Title: Local Enterprise Partnership Board  
Date: Wednesday 14 March 2018  
Time: 12.30 pm to 5.30pm  
Venue: Alverton Hotel, Tregolls Road, Truro, TR1 1ZQ

<table>
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<th>Agenda Item</th>
<th>Lead</th>
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<tr>
<td><strong>Tea and Coffee on arrival and lunch 1230-1300</strong></td>
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<td>1. 13.00 Welcome and Introductions</td>
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| Apologies for Absence  
Director: Emmie Kell  
Officer: Kate Kennally (Paul Masters attending) | | |
| 2. 13.05 Declarations of interest | ALL | |
| 3. 13.10 LEP Board (31 January 2018) | | |
| 3.1 Minutes (Pages 1 - 16) | MD | To Note |
| 3.2 Action Summary (Pages 17 - 18) | TB | To Note |
| **4. Strategic Matters** | | |
| 4.1 13.15 Sector Engagement and Support Update  
*Creative focus including presentation from Saffrey (Pages 19 - 94) | TB | Presentation |
| 4.2 14.15 2018-22 Business Plan (Pages 95 - 96) | SR | Approval |
| 4.3 14.45 New Frontiers Update  
(Jessie Hamshar/Steve Ford attending) (Pages 97 - 99) | SF | Approval |
| **Tea/Coffee break 1515 - 1530** | | |
| **5. Performance and Assurance** | | |
| 5.1 15.30 Chair's Update | MD | To Note |
| 5.2 15.40 CEO Report (Pages 100 - 122) | SR | To Note |
| 5.3 16.20 Governance Review (Pages 123 - 157) | TB | Approval |
### LEP Board meetings 2018

16 May (tbc)

25 July 2018 (potentially East Cornwall)

26 September 2018 (potentially Isles of Scilly)

28 November 2018 (tbc)
MINUTES of a meeting of the Cornwall and Isles of Scilly Local Enterprise Partnership held in the B1 Beacon Place, Victoria Offices, Station Approach, Victoria, St Austell, PL26 8LG on Wednesday 31 January 2018 commencing at 10.00 am.

Present:-

Mark Duddridge (Chair)
Chris Loughlin (Vice-Chair)
John Acornley, Lucy Edge, Bob Egerton CC, Professor Mark Goodwin, Frances Grottick (by video), Paul Massey, Adam Paynter CC, Gavin Poole, Louise Rowe, Roland Tiplady, Sarah Trethowan and Andrew Williams.

Officers and Support team:-

Sandra Rothwell, Kate Kennally, Tim Bagshaw, Theo Leijser (by video), Jonathan Eddy, Wayne Rickard, Carol Bransgrove, Emma Coad

Apologies for absence:-

Directors: Emmie Kell, Phil Seeva CC

WELCOME AND INTRODUCTIONS
(Agenda No. 1)

The Chair welcomed everyone to the meeting, in particular Wayne Rickard (Head of Accountancy & Section 151 Officer representative, Cornwall Council).

APOLOGIES FOR ABSENCE
(Agenda No. 1)

Apologies for absence had been received from Emmie Kell and Phil Seeva CC.

The Chair advised that Theo Leijser and Frances Grottick were unable to attend the Board meeting due to travel issues from the Isles of Scilly; therefore, they would be joining the meeting via videoconference.

The Board noted that Lucy Edge had given apologies for early departure at noon.

The Board was informed that Chris Loughlin would be standing down as Board Director following today’s meeting and approval of the Nominations Committee recommendation. The Chair, on behalf of the Board, expressed appreciation to
Chris for his work with the Local Enterprise Partnership over the last 7 years and wished him well in the future.

The Board was advised that Steven Ford, Jessie Hamshar and Scott James would be attending the Board meeting to present papers on the agenda.

DEclarations of Interest
(Agenda No. 2)

There were no declarations of interest.

LeP Board (22 November 2017)
(Agenda No. 3)

Minutes
(Agenda No. 3.1)

It was agreed that the minutes of the meeting held on 22 November 2017 were a true and accurate record.

Action Summary
(Agenda No. 3.2)

Actions confirmed at the meeting on 22 November 2017, details of which were noted together with a summary of outstanding actions.

The Board was updated on the current position regarding actions 2, 3, 5, 6, 7, 8 which were currently in progress together with the current position regarding actions 15 and 16 which were ongoing.

Strategic Matters
(Agenda No. 4)

Devolution - Pursuing New Responsibilities
(Agenda No. 4.1)

Steven Ford and Jessie Hamshar attended for this item.

The Board considered a report prepared by Steven Ford, Cornwall Deal Programme Lead and Charlotte Morgan, Devolution Deal and Policy Officer. The report was seeking endorsement from the Cornwall and Isles of Scilly LEP Board regarding the principles of the ‘New Frontiers’ document. The Board was advised that with endorsement and input from the LEP Board and other partner boards, Cornwall and Isles of Scilly would be able to demonstrate that once ‘New Frontiers’ was finalised and submitted to Government, it would have been built up from a wide partnership base and have the support of all of the constituent members of the Cornwall and Isles of Scilly Leadership Board.

Jessie Hamshar presented details of the ‘New Frontiers’ future devolution proposition with particular reference to:
i. ‘New Frontiers’ proposition was not a Strategy; it was a proposition for future devolution and a series of asks for Cornwall and the Isles of Scilly developed by partners throughout the region;

ii. The primary audience for the proposition was Government; it was noted that a residents version could be produced;

iii. It had been designed to underpin and support existing strategies with a series of ‘asks’ and ‘offers’ that would be submitted to Government;

iv. The proposition was being developed with a wide partnership base with the intention of having support of all the constituent members of the Cornwall and Isles of Scilly Leadership Board;

v. The LEP Board was being asked to endorse the principles of the ‘New Frontiers’ future devolution proposition, subject to any amendments or additions that may be deemed appropriate;

vi. The timetable for the endorsement process was outlined; it was noted that there was scope for further debate on the proposition at the March LEP Board meeting. It was intended that the Cornwall and Isles and Scilly Leadership Board would sign off the final version in April prior to submission to Government.

Steven Ford presented details of the ‘New Frontiers’ future devolution proposition with particular reference to the content of the proposition advising that:

i. He re-emphasised that it was not a Strategy document; the proposition aimed to pull together a number of specific asks taking forward strategic intentions;

ii. He referred to the wide range of enablers and tools involved in the proposition;

iii. He provided an overview of the three key areas of the proposition, namely Brexit, how it would support the ‘10 Opportunities’ document and how it would provide support for the strategies of individual organisations, which in the case of the LEP related to the devolution ‘asks’.

The Board was informed that the 2015 Devolution Deal had enabled a number of tangible benefits for Cornwall and the Isles of Scilly. The ‘New Frontiers’ future devolution proposition had been designed to build on the progress Cornwall had made through the current Deal to secure a positive future for the economy of Cornwall and Isles and Scilly.

In the ensuing discussion the LEP Board Directors referred to the following points:-

i. Reference was made to the timetable for future devolution deals; it was confirmed that the Government had not yet established a framework for future devolution deals, however, the intention was to be ambitious and proactive in Cornwall and Isles of Scilly’s approach;

ii. The Board was informed that from a Government prospective an early submission of proposals could influence Policy decision makers and shape
it was therefore considered that a Spring submission was appropriate;

iii. The Board was advised that since 2015 Cornwall Council had continued to negotiate with the Government on issues regarding Housing and Planning. Since the 2015 devolution deal the Cornwall Local Plan had been adopted - this would add strength to the housing debate going forwards. Work had continued and could continue moving forwards;

iv. It was commented that there was an opportunity to reflect on the 4 Industrial Strategy Grand Challenges (Clean Growth, Aging Society, Future Mobility; Data Science and Artificial Intelligence) and that work could be undertaken to strengthen these areas within the proposition;

v. Reference was made to the content of the proposition, in particular the overlap with the Vision 2030 document; it was commented that there should be a greater focus of the devolution aspect in the proposition and clarity of how documents related to each other;

vi. It was commented that the document was almost silent on employment and skills and the links to health and productivity. This should be addressed.

vii. It was commented that the Isles of Scilly should be reflected in the proposition;

viii. Reference was made to whether the proposition would be fiscally neutral and the lessons learnt from the 2015 devolution deal; whilst being fiscally neutral had been appropriate in 2015 there was a need to look at whether that was appropriate for a 2018 submission given the different context. It was noted that enabling actions were now in place to articulate where investments should take place;

ix. It was commented regarding the timing of the proposition in relation to the Growth Deal and the Shared Prosperity Fund;

tax. Concern was expressed regarding the proposition not being distinct enough; it was commented that alignment and merging were different and that currently there did not appear to be any clear focus or purpose to the proposition;

xi. The proactive approach and engagement with partners was welcomed; it was however commented that some areas within the proposition were not necessarily within the remit of the LEP;

xii. It was suggested that the Introduction should provide a stronger message about ownership and how the proposition had been brought together collectively;

xiii. In regard to the Isles of Scilly it was noted that there were regulations that did not apply to the Islands and that these would need to be reflected;

xiv. The Isles of Scilly representatives broadly welcomed the proposition advising that there were some areas which would require improvement and that the wording would need to reflect the issues specific to the Islands;

xv. The Whitehall representative confirmed that ultimately it was for the LEP to decide which elements they wanted to have input into; it was recognised that some areas would overlap;
xvi. Reference was made to the Health and Social Care element; it was acknowledged that the delivery aspect did not relate to the LEP, the technology aspect was relevant and formed one of the ‘10 Opportunities’;

xvii. Reference was made to Assets and Resources, in particular renewables and the need to ensure that this was highlighted;

xviii. Reference was made to the role of the Cornwall and Isles of Scilly Leadership Board; the Chair confirmed that he would be attending the Leadership Board in April to put forward the views of the LEP Board.

In response to issues raised in discussion, Jessie Hamshar advised that:

i. The context of the proposition had been tested by a Corporate Peer Review in November 2017; it had been concluded that proposition provided a sensible way of knitting the picture together within the Brexit context, it was however, acknowledged that the concerns raised could be examined again to reflect the comments of the Board;

ii. It was acknowledged that the Isles of Scilly should be reflected throughout the proposition. The aim was that the proposition could be owned collectively. It was proposed to visit the Isles of Scilly to meet with colleagues with a view to them feeding into the proposition;

iii. Arising from the 2015 devolution deal the importance of partnership engagement had been highlighted; whilst the 2015 devolution deal had been fiscally neutral it had delivered substantial investments in Cornwall and the Isles of Scilly. Cornwall had benefitted from the retention of Business Rates and private sector investment;

iv. It was recognised that some strands within the proposition were not directly related to the LEP and that other partners would have a greater influence in those areas and that separate conversations were being held with those partners, however the final proposition would be signed off and submitted by the Cornwall and Isles of Scilly Leadership Board.

Arising from the presentation and comments above, the LEP Board Directors advised that the proposition was not yet at a stage where it could be endorsed by the LEP Board; there were a number areas of work that required attention and it was therefore suggested that a revised version of the proposition be considered at the March Board meeting.

The LEP Board thanked Jessie Hamshar and Steven Ford for attending the meeting.

**Decision:** a revised version of the ‘New Frontiers’ future devolution proposition for Cornwall and the Isles of Scilly be submitted to the March LEP Board meeting for consideration and endorsement having taken on Board the comments and views of the LEP Board Directors.

**Action 1:** That the revised version of the ‘New Frontiers’ proposition be added to the March LEP Board agenda.

**Action 2:** That the LEP Executive supports the Council Team on redrafting the document based on the LEP discussion.
LEP Strategic Direction and Business Plan Presentation  
(Agenda No. 4.2)

The LEP CEO provided the Board with an update regarding the LEP Strategic Direction and Business Plan with specific reference to the following areas:-

- Key Performance Indicators
- Introduction to the draft Business Plan
- Timetable for implementation of the Business Plan
- Current Vision 2030 targets
- Details of revised targets to 2030
- Details of the dashboard format for future reporting at Board meetings
- Next steps and timeframe to achieve final sign off at the March Board meeting
- Focus on the ‘10 Opportunities’

The LEP CEO confirmed that a copy of the presentation would be circulated to Board Directors.

The Board recognised the work that had been undertaken to ensure joined up working across the different work elements.

The LEP CEO confirmed that the work being undertaken on Islands Futures would be integrated into the Business Plan to be explicit on the wider place focus.

**Action 3: The LEP Executive to circulate a copy of the draft 18/19 Business Plan and presentation slides to the Board.**

Communications Update  
(Agenda No. 4.3)

The Board considered a report prepared by the Head of LEP Governance and Operations, Communications and Engagement Manager and Sarah Trethowan regarding the CIoS LEP Communications & Engagement Strategy. The report sought the endorsement of the refreshed 2018 Communications & Engagement Strategy and the endorsement of the communications milestones to July 2018.

The Head of LEP Governance and Operations outlined the report and provided the Board with a presentation with specific reference to the following:-

- An update on the work to develop a clear brand for the LEP with brand values, tone of voice and guidance across LEP activities and communications;
- The work in relation to the ‘10 Opportunities’ document and the purpose of the document going forwards;
- Work being undertaken in relation to 3 of the opportunities; namely, energy, creative and space;
- Engagement events being held over the next few months; it was noted that the events had been oversubscribed and due to the amount of interest an
extra event had been scheduled; it was proposed to hold an event on the Isles of Scilly in March;
- Details were provided on the feedback from the events so far.

