: "Doing business" in Cornwall and the Isles of Scilly

- What is your view of Cornwall and the Isles of Scilly as a place to "do business"?

  (i) People

  ➢ Are you able to recruit people with the skills you need locally? Typically where do you staff tend to live (i.e. how far do they travel to work)?

  ➢ Do any/many of your staff work from home? How important is this?

  ➢ Where do new recruits typically come from (i.e. other similar local firms, similar firms elsewhere)? Do you usually recruit locally, nationally or internationally?

  ➢ When staff leave, do they tend to move to other similar businesses in the local area, or do they move out of the sector and/or area altogether?

  (ii) Networks and supply chains

  ➢ What/who and where are your clients/customers? And what about suppliers – are these principally within Cornwall and the Isles of Scilly?

  ➢ Who and where are your principal competitors?

  ➢ To what extent, and in what ways, do you consider yourself to be part of a network of linked businesses (and if so, is this contained within Cornwall and the Isles of Scilly)? Could more be done to support networking activities – and would it benefit your business?

  (iii) Land, property, infrastructure

  ➢ To what extent are your current premises aligned with your business needs?

- Are your requirements likely to change in the medium term? If so, can Cornwall and the Isles of Scilly provide an answer? Would you consider looking elsewhere?
- Substantial investment is being made to roll-out superfast broadband in Cornwall and the Isles of Scilly. How important is this for your business?
- How important is access to (a) other Cornish towns; (b) Plymouth/Exeter/Bristol; and (c) London? What is your assessment of the surrounding transport infrastructure?

(iv) Intellectual capital (in the broadest sense)

- To what extent – and through what mechanisms – are you benefitting from the area's "intellectual capital" (in all senses) – e.g. via Combined Universities in Cornwall?
- Has the relative importance of any links of this nature changed in the recent past and how do you see it changing in the future?
- How important is the Cornwall and the Isles of Scilly "brand" for your business?

(v) Money and business expertise

- Have you been able to secure the capital you need to grow your business? Has this come from local, national or international sources?
- Has the availability of capital improved or deteriorated over recent years and what are your future expectations in these terms?
- Does "being in Cornwall and the Isles of Scilly" help in terms of securing external finance and support?
- Have you sought – and sourced – other forms of specialist business advice locally? Has this been useful?

(vi) Living in Cornwall and the Isles of Scilly

- Is Cornwall and the Isles of Scilly a good place to live? Is this important to your business?

III: Future plans for your business – and how the economy might change

- What – in broad terms – are your aspirations in relation to the growth of your business over the next 2-5 years? Can these be achieved within Cornwall and the Isles of Scilly?
- What do you see as the real opportunities for – and impediments to – the growth of your business (and others like it) in Cornwall and the Isles of Scilly over the next few years?

- What one action could the LEP advance in order to make a real difference to your business?
- More generally, how do you see the economy of Cornwall and the Isles of Scilly changing? In what ways might it look different a decade from now (e.g. new sectors emerging, existing ones declining, etc.)?