In response to questions raised by Board Directors regarding the above presentation, the LEP CEO and members of the LEP Executive advised that:-

i. Copies of the ‘10 Opportunities’ document were tabled at the meeting; it was however highlighted that the document was still in the process of development;

ii. Consultation was still being undertaken on the document; it was anticipated that the final version would be available in Spring. The engagement events had highlighted the need to include within the document a section which reflected on the underpinning activities which would include reference to construction, this would also be highlighted at the forthcoming events;

iii. The aim of the ‘10 Opportunities’ document was to highlight 10 distinctive areas of opportunity distinctive to Cornwall and Isles of Scilly; (iv) It was confirmed that the Communications team were ready to respond and direct enquiries that arose from the contact details provided on the document;

iv. The ‘10 Opportunities’ document would be a precursor to the development of a Local Industrial Strategy providing a vehicle for a wider piece of work;

v. A stronger internal LEP team offered the opportunity for a different approach to communications work, whilst, continuing to work with others (such as the Chamber or sector groups) on specific areas;

vi. In regard to the St Pirans Day proposal, the Whitehall representative confirmed that unfortunately no space was available at No. 10, however, the Cabinet Office were seeking to make provision in 2019. The Executive Team noted the alternative suggestions made by Board Directors;

vii. In regard to values and developing behaviours the Board was informed that these areas would form part of the induction programme for new Board Directors and could be built in as part of the competency requirements;

viii. It was acknowledged that whilst the engagement events had been oversubscribed there were a number of vacant seats, so recruiting extra attendees to allow for drop outs was important;

ix. It was agreed that the flowchart of press release ‘sign off’ could be simplified.

The Chair thanked the LEP Executive Team and Board Directors for their work in relation to the Communications and Engagement Strategy.

**Decision:**

1. The LEP Board endorsed the refreshed 2018 Communications & Engagement Strategy taking on board the comments expressed by the Board Directors;
2. The LEP Board endorsed the communications milestones to July 2018.
LEP CEO DEPARTURE

Officers of the Executive Team, Whitehall representative and Democratic Services left the Board meeting for this item.

The Board discussed the arrangements following the resignation of the current LEP CEO.

Sector Engagement and Support Update
(Agenda No. 4.4)

The Board considered a report prepared by the Head of LEP Governance and Operations. The report outlined the overall progress in regard to Creative Industries, Space and Energy.

Creative Industries

The Board was informed that, led by Board Director Emmie Kell, the Executive Team were working to continue to enhance the work of the sector and develop an even more joined up approach in 2018 though the development of a Creative Industries Taskforce. In the next few weeks approaches will be made to a number of key individuals from businesses and academia to sit on the task force ahead of its first meeting Chaired by Emmie Kell.

Space

The Board was informed that, led by Board Director Lucy Edge, the team had continued to work with partners on the development of a Space Action Plan and Prospectus for Investment to provide a vision for Space and its contribution to the local economy and support the development of the Space Sector and Space Capability in Cornwall and the Isles of Scilly. The Board was advised that the first full draft of the prospectus was nearing completion and had been presented to the Space Board on 25 January. A wider engagement event was proposed, with businesses, internal and external, across the 10 Opportunities sectors and a wider group of partners to present the prospectus and encourage increased engagement with the space sector in Cornwall and the Isles and Scilly. The expected date for this event was 6 March at Eden.

Energy

Work continued on the development of a cross regional LEP Energy Strategy funded by BEIS, it was noted that a draft Strategy would be available to share shortly.

The Board was advised that the team were working to shape ‘asks’ to government aligned with the development of the next Devolution Deal, to include a potential collaboration with the West Midlands Combined Authority and LEP’s for Energy Innovation Zone status.
Further work to ensure industry engagement in this area of opportunity would be taken forward over the coming weeks.

In the ensuing discussion the LEP Board Directors and Officers referred to the following points:-

i. It was commented that utility companies such as South West Water, Centrica and Western Power would soon be making plans to develop Investment Strategies, reference was made to the importance of co-ordination with those companies and having the ability to feed into the consultation process;

ii. In regard to the recent CIoS LEP Governance Review reference was made to the need to ensure the LEP had a presence on the Strategic Infrastructure Board;

iii. The Whitehall representative referred to the current position regarding the development of policies regarding the Industrial Strategy Grand Challenges; he encouraged the LEP Executive team to work up propositions which could be taken forward in the next few months.

The Board noted the overall progress.

**Action 4: The LEP Executive, with support from Professor Mark Goodwin, to work up propositions in relation to the Grand Challenges and to share them with the Whitehall representative.**

**Construction Update and next steps**  
(Agenda No. 4.5)

Scott James (CIoS Construction Strategy Partnership Manager) attended for this item.

The Board considered a report which provided an update on the LEP Construction Strategy. Roland Tiplady, lead Board Director introduced the item. Scott James attended the meeting, and provided the Board with an overview of the LEP Construction Strategy with specific reference to the following areas:-

- Context of the LEP Construction Strategy
- Construction key facts
- Challenges and Opportunities
- Construction Strategy Priority Themes
- Communications
- Promotion of careers in the construction industry
- Innovation, sustainability and green construction theme
- Skills training and workforce development theme
- Overview of funding – ESF
- LEP Construction Strategy activity from April 2018
- Next steps – ongoing delivery; Construction Summit March 2018; Housing and Construction Conference September, 2018; medium term plans for funding.
In the ensuing discussion the LEP Board Directors and Officers referred to the following points:-

i. The level of buy in from the construction industry and the current position in regard to the LEP Construction Strategy was outlined to the Board;
ii. Concern was expressed regarding the lack of people coming into the industry; the long term goal was to get people to make construction a chosen opportunity, there was a need to tackle the issues now;
iii. Reference was made to issues in regard to too much work being brought in to the county at the same time which meant impacted on local industry growth;
iv. Reference was made to the different construction methods moving forwards; one avenue currently being explored was modular housing;
v. Reference was made to European procurement rules and the impact they had on the tendering process together with the costs associated with the tendering process for schemes;
vi. The Construction Summit in March would provide an engagement opportunity;
vii. Reference was made to potential collaborations with Further Education providers and the opportunities beyond C&IoS;
viii. There was a need to ensure a smarter way for planning projects which came forwards;
ox. Construction was an integral part of all projects; there was a need to work together;
x. The Whitehall representative referred to the role of the Skills Advisory Panel as a way of looking at the sector needs to inform Further Education colleges;
x. The Board was informed that Cornwall Council’s Constitution and Governance Review Committee had recommended that a Social Value Policy be included in the Procurement Rules;
x. The Board agreed that there was an opportunity for further discussions regarding the modular and container style development opportunities within the Enterprise Zones.

Arising from the presentation and discussion the Board noted the construction industry role in delivering the economic growth for the region through development, and noted the planned next steps for delivery of the LEP Construction Strategy.

PERFORMANCE AND ASSURANCE
(Agenda No. 5)

Chair’s Update
(Agenda No. 5.1)

The Chair advised that, given time pressures, there were no urgent matters to report to the Board.

CEO Report
(Agenda No. 5.2)

The LEP Board considered a report, prepared by the LEP CEO which focused on an overview of operational activity, regarding capacity and governance, business plan progress 2017/18 and delivery highlights.

Capacity and Governance

Capacity

The Board was advised that the capacity review between the LEP and Cornwall Council was now complete for the core LEP team, external recruitment was ongoing to fill remaining vacancies in the supporting teams, further details of which were provided in Agenda item 5.5.

Governance, Protocol and Reporting

The Board was advised that a draft summary of the actions emerging out of the Annual Conversation meeting was detailed within the report. It was noted that all actions were on track and expected to be completed by the end of January 2018, with the exception of Action 12 which would be completed by the beginning of February, 2018.

Board Recruitment

The Board noted the current position in regard to Board recruitment.

The LEP CEO advised that four Directors were due to come to the end of their second 3\textsuperscript{rd} year terms with the LEP during 2018. Following the recruitment process in November 2017 the LEP received 10 applications, and interviews would be held on 1 February 2018. The Board was informed that there had been a review of the skills gap arising from the loss of the four Board Directors which would be a consideration during the recruitment process.

Business Plan Progress 2017/18

2017/18 Budget

The LEP CEO outlined details of the 2017/18 budget which detailed commitments to November 2017.

The Board was informed that a number of changes had been made to the budget to reflect recent changes to the team and activities as referenced in Agenda Item No. 5.5.

The LEP CEO advised that in regard to the Grants and Future programmes lines, aligned with Vision 2030 and Business Plan priorities had shown an underspend on the budget. These will continued to be reviewed in Q3, those of particular note were detailed within the report.
Board Directors were asked to note the revised risk register appended to the report. The LEP CEO referenced particular areas in regard to corporate risk relating to CP1, CP2 (and score), CP3 and CP6 and details of an additional risk (CP8) to take account of the departure of the LEP CEO. There were no matters of compliance to escalate.

**Business Plan Delivery Highlights**

**Financial Instruments**

The Board was advised that formal commencement of the Cornwall and Isles of Scilly Investment Fund (CIOsIF) ‘Fund Manager’ procurement process was still awaited. However, the Executive were in regular contact with the British Business Bank and this work should now be progressing in February/March 2018.

**Shared Prosperity Fund**

The Board was advised that further to the last Board meeting a workshop had been held in January 2018 to explore the concerns expressed by Board Directors at the November Board meeting. The workshop supported the key principles outlined in the November Board paper in terms of the underlying ethos that any future funding programme should adopt. However, much more detail was required in order to fully outline how they would translate to governance and delivery models, the role of the private sector, budget allocations and projects; it was recognised that it was much too early in the process to provide this level of detail. The workshop had made three recommendations as detailed in the CEO’s report; the Board was requested to formally accept the recommendations from the workshop.

John Acornley updated the Board on the discussions that had taken place at the workshop, advising that a paper would be submitted to the March Board meeting which should provide more details regarding the funding and how it could be allocated together with information on likely scenarios and timings.

The Board was informed of the work being undertaken by the Futures Group and LEP Executive to inform the EU withdrawal Bill.

**Growth Deal (GD) Rounds 1 and 2 Updates**

The Board was informed that Jordan Whaley (Programmes Lead) had been recruited to the Executive Team to oversee the Growth Deal programme. The Board noted that in total, 9 out of the 15 highways and infrastructure projects were still ‘live’ with 6 projects now completed. Work continued to accelerate expenditure on projects, although pressures to spend from match funders, such as ERDF, needed to be considered. In accordance with Action 12 of the key actions emerging from the Annual Conversation meeting, the LEP Executive would be reviewing the profile with a view to producing a revised spend profile for the Growth Deal.
Programme Performance

The LEP CEO advised that moving forwards the reporting mechanism for overall performance would be improved with the introduction of dashboard and with papers referencing back to the Business Plan.

Growth Deal 3

The Board noted the updated the current position regarding Growth Deal 3.

Global Presence

The Board received an update on the latest position in regard to Global Presence.

In discussion around the Local Energy Strategy (under the Great South West item), the Board was informed that funding had been identified for a further Deep Geothermal project in Cornwall. It was commented that in the future it would be useful to provide details of successful projects since the last Board meeting at the beginning of the Chief Executive’s report.

Communications

The Board received an update on the latest position in regard to communications.

Decision:

1. The Board noted the overall progress across operational activity;
2. The Board noted the workshop discussion in relation to the Shared Prosperity Fund and approved the undermentioned recommendations from the workshop:
   a. The LEP Board concerns over the language used in reports be noted and taken into consideration.
   b. The LEP Board endorsed the key principles as outlined in the November 2017 board report as it was recognised that a common set of principles with other local stakeholders would help to set the direction of the more detailed UK SPF consultation and planning process.
   c. The LEP Board agreed to consider a more detailed paper on the UK SPF at the March LEP meeting that explored the planned process for engaging local stakeholders in the UK SPF consultation, the likely budget scenarios and options for future governance and decision making structures.

Action 5: The LEP Executive to add a UK SPF item to a future Board agenda.

Nominations Committee
The Board considered a report prepared by the Chair and Executive and Governance Manager regarding the resignation of Chris Loughlin as Director of the Company.

**Decision:**

1. The Board approved the resignation of Chris Loughlin as a Director of the Company.
2. The Company’s Secretary be instructed to make all necessary updates to the books and registers of the Company.

**Action 6:** The Company Secretary be asked to make the necessary updates to books and registers of the Company.

Chris Loughlin thanked the Board and Officers for their support during his terms of office and wished everyone the best for the future.

**Audit and Assurance Committee - Assurance Framework Review**

(Agenda No. 5.4)

The Board considered a report prepared by the Vice-Chair, Head of LEP Governance and Operations and the Executive and Governance Manager regarding the Assurance Framework Review undertaken by Mary Ney (Non-Executive Director at DCLG). The Executive and Governance Manager outlined the report advising that the Ney Review had been published on 26 October, 2017, following publication, Simon Ridley (Director General, DCLG) had written to the LEP Chairs to confirm that the Department had accepted the review recommendations in full and that all recommendations would be included in a revised National LEP Assurance Framework.

The Board was advised that since the adoption of the recommendations by DCLG, the LEP Executive had been working to refresh and update the local Assurance Framework to ensure compliance. The LEP deadline for compliance was 28 February, 2018 with final compliance checks in March 2018.

The LEP CEO advised that due to the loss of four Board Directors (including the Vice-Chair role) and LEP CEO, interim arrangements would need to put into place until the appointments had been completed.

The Whitehall representative advised that in addition to the Ney Review a Ministerial Review was being undertaken with possible recommendations for LEP’s, this was due to be published in the spring. He further advised that an announcement would be made shortly regarding the shortlisting for a ‘deep dive’; the Compliance Team had been made aware that the CIoS LEP had indicated a willingness to take part.

**Decision:**
1. The Board delegated authority to the LEP Audit and Assurance Committee to oversee the Local Assurance Framework refresh;

2. The Board delegated to the Chair to sign off the revised Assurance Framework following a recommendation from the Audit and Assurance Committee on behalf of the LEP Board in order to meet the deadline of 28 February 2018.

**Action 7: That the LEP Audit and Assurance Committee oversee the local assurance framework refresh and makes a recommendation to the LEP Chair for sign off on behalf of the LEP Board.**

**Governance Review - Interim Report**
(Agenda No. 5.5)

The Board considered a report prepared by the Head of LEP Governance and Operations regarding the progress so far in reviewing and revising the LEP Governance and Team structure. The Head of LEP Governance and Operations outlined the report advising that Appendix 1 provided an initial detailed breakdown of the proposed governance structure for Cornwall and Isles of Scilly LEP in 2018 and beyond, including a description of key representations by the LEP Board in partner and stakeholder activity and in other invested activity such as Growth Hub – and which in turn were likely to influence the direction of main LEP Board strategic thinking. Appendix 2 provided details of the full team assigned to supporting Vision 2030, the work of the LEP Board and LEP delivery programme, and how these teams contributed to the work of the LEP.

The Board was advised that an updated protocol describing the respective key roles and responsibilities, alongside the specific terms of reference, for Board Directors, sub group members and the Executive team would be brought the March Board meeting.

In regard to revised reporting, the Board was provided with an update on the current position. The Board was advised that a revised format and descriptions regarding risk reporting would be brought to the March Board meeting.

In the ensuing discussion regarding the above, reference was made to the wider reach groups not indicated on the reporting plan and how that information could be integrated; in regard to the membership of the Boards this would be explored at the workshop in February.

The Whitehall representative referred to the Ministerial Review and the potential outcomes in terms of LEP and Local Authority relationships.

It was acknowledged that more work was required regarding the Terms of Reference for the Boards.

**Decision: the Board paper and comments of the Board Directors was noted regarding progress so far in reviewing and revising LEP Governance and Team structure.**
**Cornwall and Isles of Scilly Local Enterprise Partnership**

31 January 2018

**Action 8: The LEP Executive to ensure there is a governance item on the March LEP Board agenda.**

**Enterprise Zone Board Update Report**  
(Agenda No. 5.6)

The LEP Board noted the report in relation to the Enterprise Zone Board.

Gavin Poole, lead Board Director provided the Board with an update on activity and progress, highlighting specific areas in relation to rate relief, Marine-I project, Aerospace and Cornwall Airport Newquay.

**Employment and Skills Board Update Report**  
(Agenda No. 5.7)

The LEP Board noted the report in relation to the Employment and Skills Board.

An update was provided on the current position of a bid for an Institute of Technology.

The meeting ended at 3.06 pm.

[The agenda and reports relating to the items referred to above are attached to the signed copy of the Minutes].
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<th>No</th>
<th>Action</th>
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| 1  | **STRATEGIC MATTERS**  
(Agenda No. 4)                                                                                                                |          |          |
|    | **Devolution - Pursuing New Responsibilities**  
(Agenda No. 4.1)                                                                                           |          |          |
| 2  | That the revised version of the ‘New Frontiers’ proposition be added to the March LEP Board agenda.                                           | CB       | DONE     |
| 3  | That the LEP Executive supports the Council Team on redrafting the document based on the LEP discussion.                                 | SR/TB    | DONE     |
|    | **LEP Strategic Direction and Business Plan Presentation**  
(Agenda No. 4.2)                                                                                       |          |          |
| 4  | The LEP Executive to circulate a copy of the draft 18/19 Business Plan and presentation slides to the Board.                             | SR       | DONE     |
|    | **Sector Engagement and Support Update**  
(Agenda No. 4.4)                                                                                           |          |          |
| 5  | The LEP Executive, with support from Professor Mark Goodwin (LEP Director) to work up propositions in relation to the Grand Challenges and to share them with the Whitehall representative. | SR/TB    | DONE     |
|    | **CEO Report**  
(Agenda No. 5.2)                                                                                          |          |          |
| 6  | The LEP Executive to add a UK SPF item to a future Board agenda as and when required.                                                                     | CB       | DONE     |
## Summary of Actions from 31 January 2018

<table>
<thead>
<tr>
<th>No</th>
<th>Action</th>
<th>Initials</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td><strong>Nominations Committee</strong> &lt;br&gt;(Agenda No. 5.3)</td>
<td>CB</td>
<td>DONE</td>
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<tr>
<td></td>
<td>The Company Secretary be asked to make the necessary updates to books and registers of the Company.</td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td><strong>Audit and Assurance Committee - Assurance Framework Review</strong> &lt;br&gt;(Agenda No. 5.4)</td>
<td>TB/CB</td>
<td>DONE</td>
</tr>
<tr>
<td></td>
<td>That the LEP Audit and Assurance Committee oversee the local assurance framework refresh and makes a recommendation to the LEP Chair for sign off on behalf of the LEP Board.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td><strong>Governance Review - Interim Report</strong> &lt;br&gt;(Agenda No. 5.5)</td>
<td>TB</td>
<td>DONE</td>
</tr>
<tr>
<td></td>
<td>The LEP Executive to ensure there is a governance item on the March LEP Board agenda.</td>
<td></td>
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</table>
**Date of Board Meeting:** 14 March 2018  
**Report Title:** Sector Engagement and Support Update  
**Author:** Tim Bagshaw  
**Contact:** tim.bagshaw@cioslep.com  

**Decision Required by the Board Y/N:** N  
**For Information Only Y/N:** Y

**Recommendation(s)**

1. To note overall progress.

Directors should note that there will be a presentation at the start of this item, conducted by Saffery Champness and Nordcity, the consultants appointed by the study’s joint funders (LEP, Cornwall Council and Falmouth University) in relation to the creative industries sector.

**Creative Industries**

The creative economy in Cornwall and the Isles of Scilly is significant and growing at a faster rate than other parts of our economy. With the launch of the Industrial Strategy, Bazalgette Review and the ‘10 Opportunities’ released we are continuing to investigate how we can maximise the impact of the Creative Industries throughout Cornwall and the Isles of Scilly.

A first meeting of the LEP’s Creative Industries Task Force, chaired by Board Director Emmie Kell was held on the 20 February. The group discussed priorities within this sector and talked in particular about key market opportunities that the LEP and its partners can begin to build a plan of action to support, utilising our growing asset base and the potential investment opportunities on the horizon.

<table>
<thead>
<tr>
<th>Market opportunities</th>
<th>2018 focus</th>
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<tbody>
<tr>
<td>Film, Television and Broadcasting</td>
<td>Screen-based Sector development, focussed on: Growth market elements (high growth/high disruption/cluster development opportunities); Talent Pipeline (from school to industry); Infrastructure &amp; Networks (workspace/digital) and; Sector Support ((access to finance, R&amp;D)</td>
</tr>
<tr>
<td>Immersive Technology</td>
<td>Mixed Reality (MR) resource development, providing businesses with access to technology, RD&amp;I expertise and investment to generate new digital content for distribution in an emerging, high-value marketplace</td>
</tr>
<tr>
<td>Cultural Tourism</td>
<td>Alignment and exploitation of creative economy market offer with cultural tourism asset base (including food and drink)</td>
</tr>
<tr>
<td>Games / Gamification</td>
<td>Providing businesses with access to technology, RD&amp;I expertise and investment to generate new digital content for distribution in an</td>
</tr>
</tbody>
</table>
emerging, high-value marketplace

**The Creative Bridge**  
Model opportunities across our ‘10 Opportunities’ for creative sector intervention for CIoS based market disruption (e.g. creative intervention across Space, e-health, etc)

One of these initial market opportunities, in Film, Television and Broadcasting, is the focus of a presentation at the Board meeting, to be conducted by Saffery Champness and Nordcity, the consultants appointed by the study’s joint funders (LEP, Cornwall Council and Falmouth University). This item will include the members of the project steering group in addition to the presenters. The report is attached as Appendix 1.

**Space**  
Led by Board Director Lucy Edge, we have continued to work with partners (Exeter University/Satellite Applications Catapult, Goonhilly Earth Station, CDC) on the development of a Space Action Plan and Prospectus for Investment (not Strategy) to provide a vision for Space and its contribution to the local economy and support the development of the Space Sector and Space Capability in Cornwall and the Isles of Scilly.

The LEP alongside partners Goonhilly Earth Station, Invest in Cornwall, South West Centre of Excellence in Satellite Applications, Spaceport Cornwall and Spacetech Cornwall hosted an event at Eden on 6 March focused on Human Centred Space. A verbal update will be provided at the Board meeting.

In February, the LEP announced an £8.4 million investment to develop Goonhilly Earth Station for deep space missions. The £8.4 million investment will help create the world’s first commercial deep-space communications station, capable of tracking future missions to the Moon and Mars.

**Energy**  
Led by Board Director Andrew Williams, BEIS funded Joint LEP Energy Strategy will be out for consultation to the energy industry stakeholders for a month from mid-March, followed by input from an Expert Panel (to include Board Members) and sign off in May. The BEIS funded SW Hub capacity support to help deliver the LEP Energy Strategies will start recruiting next month. The consortium of 7 LEPs will support development of job descriptions, recruitment of Hub staff and work prioritisation.

Geothermal (shallow heat only) drilling has commenced at the Jubilee Pool ERDF project. The deep geothermal project at United Downs led by GEL is on target and drilling to 4.5km is due to commence in May. The second deep geothermal project led by Eden-EGS Energy has been invited to submit a full ERDF application by 27 April. A decision to approve a £1.4m equity match fund is being sought from Cornwall Council.

A proposal to collaborate with the West Midlands Combined Authority on Energy Innovation Zone status is being worked up for inclusion in the New Frontiers Brochure. The idea is to create an environment that supports innovation, the roll out of ERDF projects and enables economic benefit to be captured from a decentralised energy system.
Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly
This report contains information obtained or derived from a variety of sources as indicated within the report. Saffery Champness has not sought to establish the reliability of those sources or verified information. Accordingly, no representation or warranty of any kind (whether expressed or implied) is given by Saffery Champness to any person as to the accuracy or completeness of the report. Moreover, the report is not intended to form the basis of any investment decision and does not absolve any third party from concluding its own review in order to verify its contents.
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# Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly

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Executive Summary

- Cornwall and the Isles of Scilly (CIOS) provides a highly inspiring environment with a strong spirit of creativity and a desirable work-life balance for its residents. Indeed, that spirit of creativity coupled with the depth of artistic expression across CIOS, lends itself to vibrant storytelling.

- The UK’s creative industries contribute nearly £90 billion to the economy and employ more than two million people. The sector generates a greater contribution to the UK’s GVA than the automotive, oil and gas, life sciences, and aerospace sectors combined, and between 2010 and 2015 grew by 34% – faster than any other sector. The sector also outperformed other sectors in terms of employment growth: between 2011 and 2016, employment in the sector increased by 25.4% (circa 400,000 jobs) compared to 7.6% average across the wider UK. The sector is a net exporter of services (£11.3bn surplus in 2015)\(^1\).

- Cornwall and the Isles of Scilly (CIOS) is home to a significant creative economy. For example, in recent years, the region has built up a successful body of location production for TV. Popular series such as *Poldark*, *Doc Martin*, *Delicious* and the *Rosamunde Pilcher* stories for the German market have all shot within CIOS. This location production invariably generated opportunities for CIOS’s pool of talented freelance screen-sector workers to remain in the region. However, all but *Rosamunde Pilcher* are either finishing soon or have shot their last season, and so the region needs to consider how it can attract new productions to the region.

- CIOS is also already home to several notable screen sector businesses, including Spider Eye Animation in St Just, Antimatter Games in Falmouth, Pixel Rain in Penryn, Engine House Animation Studio in Redruth, and Light Colour Sound in Newquay. London-based Beagle Creative also has a studio in Cornwall. Many of these businesses are globally-facing, generating export earnings for not only the region but also the UK. These are the types of digital production companies that have the potential to underpin the screen sector’s employment growth in the region going forward.

- Many of the entrepreneurs behind these digital businesses were drawn to CIOS by the lifestyle, by the creative atmosphere, or by family connections. However, these digital businesses and other companies around the UK are increasingly recognising that CIOS has a lot to offer the digital and creative sector:
  - A best-in-class superfast broadband infrastructure that connects them and the region’s other businesses to clients, audiences and suppliers elsewhere in the UK and around the world. Indeed, some 90% of premises in urban areas in CIOS can now connect with superfast speeds of over 24Mbps based in urban areas. By 2019, over 90,000 premises will have access to ultrafast broadband offer speeds of up to one gigabit per second via Fibre to the Premises (FTTP) technology. This makes CIOS a leading region with the UK and European Union (EU) in terms of broadband infrastructure.
  - Alongside, this high-quality broadband infrastructure, Falmouth University represents one of the region’s key screen sector assets. As a creative industries university, it is home to one of the UK’s leading film schools, the Falmouth School of Film and Television (SoFT), as well as the Falmouth Games Academy. The university’s Launchpad incubator gives budding technology entrepreneurs the opportunity to develop the skills necessary to establish, build and screen businesses in direct response to industry-led product briefs.

\(^{1}\) DCMS Sector Economic Estimates 2017
Falmouth University and SoFT anchor the skills and education ecosystem, buttressed by Cornwall College and Truro & Penryn College – both of which have forged academic partnerships to offer a range of games, IT, software, film/TV and digital courses. Truro & Penwith College was one of only four colleges selected nationally as part of the NextGen Skills Academy to offer the AIM Level 3 Extended Diploma in Games, Animation & VFX Skills. Cornwall College has teamed up with Redruth-based Bluefruit Software to offer a Technical Baccalaureate in software development, which includes substantial hands-on experience.

Indeed, with high-quality broadband infrastructure and educational ecosystem, CIOS is already home to one of the fastest growing digital-technology clusters in the UK in recent years. Between 2010 and 2014, the Truro-Redruth-Camborne digital cluster grew by 153% (second only to Southampton).

• Despite the recent successes and high potential of CIOS’s screen and digital-technology sectors, CIOS faces some important economic development challenges – particularly the need for productivity-led growth and higher GVA per worker. To help address these challenges, the CIOS Local Enterprise Partnership (LEP) has identified the creative industries as one of the key sectors for development within the region.

• The screen sector – which includes film, TV, digital media, video games and immersive technologies (augmented reality / virtual reality / mixed reality [AR/VR/MR]) – represents one of the fastest-growing segments of the UK’s creative industries. Indeed, many sub-segments of the screen sector – such as video games and immersive technologies – are poised for very rapid over the next decade. The growth of these sub-segments is being driven by the development of new and disruptive technologies, which are opening up new opportunities for not only innovative content creation and consumption, but also for novel ways of distributing content to audiences.

• In light of the opportunities presented by the screen sector, Falmouth University, Cornwall Council and the CIOS LEP commissioned Saffery Champness LLP and Nordicity Limited in August 2017, to develop a strategy for the screen sector in CIOS. The following report, **Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly**, presents this strategy and summarises the research undertaken to develop it.

• As with many other knowledge-based sectors, one of the biggest challenges to the growth of a regional screen sector cluster in CIOS is unlocking the “talent-business dilemma”. Talent is usually attracted to areas where vibrant, growing knowledge-based businesses are based. However, these types of businesses wish to locate near world-class talent. It is a chicken-and-egg conundrum, which, with the correct policy mix, can be solved to allow for a virtuous cycle of growth and cluster development.
In other parts of the UK – and around the world – higher education (HE) institutions have played a key role in unlocking the talent-business dilemma, specifically by attracting the talent sought by employers. With that in mind, this report presents a screen sector strategy designed to leverage Falmouth University and the region’s other screen sector assets to unlock this dilemma and encourage the formation of a cluster that emphasises skills and product development in the fastest-growing segments of the screen sector, namely the field of immersive technologies.

At the same time, the strategy recognises that the UK is experiencing strong growth in the traditional film and TV production segment, and so, CIOS should take some action to not only maintain the inflow of location production to the region, but increase the role of local talent and production-services businesses in this segment.

The screen sector strategy (depicted in the diagram below) seeks to deliver high-productivity jobs to the region through a variety of policies and initiatives with respect to market focus, the skills pipeline, infrastructure and networks, and sector support.
In addition to the emphasis on fast-growing global markets – as opposed to largely domestic markets – the strategy calls for a range of initiatives to help increase the amount of home-grown screen talent in CIOS. In five or ten years’ time, this home-grown talent will be much more likely to stay or return to CIOS to work with local screen sector businesses, and thereby, provides the most crucial ingredient for the sustainability of any cluster.

The strategy also emphasises a scaled-investment approach to physical infrastructure that matches any capital investments to existing demand. Among the actions flowing from the strategy is a proposal to establish a regional screen commission (or screen commissioner) who can lead the extra-regional marketing needed to promote the region as well as the intra-regional networking that could strengthen the existing screen sector ecosystem in CIOS.

In September 2017, the Department for Digital, Culture, Media and Sport (DCMS) published Sir Peter Bazalgette’s Independent Review of the Creative Industries (the “Bazalgette Review”). It underscored the role that the creative industries can play in contributing to productivity-led growth and regional economic development outside of London and the South East.

The centrepiece of the Bazalgette Review is the proposal for a £500 million Creative Cluster Fund, which could support the development of 30 to 35 creative clusters around the UK. It also calls on government to increase research funding for immersive technologies, whilst recommending that local governments and institutions be given a much larger role in developing policies for fostering economic growth in creative industries within their locales.

Similarly, the current British Film Institute (BFI) five-year plan, BFI2022, widens the scope of “film” to include all forms of “moving image”, including VR and video games, whilst committing BFI and the industry to increasing its regional diversity and devolved decision making within a strategy with a significant focus on talent development, and learning and skills development.

The proposed screen strategy for CIOS is designed around helping the region position itself to be aligned with Bazalgette Review, BFI’s strategy, and other national policies for the creative industries. By doing so, the strategy can maximise CIOS’s chances of tapping into and cross-leveraging existing and/or proposed funds or programmes designed for supporting talent and skills development, promotion of regional diversity, innovation funding and regional cluster development.

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2 Ibid., p. 8.
1 Introduction

1.1 Background

- The UK’s creative industries contribute nearly £90 billion to the economy and employ more than two million people. The sector generates a greater contribution to the UK’s GVA than the automotive, oil and gas, life sciences and aerospace sectors combined and between 2010 and 2015 grew by 34% – faster than any other sector. The sector also outperformed other sectors in terms of employment growth: between 2011 and 2016, employment in the sector increased by 25.4% (circa 400,000 jobs) compared to 7.6% average across the wider UK. The sector is a net exporter of services (£11.3bn surplus in 2015).

- The percentage of self-employed, micro-enterprises and SMEs in the creative industries themselves is higher than in most other parts of the economy. Indeed, the creative industries are primarily made up of microbusinesses. 95% of creative enterprises employ less than 10 people and 89% employ 4 people or less. The average creative company has 3.3 employees. By way of comparison, 88% of businesses across all sectors in the UK employ less than 10 people and 76% employ less than 41.

- Based on current trends, the creative industries could deliver close to £130 billion in GVA by 2025, with an attendant one million new jobs approximately by 2030. Work by Nesta has also shown that jobs in the sector are highly resistant to being replaced by automation, thus, as a proportion they are likely to increase their share of the workforce and economy of the UK as a whole.1

- The screen sector – including film, television (TV), digital media, video games and immersive technologies (augmented reality / virtual reality / mixed reality [AR/VR/MR]) – is currently undergoing a rapid pace of growth and facing significant disruption. New technologies are opening up new opportunities for not only innovative content creation, but also for novel ways of distributing content to audiences.

- Visual effects (VFX) and computer animation are becoming more common place in what was previously predominantly live action screen content. Subscription video on demand (SVoD) services such as Netflix and Amazon Prime are providing households around the world with content choices beyond that offered by traditional terrestrial broadcasters, or even multi-channel or pay-TV services.

- The British Film Institute’s (BFI’s) current strategy, *BFI2022*, sets out plan for positioning the UK to capitalise on this sectoral disruption and rapid growth. Among other things, *BFI 2022*, widens the scope of “film” to include all forms of “moving image”, including VR and video games.2 Through *BFI2022*, the BFI also committed to increasing regional diversity and the geographic distribution of decision making.3 This theme of cross-cultural and UK-wide growth and development carries through to its objectives for talent development, and learning and skills development.4

- The BFI’s subsequent *Skills Review* found skills shortages across a range of screen-production roles and that much of the higher education (HE) programmes in film were concentrated in London.5 To help address these shortages and London-centrism, the *Skills Review*, among other things, recommended improvement in the skills-development infrastructure, including improved support for learners transition from education to work and increased collaboration between local authorities, local enterprise partnerships (LEPs), industry and HE institutions.5
The recent developments in the broadband infrastructure and HE institutions in Cornwall and the Isles of Scilly (CIOS), combined with the region’s unique density of creative businesses, means that CIOS is now better positioned than it has ever been to try to capitalise on the disruption and rapid growth expected within the global screen sector.

Superfast broadband has brought many of the region’s businesses and artists closer to their customers, audiences and suppliers around the world. The recent growth in Falmouth University’s School of Film and Television (SoFT), combined with the University’s other media, arts and creative industries programmes, means the region is already an important generator of skilled creative talent for the screen sector. Indeed, as the experience around the UK demonstrates, proximity to world class national media centres e.g. London or Los Angeles, is no longer a necessary pre-condition for realising a vibrant regional screen sector. Cardiff, Bristol, Salford, Leamington Spa, Dundee, Liverpool, Northern Ireland and Scotland now all have burgeoning screen sector clusters – in film, TV or games – that are recognised nationally and globally.

Sir Peter Bazalgette’s Independent Review of the Creative Industries (the “Bazalgette Review”) published by the Department for Digital, Culture, Media and Sport (DCMS) in September 2017 further underscores the role that the creative industries can play in contributing to productivity-led growth and regional economic development outside of London and the South East. The centrepiece of the Bazalgette Review is the proposal for a £500 million Creative Cluster Fund, which could support the development of 30 to 35 creative clusters around the UK.7

In addition, the Bazalgette Review pointed to the importance of AR, VR and MR in maintaining the UK’s competitive position in the screen sector, and called on government to channel more research funding into research of these emerging screen technologies.8

Further, the Bazalgette Review recommended that “localities” rather than central government lead the policy development for the creative industries and screen sector, since local governments and institutions have a better understanding of the growth potential of economies.9

Should the Government adopt this recommendation and many of the other proposals in the Bazalgette Review, then the policy and fiscal environment will also be conducive to CIOS objectives to develop its creative industries and its screen sector in particular.

With a strategy for prioritising resources and a clear vision, CIOS can also develop into a screen sector hub, leverage the policy and fiscal environment, tap into global markets and begin to realise more high productivity-led growth.

1.2 The remit

In August 2017, Falmouth University, Cornwall Council and the CIOS Local Enterprise Partnership (LEP) commissioned Saffery Champness LLP (“Saffery Champness”) and Nordicity Limited (“Nordicity”) to develop a strategy for the screen sector in CIOS. The following report, Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly, presents this strategy and summarises the research undertaken to develop it.

Among other things, this screen sector strategy provides an assessment of which parts of the screen sector in CIOS are best placed to benefit from policy, infrastructure and business support mechanisms that would help them become better positioned to capture the expected rapid growth in certain screen sector segments.
1.3 Research methodology

- This screen sector strategy was developed based on a programme of primary and secondary research. The primary research consisted of both stakeholder interviews and focus groups. The consultants interviewed a total of 24 sector stakeholders, including representatives from screen sector businesses, trade bodies, public agencies and government. Interviewees were drawn from both within and outside of the CIOS region. A list of interviewees can be found in Appendix A.

- In addition to the stakeholder interviews, two focus groups were held on the Penryn Campus of Falmouth University in mid-September 2017. The focus groups were attended by a wide range of creators, business owners and operators, educators and administrators based in CIOS. A list of focus group attendees can be found in Appendix A.

- For the secondary research, the consultants reviewed a variety of relevant policy documents, industry reports and third-party market reports. A list of all the research documents can be found in the List of References at the end of this report.

1.4 Outline of report

- This strategy report is organised into five sections.
  
  o **Section 1** presents the project background and provides an overview of the UK’s creative and digital economy, Cornwall’s economy and the creative sector in Cornwall.
  
  o **Section 2** reviews the key market and policy trends in the global screen sector, thereby, setting the national and global context for the strategy development.
  
  o **Section 3** summarises the results of our analysis of the Strengths, Weaknesses, Opportunities and Threats in relation to Cornwall’s screen sector (“SWOT Analysis”).
  
  o **Section 4** examines the various existing and potential options for industry support.
  
  o **Section 5** outlines the key elements of a strategy for promoting growth of the screen sector in Cornwall, which incorporates some of the industry support options.

1.5 Cornwall’s economy

- CIOS display some of the lowest levels of economic development observed across the UK economy. A review of CIOS economic performance conducted by Falmouth University, found that CIOS was ranked:
  
  o 38th out of 40 NUTS2 regions in the UK in terms of GVA per capita in 2014 – a key measure of living standards.
  
  o 40th out of 40 NUTS2 regions in the UK in terms of GVA per hour worked in 2014 – a key measure of labour productivity.
  
  o 39th out of 40 NUTS2 regions in the UK in terms of GVA per hour worked in 2013 – a key measure of innovation activity (as measured by the value of inputs).

- For this reason, there is a tremendous need for the region to take action to promote economic development by attracting, developing and retaining businesses that create high-value jobs.
Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly

• Whilst GVA and employment growth in CIOS has been steady in recent years, the region’s productivity performance appears to have weakened. GVA-per-job fell from 78% of the England-wide average in 2005 to 74% in 2014. Skills within the workforce are a key part of the productivity challenge facing the region; however, the share of the CIOS population with degree-level skills (NVQ4+) is below the UK average.

• CIOS’s economy is dominated by small and micro businesses scattered across predominantly rural areas. The lack of large businesses dampens research and development (R&D) spending in the region and probably suppresses productivity growth. The scattered nature of the small and micro-businesses is also likely to hamper collaboration and innovation among these firms.

1.6 The importance of the creative and digital technology sectors to the UK economy

• The creative and digital sectors offer CIOS one route to realising productivity-led growth.

• On a UK-wide basis, the creative industries have been one of the engines of the UK economy’s growth since the financial crisis of 2008. The creative industries contributed £87.4bn in GVA to the UK economy in 2015, 5.3% of the UK total (comparable to the Construction or Information sectors). Between 2010 and 2015, the creative industries’ GVA grew by 34% – faster than any other sector of the UK economy.

• The creative industries have also outperformed other sectors of the UK economy in terms of employment growth. Between 2011 and 2016, employment in the UK’s creative industries increased by 25.4% (an increase of circa 400,000 jobs) to 1,958,000 total jobs. This compares to employment growth of 7.6% across the wider UK economy.

• The creative industries are also a net exporter of services, recording a trade surplus of £11.3 billion in 2015 – the latest year of published statistics.

• When the wider creative economy is considered – which comprises the creative industries plus persons working in creative occupations outside of the creative industries (e.g. a designer working in the auto manufacturing sector) – total employment stood at 3,040,000 in 2016.
Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly

- The digital-technology sector overlaps with the creative industries to some degree. For example, the information technology (IT), software and games sub-industries contribute almost 40% of the GVA of the creative industries. Turnover of the UK digital technology sector was estimated at £170 billion in 2015 – a growth rate of 22% (or £30 billion) since 2010. Over the same period, the total number of UK digital technology businesses grew by 28% – more than twice as fast as non-digital businesses.

- As of 2016, 1,640,000 people were employed in digital technology jobs in the UK. The growth rate of digital technology jobs was more than double that of non-digital jobs between 2011 and 2015. Furthermore, these jobs are highly skilled and highly paid, contributing to the productivity and growth of the wider economy.

Figure 2 The UK digital technology industries in numbers

1.7 The creative sector in Cornwall

- Research conducted by TBR indicates that there were 1,250 creative enterprises in CIOS in 2015. Between 2011 and 2015, the number of creative enterprises increased by 26% (from 990), with most of the growth concentrated in advertising and media; IT, software and computer services; and film, TV, radio and photography.

- Total employment in the creative industries in CIOS was 11,500 in 2015. And employment in the creative economy within the CIOS was 26,900. In other words, more people were employed in creative occupations outside of the creative industries than were employed in any capacity (creative, administrative or otherwise) within the creative industries themselves.

- The creative industries and the creative economy accounted for 4.5% and 10.6%, respectively, of total employment (253,700) within CIOS in 2015. Between 2011 and 2015, employment in the creative industries decreased by 9%, whilst employment across the creative economy increased by 12%. This would suggest that an increasing number of persons were engaged in creative activity but for firms without a creative focus.

- The creative industries generated £1.16 billion in GVA for the CIOS economy in 2015; the wider creative economy, meanwhile, generated £2.73 billion. The GVA generated by CIOS’s creative economy grew by 7% between 2011 to 2015.

- GVA in the creative industries and economy within CIOS followed a similar pattern to that of employment. These trends contrast with growth of over 30% observed in the creative industries across the UK (2011-2014). Indeed, on an overall basis, the creative industries are under-represented in CIOS in terms of employment and the number of enterprises. That is, the economic activity within the creative industries is less than would be predicted by the region’s share of the national economy.
That being said, the region does display specialisation in certain creative sub-sectors: museums; crafts; and music, performing and visual arts. Among the creative industries, TBR found that the film, TV, radio and photography industries displayed some of the densest clustering in the region.

In *The Geography of Creativity in the UK*, Nesta and Creative England identified 47 creative clusters within the UK. Penzance, alongside six others, was identified as being a high concentration creative cluster, 14 further creative clusters across the UK were identified as having high growth, and another 26 creative clusters considered to be both high growth and high concentration.

However, it is necessary to look at the disaggregated data to better understand this embryonic creative cluster, as profiled within the Nesta exercise. In addition to Penzance, the areas around Redruth & Truro, and Falmouth also have a high concentration in Film, TV and Radio, and to a lesser extent St Austell & Newquay and Wadebridge. Whereas, for Software and Digital, the intensity is less across the board compared and geographically more focussed upon Redruth & Truro and St Austell & Newquay, with Falmouth and Penzance in support. (See Appendix B.)

In the *Tech Nation 2016* and *Tech Nation 2017* reports, Truro, Redruth and Camborne have been identified as tech, or burgeoning tech, clusters. Also, the growth in tech jobs, which has been twice as fast as non-tech jobs, has a regional dimension, with employment in London-based digital tech businesses nearly doubling (95%) between 2011 and 2015 but an impressive increase was also seen in Redruth & Truro (61%) over the same period, which was only a little behind Dundee (67%) and significantly ahead of Sunderland (49%) and Edinburgh (46%).

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3 Ibid., pp. 5-6.
4 Ibid., p. 8.
6 Ibid., p. 21.
8 Ibid., p. 6.
9 Ibid., p. 6.
11 Ibid.
12 Ibid.
17 Ibid.
18 Ibid. p13 and p28.
20 Ibid.
21 Ibid.
22 Ibid.
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25 *Ibid*.
http://www.nesta.org.uk/sites/default/files/geography_of_creativity_data.xlsx
28 Nesta (2016). The Geography of Creativity In The UK. An interactive map where sub-sector and metric can be selected.
2 Key Trends in the Global Screen Sector

- The following section examines the key market developments within various key segments of the screen sector, including recent historical performance and, where third-party data permits, forecasts of future market growth. We examine (i) live action film and TV production, and (ii) digital production (i.e. VFX/post-production, (iii) video games development and publishing and (iv) immersive technologies (i.e. AR and VR). We also examine the key trends in the (v) distribution and consumer platforms used to distribute screen content. This is followed by a brief review of the trends and developments in the digital technology sector, which is increasingly overlapping with some other screen sector segments covered in this section.

2.1 Live action film and TV production

- In recent years, the UK has experienced rapid growth in the levels of expenditure on both feature film production and high-end TV (HETV) production. Most of this growth has been underpinned by inward production – i.e. films and TV programmes produced solely or jointly with an American or other foreign producer.

- In the feature film segment, the annual value of domestic and UK co-productions (with other countries, excluding the US) has been relatively static – hovering around £250-£300 million. Meanwhile inward production has reached all-time highs, off the back of large budget film franchises (e.g. James Bond and Star Wars). In 2016, spending on the inward production of feature films was worth well over £1.3 billion.

Figure 3 UK spend on feature film production

Source: BFI

- In the HETV segment, growth has been more balanced between the domestic and inward production. Indeed, in 2015, the value of domestic production exceeded that of inward productions – £459 million vs. £430 million. These domestic HETV projects included TV series such as Delicious, Doc Martin and Poldark – all shot on location in Cornwall.
Despite the strong growth in feature film and HETV production in the UK in recent years, the global value of the film and TV industry has been relatively slow-growing in recent years. Between 2010 and 2015, annual revenue in the global TV industry grew at an average annual rate of 5%. PwC forecasts that global TV industry revenue growth will actually slow in the coming years. It forecast that global TV industry revenue will grow at an annual average rate of 2.6% between 2015 and 2020.
In comparison to the TV market, the feature film market may offer prospects for somewhat faster growth in the near future. PwC forecasts that the global box office – the primary source of financing for feature film production – will grow at an annual average rate of 6.5% between 2016 and 2020 – more than twice the rate of TV revenues.

Whilst these top-line trends and forecasts do not suggest that traditional live action film and TV production is poised for rapid growth, there is sufficient disruption within the production end of the value chain to imply that the geographic distribution of this production spending is far from fixed but the constraint of being tied to where world-class studios are located cannot be forgotten.

At the moment, the emerging SVOD platforms, Netflix and Amazon Prime, are vying to dislodge the incumbent position of terrestrial, multi-channel and pay-TV broadcasters. They are also vying with each other to become the leading global SVOD platforms. Both platforms began their disruption by offering viewers new models for accessing film and TV content. The next stage of their disruption involves the commissioning and production of compelling content that will act as a draw for subscribers.
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- Netflix’s £100 million investment in the commissioning of *The Crown* is an example of increasing competition for high quality content that it and Amazon Prime are partially fuelling. Recent experience suggests that SVOD production spending is geography-agnostic. The UK and other countries with competitive incentives – such as Canada – have been early beneficiaries of this global approach to commissioning. This global approach should be maintained by these platforms’ continued drive for more subscribers outside the US.

- According to E&Y, the increasing competition for high-quality content – particularly between SVOD and pay-TV operators – is driving up spending and costs. E&Y believes that this cost-inflation will ultimately require the production sector to find efficiencies, so that it can deliver quality content without steep cost increases (E&Y). These increased efficiencies will have to come from skills and training, reuse of content, improved working practices and standardisation, and clear leadership (E&Y).

- Social media platforms as well as communications devices – both of which do not yet directly commission content – are also introducing a degree of disruption in the traditional film and TV production process. Producers and commissioners of TV content can no longer view social media, mobile devices and other technologies as adjuncts to the core TV content. According to E&Y, these technologies need to be central to content development processes and decisions.

- So, whilst live action film and TV production may not be viewed as a fast-growing market on a global basis, there is sufficient disruption and competition to warrant focus. Indeed, the UK has been one of the main beneficiaries of this competition and disruption. So, in some respects, live action film and TV production is a fast-growing industry from the UK’s perspective.

2.2 **Digital production (VFX, computer animation and post-production)**

- In the context of the screen sector, digital production refers to the visual effects (VFX), computer animation and post-production elements incorporated into film and TV production. One of the over-riding trends within the screen sector over the past two decades has been the increasing use of digital production elements within films and TV programmes and, commensurately, the increasing share of production spending devoted to digital production.

- This trend is best exemplified by an analysis of film credits conducted by Stephen Follows. It clearly shows that the percentage of film credits for post-production roles (which includes VFX and computer animation roles) rose steadily between 1994 and 2014. And by 2014, post-production credits accounted for virtually the same share as credits for on-set personnel.
Once again, the UK has been a beneficiary of this growth in digital production. Improvements to film tax incentives in recent years, as well as London’s position as a global media hub, has helped the UK – and London in particular – establish itself among a list of digital production hubs that also includes Los Angeles, San Francisco, New York, Vancouver and Montreal.

By all accounts, digital production is much more geographically concentrated than live action production. Not only is it concentrated in five or six cities, but even within London, it is concentrated within a few central neighbourhoods.

Digital production does operate on a global “pipeline” basis but, in contrast to live action production, a larger share of the economic benefits generated by digital production are likely to stay within a region. Whereas, approximately 50% to 60% of live action budgets are paid to cast and crew, typically 70% of expenditures on digital production services are paid to employees and contract workers as labour compensation, leaving 30% for spending on rent, computer equipment, software licensing and other administration. Because these workers typically reside locally, there is much less risk of geographic leakage of spending. In effect, 70% of spending is immediately paid to resident suppliers of labour – very little leaves in the form of visiting cast and crew or production services bought in from outside a region.

2.3 Video games

According to Statista, revenue in the global video games market was just under £40 billion in 2016 and is forecast to grow by 31% to over £48 billion in 2021. Most of this growth will be concentrated in the mobile games segment.

**Table 1 Forecast of worldwide revenue in the video games market (£m)**

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<td>Download Games</td>
<td>7,941</td>
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<td>10,231</td>
<td>10,542</td>
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<td>11,145</td>
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<table>
<thead>
<tr>
<th>Total video games</th>
<th>36,939</th>
<th>39,536</th>
<th>42,022</th>
<th>44,348</th>
<th>46,478</th>
<th>48,398</th>
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<tr>
<td>Source: Statista Digital Market Outlook 2016</td>
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- The UK consumer market for video games was worth £4.3 billion in 2016 – making it the fifth largest in the world after China, the US, Japan, South Korea and Germany. More importantly, the UK is also one of the world’s leading producers of video games. There are currently over 2,000 companies in the UK making video games. These companies range in size from micro-studios making mobile games to major global publishers/developers spending millions of pounds to create a single “triple-A” title for the leading game consoles. As of 2016, 95% of games companies in the UK were classified as SMEs; 64% of companies were formed after 2010.

- The UK’s video games industry displays significant geographic distribution. Although the majority of games companies are based in London and the South East, 23 towns or cities in the UK are home to 20 or more video games companies. Manchester, Bristol, Sheffield, Glasgow and Liverpool are all home to dozens of video games companies. Leamington Spa and Dundee also have video games clusters as a result of legacy employers or their academic ecosystems.

- The continued growth of the UK’s video games industry is inextricably linked to its ability to access a highly skilled workforce that possesses a combination of creativity and technical skills. The games industry attracts young, highly educated new entrants – and motivates students to tackle both ‘STEM’ subjects and art and design i.e. ‘STEAM’ subjects. For education institutions teaching video games development, there is a need for close engagement with industry to truly understand, and maintain that understanding of, the rapidly changing development environment and the necessary relevant tools required.

2.4 Immersive technologies (VR/AR/MR)

- The immersive technologies market includes a range of new of hardware and software technologies that combine audiovisual content with other sensory elements in order to either completely immerse a user in a 360-degree interactive sensory experience that replicates the real world (i.e. “VR”) or overlays audiovisual content or imagery on the real world (“AR”). VR typically requires an “opaque” headset that blocks out the real world. AR relies upon transparent eyewear or headsets, so the user can continue to view the real world with overlays of information or imagery. MR, meanwhile, combines elements of VR and AR, and permits users to “overlay augmented holographic digital content into [your] real-time space”.

- By all accounts the global immersive technologies market is poised to experience rapid growth over the next decade. Indeed, a report earlier this year from Ukie estimated that AR and VR will be a £100 billion industry within the next decade.

- AR and VR technologies were first developed in the games industry and are starting to come into their own across all genres of audio-visual media. Indeed, entertainment represents only a small fraction of the commercial opportunity that exists in the application of these technologies in other sectors such as manufacturing, healthcare, agriculture logistics and education.

- According to Tractica, the global VR market is forecast to be worth USD 21.9 billion by 2020, close to two-thirds of this revenue (USD 4 billion) generated by VR content as opposed to hardware or accessories.

- The VR market is expected to account for 75% of total revenue in the combined AR/VR market by 2025, according to Goldman Sachs.
SuperData Research forecasts that by 2018, games will account for 48% of global VR software revenue, with entertainment accounting for 15% of revenue. All other areas will each account for less than 10%.

Source: SuperData Research (republished by Statista)
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- Tractica forecasts that the installed base of AR applications on mobile devices is expected to grow to over 5 trillion by 2019.

*Figure 12 Installed base of augmented reality applications on mobile devices*

- Gaming and entertainment applications are expected to account for the largest single share of mobile AR apps, followed by retail, e-commerce and product visualisations (Tractica).
Developers of VR content are seeking non-exclusivity: they would like to develop content for multiple VR headsets and platforms.\(^8\)

Price, nausea and the lack of a “killer app” (particularly outside of gaming) are seen as the biggest barriers to mainstream adoption of VR/AR.\(^9\)

Whilst enterprise was the driver of PC adoption and consumers drove the adoption of smartphones, Goldman Sachs believes that both end user markets will drive adoption of AR/VR, with the consumer segment accounting for 60% of AR/VR software revenue by 2025.\(^10\)

Goldman Sachs expects real estate, retail and healthcare to be among the first markets to be disrupted by AR/VR.\(^11\) That being said, Goldman Sachs also forecasts that video games will, by far, be the largest AR/VR segment in 2020 and 2025. It will be followed by healthcare, engineering and live events.\(^12\)

One of the key challenges to the growth of AR/VR is the “chicken and egg” problem. Content and app developers are reluctant to invest in AR/VR content without a large installed base of users; whilst consumers and enterprises are reluctant to invest in AR/VR hardware without a supply of content. This is of particular relevance to the video games and entertainment sectors. Companies such as Facebook, Google, Sony and Microsoft, which provide both AR/VR software and hardware, can help bridge this issue.\(^13\)

In comparison to VR, AR faces more significant hurdles, including challenges to display technology, real-time processing and calibration with real-world environments.\(^14\) However, in comparison to VR, as AR technology matures, more demand is likely to come from enterprise users.\(^15\)

AR/VR adoption is likely to accelerate, once the hardware can be reduced to lightweight eyeglasses.\(^16\)
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• According to Goldman Sachs, the key application sectors for AR/VR are expected to experience different rates of adoption and growth, as they search for killer apps that will stimulate either consumer or enterprise demand.17
  
  o **Videogames**: Without a large installed base of VR hardware, games publishers have been reluctant to make investments in VR games.
  
  o **Live events**: This application of VR will permit consumers to feel as though they are seated at a sports event or similar event. One barrier to adoption will be the fact that sports content is usually watched in social settings, whereas VR is an individual experience.
  
  o **Entertainment**: Existing films cannot be ported over to VR. Instead, films and TV programmes must be filmed with 360-degree cameras. The creation of VR films will represent a new storytelling format, requiring new writing and producing techniques. This will have unknown cost implications.
  
  o **Healthcare**: AR/VR applications including remote medicine (e.g. an enhanced version of video-based consultations), aiding in medical procedures (primarily AR) and treatment of phobias.
  
  o **Retail**: Retail applications of AR/VR include home improvement, fashion and apparel, and automobile sales. Each type of retail experience is going to entail its own specific challenges to software development.
  
  o **Real estate**: VR solutions could be used for remote viewing of properties.
  
  o **Education**: AR/VR could become a standard tool for educators, by permitting students to interact in 3D space (e.g. learning about the solar system).
  
  o **Engineering**: AR/VR technology is poised to disrupt both the computer-aided design (CAD) and computer-aided manufacturing (CAM) software markets. There is the potential for AR/VR to permit engineers to test scenarios and designs beforehand, thereby reducing product development costs (e.g. automobiles).
  
  o **Military**: The US military has already been using VR or training for several years. Training uses could be expanded.

• Nordicity research (based on a survey of companies operating in the VR ecosystem in Canada) indicates that the most important challenges to their growth included:
  
  o Maturity of the VR market
  
  o Availability of private and public financing
  
  o The rate of consumer adoption
  
  o Availability of trained/experienced staff
2.5 Distribution/Consumer platforms

- Non-traditional video distribution/consumer platforms are also expected to gain significant market share at the expenses of traditional terrestrial, multichannel or physical-media platforms. According to Statista, the global digital video market – including pay-per-view, video streaming services and video download – was worth £12.2 billion in 2016 and is forecast to grow to over £18 billion by 2021 – a 48% increase.

- Most of the growth will be concentrated in the video streaming segment (incl. Netflix and Amazon Prime), where worldwide revenue is forecast to grow from £7.3 billion in 2016 to nearly £12 billion by 2021. This segment includes Netflix and Amazon Prime.

<table>
<thead>
<tr>
<th>Table 2 Forecast of worldwide revenue in the digital video market (£m)</th>
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<tr>
<td>Pay-per-View</td>
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<tr>
<td>Video Streaming</td>
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<td>Video Download</td>
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<td><strong>Total VOD</strong></td>
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Source: Statista Digital Market Outlook 2016
Note: Statistics exclude revenue earned ad-based services, pay-TV and user-generated content.

- The growth in revenues expected for non-traditional platforms reflects the significant changes in the way that audiences are now finding and consuming television content.

- Consumption of television content is simultaneously being characterised by increasing levels of both “binging” and “snacking” – viewers want to stack their viewing of episodes, but they also enjoy watching short-form content. Viewers are watching more content on their mobile devices, however, the adoption of smart TVs with seamless access to Internet catch-up services is preserving the dominance of the traditional living room TV.

- TV viewers want (i) a seamless experience across devices, (ii) relevant content and (iii) ubiquitous access (consumers want access anywhere and anytime). Going forward, competition will be based on innovation in these areas. New business models will have to develop along these dimensions.

- Audiences are fragmenting along the lines of age and socio-economic groupings – this is driving content trends away from mass audience programming to more diverse personalised content. In fact, audiences are increasingly expecting choices to be made for them. They are also happy to give up personal information or even pay for the personalisation of their experience and the facilitation of these curation functions.

- With this mass personalisation in mind, the TV business is increasingly becoming a data-driven business – more and more business decisions across TV businesses and the value chain will be based on consumer data, including viewing data. The entire TV production value chain will increasingly have to engage with audiences at the content development (i.e. idea generation) and greenlighting phases – something that has historically been left to managers.
2.6 Digital technology and innovation

- The screen sectors – and in particular those segments experiencing the fastest growth – are very much digital technology sectors, where innovation comes to the forefront. This sub-section examines recent research on the trends and challenges facing the UK’s digital technology sector.

- As part of the Tech Nation 2017 report, over 2,700 digital tech founders and community leaders were surveyed, their views were analysed and distilled into the following six key areas and identified as catalysts for innovation and growth in the UK’s digital technology sector.

1. Skilling up for digital businesses: More than 50% of respondents cited finding employees with the right skills as a challenge and almost half of these said it was a major challenge. To improve the supply the focus needs to be on:
   - **Education:** There is a need to equip young people with the necessary sector skills. The Government’s reform of technical education creates a specialist digital route, with employers setting standards and specifying the behaviours, knowledge and skills needed.
   - **Engagement:** Increased engagement with young people was also necessary to excite them into a career in digital technology. Dorset’s Digital Wave conference for schools, Norwich’s #DigitalCity trail and the nationwide TeenTech were all identified for their ability to inspire a career in digital tech. In addition, Code Clubs, learning programmes and mentoring programmes were identified as other modes of engagement, with Apps for Good, Founders4Schools, Young Founders, Fire Tech Camps and CoderDojo being mentioned as successful examples.
   - **Apprenticeships:** The importance, but the lack of awareness by employers, of apprenticeships was identified. Digital degree apprenticeships have already been introduced and a further 13 digital apprenticeship standards are being developed by employers and government. The NextGen Skills Academy and The Juice Academy’s social media apprenticeship are examples of successful apprenticeships from which lessons could be learnt.

2. Attract the best and brightest global talent: Of jobs in the digital technology sector, 13% are currently filled by international workers. Now that the UK has started the leaving process from the EU, those wishing to support the tech sector will need to work with Government to develop the right approach for both non-EU and EU immigration in order to attract and recruit highly skilled staff.

3. Gender diversity: The UK digital technology workforce was found to be overwhelmingly male with only one in nine digital technology companies having a majority of women. Overall in 53% of these companies, men outnumber women by at least three to one. Consequently, the report supported businesses adopting the Tech Talent Charter (Government best practice advice to encourage diversity) as a good first step. Initiatives that redress the underrepresentation of women in the sector included encouraging the uptake of STEM subjects at GCSE, A-level and university by girls and the re-skilling of women through programmes such as Founders & Coders, Northcoders, Makers Academy and General Assembly.

4. Access to finance, at every stage of growth: Over 40% of digital technology founders/businesses said access to funding was a significant business challenge. The lack of
venture capital or loans for companies ready to grow hinders that growth. Increasing access could be achieved through nurturing and developing local angel networks and by working with Government to leverage private-led funds. Patient Capital – £400 million of investment capital for UK digital businesses to scale up was announced by the Chancellor in the 2016 Autumn Statement. Harnessing the power of universities can also provide access to funding and practical business support for their students and alumni. Good examples identified were Manchester Metropolitan’s Innospace, UCL’s Hatchery, Southampton University’s Future Worlds, Sheffield University’s Campus Capital and Cambridge Enterprise.

5. **Boost digital connectivity:** Almost one third (30%) of founders and CEOs said digital infrastructure was still a challenge. To meet rising demand, there needs to be increased access to Ultrafast Fibre to the Premises (FTTP), which can be achieved by encouraging alternative providers, such as Hyper Optic and Optimity, to expand into urban areas. The Government recently announced £1 billion for this purpose, including full fibre and 5G.

6. **Physical spaces for company formation and growth:** Co-working spaces play a vital role in successful digital tech ecosystems. Almost three-quarters (74%) of survey respondents who had used co-working spaces rated them as useful.
3 Analysis of Issues

- The following section presents the key observations derived through a SWOT analysis of the screen sector in CIOS based upon secondary research and the primary research from the 23 consultations and two focus groups.

3.1 Why Cornwall and the Isles of Scilly?

- It was clear from the consultations and from the focus groups that there was a great deal of personal commitment to CIOS as a result of being born there and/or studying there, this included people returning after a period of career development outside the region. Many consultees said they would try to employ local talent and services but that this was not always possible, either because of an absence of service (e.g. film location catering) or insufficient depth of talent.

**CIOS offers a highly inspiring environment with a strong spirit of creativity and a desirable work-life balance**

- There is a strong spirit of artistic expression and creativity in the region.
- The landscape and coastal way of life offer a highly inspiring environment and stimulate people’s creativity.
- CIOS offers a better work-life balance than most parts of the UK, which can also help spur creativity.
- Producers and location managers commented upon how those unfamiliar with Cornwall were struck by the physical beauty of the region when visiting for work.

**Networks**

- The screen creative sector is backed by a collaborative ecosystem. There is a great willingness to help each other out. This applies to both relations between micro/small enterprises and to Falmouth University with the local creatives, where operational limits permit.

- Specifically, among the film and TV production practitioners there is a similar sense of willingness. However, there was a clearly expressed view that there was no hub, be it a physical venue or an event where practitioners could catch up with each other. The establishment of an online group or an email newsletter were suggested as solutions, as well as a physical venue. In the past, the Cornwall Film Festival, when it was concentrated in one place and a short period of time, provided an opportunity for the production sector to meet, engage and develop ideas.

- In addition, since being set up in 2011, Software Cornwall is a membership organisation that tries to connect, promote, develop and grow the Cornish tech industry.

- Given the heavily micro-sized enterprise balance of business, and the freelance and project-based nature of the film and TV sector in particular, the importance of a forum for knowledge sharing and networking is heightened.

3.2 Infrastructure

- CIOS has benefitted enormously from EU funds in improving its digital infrastructure. Nonetheless, there are clear limitations to the fixed broadband network and severe deficiencies to the mobile network. The physical connectivity within the region and with London and other major urban centres also places significant limitations on travel.
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**Goonhilly Earth Station is a unique communications asset that can offer screen-based businesses (and other tech) the opportunity to access an ultra-fast connection to global data networks**

- Goonhilly offers lots of work space and secure (and backed up) communication connections, but it is located in the centre of the Lizard Peninsular, approximately half an hour by car from Falmouth, a little further from Penzance and is a one-hour drive from Cornwall Newquay Airport.

- There is superlative and symmetric (both download and upload) fibre connectivity of 200 GB. As well as broadcast and satellite facilities. It is part of the local Enterprise Zone. The capacity for data transfer globally could be of value to film and TV production transferring ‘rushes’. Strategically, Goonhilly is seeking to increase utilisation of their broadcast facilities and services by either hosting or by offering ‘white label’ services.

- Its cutting-edge satellite connectivity and facilities offer is further enhanced, as the South West Centre of Excellence in Satellite Applications (with Exeter University) is located here. Goonhilly also works with the world's major satellite operators and partners with nine universities.

- The satellite facilities are also part of a space research specialism, which does intersect with the screen industries in terms of the visualisation of information and as a source of material for video games – indeed, as part of Falmouth University’s Launchpad programme there was partnership with a space video games development company Stormtide.

- Goonhilly also works with the local school system offering work experience and a summer school.

**Superfast broadband has given CIOS a state-of-the-art fixed broadband network, with best penetration in the UK and comparable to the best rural areas in Europe, however, the mobile network remains poor, thereby hampering the use and application of mobile apps and services**

- The large majority of businesses can now access reliable superfast broadband, with 95% of premises covered and with nearly 90% able to connect with superfast speeds of over 24Mbps. A further 8,000 premises will be connected by the end of 2017 as the second phase of the Superfast Cornwall programme draws to a close. A third phase has recently been announced that will see the latest Fibre to the Premises (FTTP) technology or ultrafast broadband – capable of delivering speeds up to one gigabit per second – rolled out to a further 7,000 premises by the end of 2019, adding to the 84,000 premises (or 30% of the network) that currently have it.

- Europe’s fibre broadband coverage is 55% and across the UK it is 82.5%, whereas, in CIOS it is 95% and ahead of most European cities. Of countries benchmarked for Superfast Cornwall, only Japan (96%) has better coverage. The Isles of Scilly itself has an almost 100% coverage of fibre broadband. With respect to all the FTTP connections in the UK, two-fifths are in Cornwall, leaving it far ahead of any other non-metropolitan area in Europe for ultrafast FTTP connectivity. Moreover, 40% of those connections are rural, making it 20 times more likely that there is ultrafast FTTP in a rural location CIOS than anywhere else in the UK.¹

- A mapping tool is available on the Cornwall Council website that delineates the postcodes that currently have superfast, those that will get it and the level of penetration. This can be found here and would be an important tool for prospective businesses seeking to relocate to CIOS.

- Despite the superlative broadband infrastructure for a mixed urban and rural region, many consultees commented that there were areas of CIOS region where the same speeds and reliability could not be achieved. The mapping tool evidences the extent of broadband ‘not spots’, which
geographically are significant if not in terms of population. Also, there is an upload-download asymmetry, wherein, upload speeds are very much slower than download speeds, apart from pockets such as Goonhilly.

- For filmmakers, both the absence of superfast broadband (they may be filming in more remote parts of CIOS) and the slow upload speeds (film files are very large) pose a problem for film work. Some filmmakers shooting on location cannot rely on broadband and have to ship rushes to London on USB sticks.

- Some of the larger location productions incorporate a mobile satellite as part of their operation. Others may set up local area networks (LANs) but even these need high levels of engineering support as they are not fully stable.

- In contrast, to the vastly improved fixed broadband network, the mobile network is still far from satisfactory, with all consultees decrying the poor availability and stability of the network. Even in the middle of Falmouth University’s Penryn campus there is an unstable service.

**CIOS has several emerging tech clusters located in Truro, Redruth and Camborne**

- Access to superfast broadband is key to the cluster’s potential today, with Cornwall having the most extensive commercial and residential broadband of any rural location within the UK.²

- Truro, Redruth and Camborne’s growing digital community was ranked second in the UK in terms of turnover growth between 2010 and 2014, showing a 153% increase and second only to Southampton on 180%, and far exceeding London with 101%. The cluster was employing 1,380 staff and contributing £31 million to the local economy in GVA.³.

- Spider Eye, based in St Just-in-Penwith, is an excellent example of an animation company based in the region with 100% external client base. It has relocated from London and has neutralised the disadvantages of distance and been very successful.

**Whilst digital connectivity has improved, the region still suffers from challenges in physical transport – both inter-regional and intra-regional. Challenges of distance are likely to persist and hamper the ability of the region to be competitive in certain screen sector segments**

- There are still “intra-region distance challenges” associated with living in Cornwall – it can take two hours to travel to hospital and two hours to the airport, which can hamper the attraction of talent.

- Distance from London and travel within Cornwall can each be a barrier.

- There is a reliance on private transport as public transport within the region is insufficient.

- The train operator, GWR, to/from London is not well-perceived and at best takes five hours. There is broadband connectivity only on intercity services, whereas, there is a lack of provision on local trains, thus missing out on an opportunity to increase the productivity of public transport travel time.

- There are flights to/from Cornwall Airport Newquay, offering flights to London Gatwick (three per day during the week). However, there is no fast, public transport in place to connect Newquay to the other key towns/cities in CIOS.
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- In recent years, the direct flight between Newquay and Heathrow has been lost and the flight to/from Gatwick is the ‘wrong’ side of London for the major film and TV studios, which range from the northwest to the southwest of London.

- The road network has limited capacity and is not able to accommodate large film/TV location production transporters or kit.

Distance from investors and B2B clients

- Whilst geographic distance from markets is less important – particularly for B2C digital business – proximity to investors and clients is still important for B2B enterprises.

- For example, film and TV commissioners and decision makers are predominantly in London; even Bristol is still a three-hour drive away. The reality is that for UK commissioners and financiers there is a significant difficulty in persuading them to leave London, though some producers have stated that this barrier is perhaps less for decision-makers who are already flying into the country and would need to make a further flight to Newquay.

- If a digital or screen sector business is reliant upon a major B2B element, especially if clients are based in London, this can become an acute problem.

3.3 Location production

- There has been a successful body of location production for TV being shot in CIOS, namely, *Poldark*, *Doc Martin*, *Delicious* and the Rosamunde Pilcher stories for the German market. All bar the last are either finishing soon or have shot their last season, and so the region needs to look to the future. The Nesta Geography of Creativity mapping exercise indicates a clustering of film, radio & TV businesses and employment in the areas around Penzance, Truro, and Falmouth (see Appendix B).

CIOS hosts several notable location productions.

- The current successes of location production in CIOS are enumerated by the success of *Poldark* (Mammoth Screen), *Doc Martin* (Buffalo Pictures) and *Delicious* (Sky). And there is of course, the long-running series on German television of Rosamunde Pilcher stories produced by FFP New Media, which has, to date, filmed well over 100 episodes in Cornwall since 1993.

- There also seems to be some specialisations in aquatic and drone filmmaking, be it for documentary, creative storytelling or commercial work.

Cornwall Council has an effective person dedicated to performing film-office-type duties. In order to maximise CIOS’s screen sector opportunities, there is a perceived need for a more evolved operation

- Producers and practitioners have both complimented the film officer at the Cornwall Council, finding the service responsive and solution-focussed.

- The ‘office’ has gained visibility and traction inside the Council, however, such visibility is not the case outside. Indeed, not all producers with whom we spoke were aware of the film officer role.

- There was also a wide perception that Cornwall Council itself needed to improve its awareness, understanding and appreciation of the digital and tech industries more widely and the screen sectors more specifically.
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- Nearly all film and TV consultees commented on the lack of a joined-up resource on the screen sector in the region for screen sector businesses to go to for information. Ideally, both an online resource and a lead contact person are needed. Consequently, it is likely that production and business opportunities are not being maximised.

**Location productions in CIOS face a variety of challenges which threaten the region’s capacity to host more location production in the future**

- Huge difficulties with logistics; and a perception of there being no single person of contact at the Council for road closures, etc. despite there being a filming officer.

- Peak filming season coincides with the tourist season, which makes it very difficult to find accommodation for visiting cast and crew. Potential university student accommodation is usually already unavailable and the Council has been accused of not being open to alternative solutions e.g. the use of converted storage containers.

- For projects such as *Poldark*, whilst there is location filming in Cornwall, many of the other film departments are based in Bristol (e.g. costume design) and so there is limited opportunity for raising the human capital of local talent.

- Other productions indicated that they try to employ as many local skilled workers, cast and services as they can. However, some services are missing e.g. a location production catering services company, and other skilled talent was thought to be present in insufficient depth, as practitioners would already be employed elsewhere. Views from the focus group however, suggested that there was a depth of talent that was either being used in commercial work or being under-utilised. This may suggest another coordination or information failure. Currently, Cornwall Council refer crew enquiries to Creative England, whereas, for local production services there is no maintained directory and a fear of being perceived as partial if referring enquirers to specific known services.

- For coastal location shooting, if this occurs on the beach, in addition to fees paid to landowners (e.g. National Trust) and the appropriate local authority (parish, town or unitary council), a charge is payable to the Duchy of Cornwall and we have been told that this is very sizeable and outstrips that of the other two. There is no service provided by the Duchy for the charge incurred and would seem to be the consequence of an historical legacy. Cornwall Council a few years ago did conduct a location fees benchmarking exercise to set its own fees and is considering doing so again to update its fee scales. The Council also has opened channels of communication with both the Duchy and the National Trust when it comes to filming issues.

- *Doc Martin* has filmed its last season, *Poldark* has only one more, *Delicious* is only planned to have three series. The Rosamunde Pilcher productions continue but they have now been filming for over 20 years.

**CIOS faces fierce competition from other parts of the UK that already have film offices, studio facilities and deep local networks of cast/crew and production services**

- Attracting location filming is highly competitive across the UK, so if CIOS is to attract productions where the brief does not specify Cornish locations, the problems of physical and mobile connectivity need to be overcome or minimised.
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- Strategic bodies or those consultees with an overview, commented upon the difficulty of persuading financiers/ producers to locate productions in CIOS if they were not specifically wanting Cornish locations or unique assets like the harbour in Charlestown.

- In the recent Bazalgette Review, of the nine creative clusters that the report specifically cited as being world leading, or potentially so within the short to medium term, five included film, TV or media as a specialism – including Cardiff and Bristol. These all would be direct competitors to CIOS in trying to secure market share in the provision of film and TV production services.

Lack of film and TV producers in the region as well as commercially available production space (i.e. studios)

- Whilst there is a lot of freelance creative screen talent in the region and some creative producers, there are very few people with the business producer skills to bring together all of the elements of film and TV production to make local TV programmes and films.

- Students are given priority access to Falmouth University’s studio space and post-production studios.

- Some local producers often end up hiring studio space in London and inbound local productions use studios elsewhere e.g. Bristol.

- A number of strategic sector bodies warned against major investment in studio space given the real distance and transport limitations, the perceptions of producers, the strong competition from other regional centres, and the low intensity of current location production.

Lack of a regional broadcaster or publisher of screen content

- Cornwall is covered by BBC South West, which offers a half-hour current affairs programme but has no commissioning power. Though there is a BBC Radio Cornwall presence, there is a lack of a BBC Cornwall as a cultural content investor no mechanism for Cornish stories to get on to the screen.

- Other Celtic communities have commissioning broadcasters in BBC Wales, BBC Alba and TG4 in Ireland.

- The Celtic Media Festival (previously the Celtic Film and Television Festival) exists to promote the cultures and languages of the Celtic communities of Scotland, Ireland, Isle of Man, Wales, Cornwall and Brittany in film, on television, radio and new media. There is an annual three-day festival and partnership events through the year. The festival has been running since 1980 and Cornwall has hosted on four occasions – the first time in 1997 and most recently in 2014.

- Often Cornish production is seen through the prism of its history or its landscape as backdrop. Some local producers indicated that there was place for modern storytelling and for connecting with other Celtic cultures, such as Wales or Brittany. Cornwall has been granted minority status within the UK but it remains an open question as to whether there is a market for such filmed Cornish storytelling both within and without CIOS.

3.4 Complementary and emerging screen sectors

- By the complementary and emerging screen sectors we mean the relatively mature video games sub-sector and the adoption of new immersive technologies and applications, such as Augmented
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Reality (AR), Virtual Reality (VR) and Mixed Reality. The Nesta Geography of Creativity mapping exercise suggests some clustering of businesses and employment based around Penzance, Truro and Falmouth (see Appendix B).

Immersive technology (VR/AR/Mixed Reality) is burgeoning segment of the screen sector that could leverage Falmouth University’s strengths – games design, film school and Launchpad

- The desk research suggests that the VR/AR market is poised for rapid growth, a view with which nearly all of our consultees agreed. Some emphasised that VR could soon be superseded by AR and mixed reality (MR) content and concepts, in terms of breadth of applications and importance. A few even conceived of a future where the screen per se no longer would be the prime medium and where holographic content would compete.

- Immersive technology couples with the current research interest in artificial intelligence (AI) and the innovation occurring therein. In addition, immersive technology can be applied to sectors outside the entertainment segment: health-tech, agri-tech, space research and others. Therefore, this widens the strategic opportunity that immersive technologies potentially offer.

- Due to the nature of the business opportunities afforded by immersive technologies, CIOS’s distance from consumers and enterprise clients may be less of barrier, making location in the region more viable. Indeed, the region’s own needs may give it an advantage in developing VR/AR applications to fill specific niches where demand is expected to be high e.g. distance-health.

- VR in the entertainment space is going to require new forms of storytelling, so there is an opportunity for the film school and games academy to take leadership in this area and to leverage the arts strength of the university and the locale. This could be coupled with a potential BFI initiative being considered (see BFI National Academy of Storytelling in Section 4).

- The equipment required for developing and testing VR/AR software will be expensive, especially considering the competing hardware platforms, so there is a role for a (publicly funded) shared service. This would provide local businesses without sufficient funds to invest directly in the new technology to nonetheless develop their skills and access kit on a temporary basis.

- Some consultees warned that when focusing on the potentially high growth immersive technologies and AI segments, that it should be in supporting the education institutions and students, as well as directing any commercial support developing IP in content, applications, and adapting to different platforms rather than the fundamental research and underlying technology, as cutting edge developers command very high wages in these high growth sub-sectors.

- In the recent Bazalgette Review, Leamington Spa and Brighton were identified as having a specialism in video games, and Dundee/Abertay was the subject of a case study. However, no burgeoning centre of excellence for immersive technologies was identified. Furthermore, the international scan conducted by BCG (Annex B of Bazalgette Review) also did not identify an international leader, though 70% of investment into the immersive technologies is occurring in the US and thus should be anticipated as being the primary competitor jurisdiction. Nonetheless, the opportunity remains open for centres of excellence to develop within the UK.4

- Moreover, the Bazalgette Review report recommends that government come forward within six months and confirm it will make innovation investment available for cutting-edge, business-led research and innovation projects in immersive reality for commercial, cultural and production applications.5
Even in the digital space, CIOS is facing competition from digital clusters forming in the South West

- Plymouth is a competitor. 2017 has seen the opening of a £7 million IT hub in Plymouth Science Park, including flexible office space for up to 200 people. The University’s Institute of Digital Art and Technology (i-DAT) is an open research lab that has recently moved to new premises and will host the Quorum research initiative. Additional significant investment has also been made in the STEM Centre at City College Plymouth. As with Truro, Redruth and Camborne, Plymouth was also identified as a tech cluster.

- There is a further local competitor in Exeter, where the University’s Innovation Centre acts as a gateway between the high-tech businesses undertaking R&D that the centre accommodates and the university. This is in addition to Exeter Science Park (another Exeter tech hub) and a recently expanded Generator – the largest co-working space in the city. The Met Office located its new £97 million supercomputer here. Exeter Mathematics School has garnered acclaim with its focus on future skills, requiring its students to study maths and either physics or computer science at A level. Lastly, Exeter has also been identified as a tech cluster.

- Both Plymouth and Exeter are competitors to CIOS. However, they are both likely to afford opportunities for collaboration – complementing Falmouth’s University’s creativity and arts strengths through co-adventure with the Games Academy, the Film School and Launchpad. Indeed, Exeter University is already co-located on the Penryn campus of Falmouth University.

3.5 Skills pipeline

- Our consultation and desk research revealed a mixed story as many producers of inbound productions thought there was insufficient depth of talent available and that the talent that was available often had to leave the region for projects elsewhere. Retaining talent from Falmouth University is a big challenge as there are insufficient entry level jobs to keep graduates in the region. Whereas, many of the practitioners living and working in the CIOS felt there was talent available but they were being under-utilised.

- BFI Film Academy: BFI Film Academy is the BFI’s flagship programme for introducing 16-19 year olds to the world of filmmaking. Through its Network Programme, it offers hands-on filmmaking courses to young people anywhere in the UK with any type of background. It also runs a specialist residential programme each February, which offers young people intensive 5 to 9 days’ training in animation, documentary, screenwriting or VFX. CIOS already hosts the BFI Film Academy. Continued participation in this programme will help maintain (and potentially increase) interest in screen sector careers among young people in CIOS, thereby, enhancing the regional talent pool for SoFT or any screen sector cluster.

Anchored by Falmouth University and Cornwall College, the region’s educational institutions have been successful in producing screen sector talent

- Falmouth University has a good reputation as an arts and creative industries university, producing good quality students and was considered to be in the top echelon of UK education institutions. Some consultees and our own previous desk research suggests that Falmouth University should look to some international institutions for lessons to be learnt and opportunities to further improve their offer. Institutions such as the University of Skövde in Sweden and Supinfocom/Supinfogame in France.
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- In addition, Cornwall College and Truro and Penryn College have Academic Partnerships with Plymouth University and offer a range of games, IT, software, film/TV and digital courses, from HNC to foundation degrees in Science and Arts (FdSc/FdA) to honours degrees.

- Cornwall College has improved its computer courses to match industry needs and launched a new Software Degree. The College has also teamed up with Bluefruit Software to launch their I Am Digital programme, helping students to earn their Technical Baccalaureate while working on real projects.

- The NextGen Sills Academy, which with leading games animation and VFX employers, develops qualifications, training and courses, has launched the AIM Level 3 Extended Diploma in Games, Animation & VFX Skills in September 2015. Truro & Penwith College was one of only four colleges selected to deliver this diploma – along with Sunderland College, Uxbridge College and North East Surrey College of Technology (Nescot). Importantly, the course includes units on 3D skills, which would be a requisite basis for understanding and developing immersive technology IP.

- The universities in neighbouring Devon could be potential collaborators: University of Exeter, Plymouth University, and Plymouth Marjon University (previously the University of St Mark & St John).

- Sunderland may also provide some learning, as it has already embarked on and is beginning to deliver a creative industries-led growth and regeneration strategy, which is anchored by the University of Sunderland. In a region of high unemployment and deprivation but with a burgeoning post-industrial, software industry, Sunderland City Council and the university sought to harness the potential growth of the creative industries within a tight fiscal environment. Like CIOS, the city first mapped it creative industries and then went on to develop a strategy, anchored by the university and the council, leveraging and re-directing public funds from a variety of sources, in an effort to create a high skills cluster and a burgeoning creative industries hub.

Falmouth University’s focus on fostering student-generated solutions and IP, along with connectivity infrastructure, mean that the region can position itself to capture a share of the burgeoning investment in the UK’s technology sector

- Tech investment in the UK reached £6.8 billion in 2016, more than two times higher than any other European country and significantly more than its closest rival, France, which secured £2.4 billion. And Superfast Cornwall is preparing to rollout further broadband upgrades.

- Health-tech and agri-tech offer two niches where creative businesses (specifically in the screen sector) in Cornwall could focus. The region already has distance challenges in healthcare, so there is strong local demand for distance-medicine solutions. This local demand can provide a ready testing ground for new screen technologies including VR solutions.

- Falmouth University has set up an academy concentrating on the computer games industry, which could learn from video games and VFX schools at Supinfogame and Supinfocom, and from the University of Skövde in Sweden, which was mentioned in a number of interviews as an exemplar. Skövde teaches a Masters programme where the application of video games to circumstances and sectors other than just pure entertainment is studied.

- Goonhilly site for its superb digital connectivity, its broadcast capacity, it has high quality available built space and available unbuilt space, as well as its isolation (from noise for example).
Nesta research emphasises the importance of universities as being central to driving the success of creative clusters

- Creative clusters all share a reliance on creative talent, often highly skilled and supplied by universities.12
- Research at universities also creates a knowledge base that R&D-intensive creative businesses can in particular draw on.
- Universities undertake knowledge exchange activities which transform this knowledge into impact, through entrepreneurship, training and dissemination activities.
- For all of these reasons, universities are widely acknowledged as central players in the local ecosystems that drive the success of creative clusters.

There may still be some gaps in the curriculum (maths and coding) offered by the local educational system, leaving a ‘pipeline’ with insufficient skills to scale-up or attract new digital businesses, thus hampering the further development of a digital cluster

- Exeter and Falmouth Universities are in adjacent counties, but only Exeter offers maths degrees. It is difficult for students in Cornwall to study art and maths A levels within the same institution.
- The lack of maths/coding in schools – the schools pipeline – poses a threat down the line. As does the absence of arts and creative subjects as part of the EBacc, which has repeatedly been mentioned as storing up trouble for the future if schools choose not to include these subjects as part of their curriculum. Some consultees did not feel that headmasters were ensuring that these creative subjects remained part of their curriculum.
- The importance of arts education as a companion to STEM (Science, Technology, Engineering and Mathematics) subjects is discussed at some length in the Creative Industries Federation (CIF) report into cultural education,13 and it was an integral part of its response to the government’s Industrial Strategy Green Paper and its Blueprint for Growth.14 Nesta has also conducted research that provides evidence that mixed arts and STEM graduate workforces result in significantly improved economic performance of businesses.15

3.6 Business pipeline: Scaling Up

Launchpad (at Falmouth University) provides a “market-led” incubator for screen-sector start-ups seeking to develop technology solutions

- There are two notable accelerators in CIOS: Launchpad (Falmouth University) and Spark (Truro and Penwith College); with a couple in neighbouring Devon: SetSquared Partnership and Exeter City Futures.16
- Launchpad is Falmouth’s recently set-up incubator (1-year) and accelerator (1-year) programme. Programmes operate by identifying business needs in the digital sectors and then recruiting talented graduates to work on new start-ups to deliver these projects. This is achieved through business support, mentoring and applied boot camp training that develop the graduates into directors in a viable, sustainable business that stays in Cornwall for 5 years.
- Spark is a more general business start-up support programme, aimed at post-18 year olds with a business idea who will be helped to launch their idea within a supportive environment. Through
workshops, events, guidance and 1:1 coaching. The most successful candidates will make it through a five-step process to the end of the accelerator and will have a business mentor for the following 12 months to help them establish their business idea.

**CIOS already has several workspaces for small businesses, however, there is a lack of a type of managed collaboration space where micro-businesses could scale up and engage in collaborative innovation**

- There are some notable workspaces in CIOS: Cornwall Innovation Centres, The Workbox (Penzance), Jubilee Warehouse (Pennynt) and the forthcoming Workbox (Truro). As well as some in neighbouring Devon, which could provide some insight into how such spaces can be set up e.g. Thinqtanq (Plymouth), Exeter Science Park and The Generator (both in Exeter).

- There are some networks available and networking events occurring in CIOS, with the Cornwall Digital meetup group and events like the Agile on the Beach conference and Software Cornwall Business Connect advent. However, there is a lack of collaboration space in the region for new businesses (along the lines of Launchpad).

**Although Falmouth University does offer the Launchpad programme, micro and small businesses in the region find it challenging to scale-up and thereby expand their employment base**

- There are a lot of micro-businesses in the region, but there is a real problem with “scaling up” these businesses. This scaling up requires access to finance and talent, and the capacity to innovate.

- The ecosystem could be more supportive: local business could purchase more products and services from local creative businesses rather than from outside the county (e.g. advertising services) (TBR).

- Exeter has successfully bid for Regional Growth Fund money to help establish the Exeter Science Park. Given the current co-location of Exeter University on the Falmouth University’s Penryn campus and the potential partnering with enterprises seeking to scale up upon leaving the accelerator phase of Launchpad on the same site, there may be the basis here for the proposition of a ‘Creativity and Digital Park’ if a suitable business case can be put together to bid for appropriate available funds.

**Brexit. Brexit. Brexit. The alternatives to EU support**

- Brexit is likely to have a manifold effect on the region: loss of EU funding; potential reduced access to EU talent and markets; and reduced current investment associated with uncertainty until the end of Brexit negotiations.

- The potential loss of EU funds – from ESF & ERDF, from R&D funds and from creative industries support (Creative Europe) – and the uncertainly arising from this prior to UK exit from EU.

- No equivalent or better initiatives following the UK’s exit from the EU.

- British Business Bank (BBB): the CIOS LEP is currently working with the BBB to secure financial instruments that would be suitable for creative industries businesses to apply for as the next step to help them scale up their micro/small enterprise start-ups.
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- The Treasury-led Patient Capital Review is intended to support innovative firms access the finance that they need to scale up by identifying the barriers to accessing long-term finance for growing firms. (Government Patient Capital Review)

3 Ibid, p11.
6 Quorum is a cultural computational strategic research initiative that seeks to identify synergies between audience behaviours, interactive media environments, physical objects (or things) and modern integrative, sub-symbolic, computational techniques. http://quorum.i-dat.org/
4 Industry Support Options

- The government in its Industrial Strategy Green Paper specifically highlighted the creative industries as one of five priority sectors for the country's industrial growth and commissioned Sir Pater Bazalgette to review the sector with a view to producing one of five early sector deals.

- Industry support will form a key component of the screen strategy for CIOS. In particular, the strategy should identify and prioritise the types of industry support that are most likely to deliver economic benefits for the region.

- The following section, therefore, outlines some of the existing and potential industry support options that could help deliver a new screen sector strategy for CIOS. These options have been organised into four categories:
  
  (i) financial incentives
  (ii) institutional mechanisms (e.g. Higher Education, Further Education)
  (iii) collaboration with national and UK-wide agencies
  (iv) SME support

4.1 Financial incentives and funding

- Financial incentives and funding for individuals, companies or programmes will need to feature prominently in any economic development strategy. Indeed, CIOS has for many years benefitted from access to EU-level funding.

- The experience of CIOS and other parts of UK suggests that there are some general or sector-specific sources of funding that could be used to finance programmes or initiatives, or provide financial incentives directly to companies.

- Creative Industries Clusters Programme: this programme led by the Arts and Humanities Research Council (AHRC) will be making £80 million-plus research and development investment available in 2018 for establishing
  
  o eight Research & Development Partnerships in existing creative clusters across the UK. The investment is intended to support ground-breaking innovation by companies of all sizes – from micro-businesses and start-ups to multinational corporations – as digital continues to disrupt the creative industries by new means of imagining, creating, participating in, distributing and consuming creative work; and
  
  o a Policy and Evidence Centre for the Creative Industries Sector delivered by a recognised Independent Research Organisation, offering independent analysis on the creative industries for businesses and policy makers, as well as identifying research gaps and coordinating data and analysis on the key challenges for the sector.

Both the partnerships and the centre are to be led by an HE institution and will require match funding. Bids will need to be anchored by a demonstrable existing partnership(s) between the higher education institutions and industry as a prerequisite for building new relationships and a new wave of R&D activity. A ’pre-call has already been announced in preparation for the formal launch of the programme next year.
• **CIOS Investment Fund:** The CIOS LEP is working in partnership with the British Business Bank (BBB) to create an investment fund for the CIOS LEP area. The fund, which would provide loans and equity investments rather than grants to help local businesses grow and create jobs, is seen as a vital tool to support the local economy after the UK has left the EU in 2019.

  o A public funding package of just over £40 million is currently being put together, with funds from the LEP, Government and the EU Growth Programme. The Government-owned BBB will set up and operate the fund for the first 10 years. This public fund is anticipated to unlock at least a further £40 million from private investment. This will create a revolving investment fund to which businesses can apply for start-up and growth investment in perpetuity.

  o Within this forthcoming new deal with BBB, there should be a specific programme catering to the creative industries – to compensate for the unique financing challenges that the creative industries face. The LEP is working towards this. This is a real opportunity to help address the “scaling-up” challenge that is acute within the creative industries, including the screen sector.

• **Regional Growth Fund (RGF):** The Government launched the RGF in June 2010 as a means of support for businesses across all sectors and regions in England. The RGF is a competitive fund designed (i) to stimulate enterprise by leveraging private sector investment to support projects and programmes with significant potential for economic growth; and (ii) to support areas and communities dependent on the public sector to make the transition to private sector-led growth.4

  o Exeter was able to augment private investment with this fund to help establish the Exeter Science Park.

  o Further rounds of the RGF are not currently being proposed but funds are available through continuing programmes of the fund and there is also an Exceptional RGF (eRGF), where Ministers have reserved the option to use eRGF funding to respond quickly to significant economic shocks or exceptional bids that present an opportunity to secure internationally mobile investment.

• **Patient Capital Review:** This is a HM Treasury-led initiative that is intended to support innovative firms in their efforts to access the finance that they need to scale-up. As part of this, the Patient Capital Review is identifying the barriers to accessing long-term finance for growing firms. This is particularly relevant to new creative businesses which are likely to need a longer term to realise investments. ([Government Patient Capital Review](#)).

• Although not confirmed yet, it is likely that the recent HM Treasury consultation, *Financing growth in innovative firms* (part of the Patient Capital Review), will recommend the creation of a public/private partnership that will supplement and potentially replace (on exiting the EU) the European Investment Fund (EIF).

• **UK Games Fund:** Launched in 2015, this fund is designed to support both business and talent development within the UK video games industry. For businesses, the fund supports prototype development for new titles. For emerging game talent, the fund runs challenge competitions for graduates and students with ideas for new games. This fund could feature in any strategy designed to support the growth of the video games cluster in CIOS.
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**Creative Cluster Fund**

One of the centrepiece recommendations of the Bazalgette Review was the proposal to establish a new five-year, competitive, £500 million Creative Clusters Fund. Should the Government adopt this proposal, the fund – modelled on the City Deals – would be designed to support 30 to 35 creative clusters across the UK, including both mature and existing clusters. Whilst, the proposed fund is not expected to have any premediated sectoral or regional targets, it could be an important source of financial support and knowhow for growing a screen-sector cluster in CIOS.

- **R&D tax relief and tax credits:** The Government already offers SMEs R&D tax relief that can be applied against Corporation Tax, used to increase financial losses (and thereby carried forward and applied against future profits) or received in the form of a cash tax credit. Historically, outside the games industry, many screen sector SMEs, in particular, have found it difficult to access R&D tax relief and tax credits because their scale does permit qualifying R&D activity or the type of R&D they engage in (e.g. script development) does not qualify as R&D. An increased emphasis on the application of digital technologies within the screen sector plus the potential for a wider definition of qualifying R&D may mean that this could be an increasingly important source of screen sector funding in the future.

- **Digital Catapult:** Digital catapult is a non-profit organisation with a mandate to provide business advisory support to drive innovation in the manufacturing and creative industries. Its priority areas include: data-driven solutions, Internet-of-things, artificial intelligence and immersive technologies. Its range of business advisory support includes: (i) building, coordinating and increasing access to large scale tests beds; (ii) supporting engagement between small companies and large companies; (iii) supporting ecosystems and helping exports; (iv) building prototypes, testing feasibility of technologies; and (v) providing access to facilities, skills and space.

- **Innovate UK:** Innovate UK is the Government’s lead public body for providing financial and business support to persons, companies and organisations engaged in innovative research and product development. Since 2007, Innovate UK has provided £1.8 billion in match funding for innovation projects. In 2016/17, it allocated £150 for its foundation calls. Only 2% of the foundation awards went to the creative industries. The Bazalgette Review suggests that creative businesses should better position themselves to win Innovate UK awards and that Innovate UK even “pro-active call” for creative-led projects or projects involving collaboration between the creative industries and other industries with greater emphasis on conventional R&D.

- **Industrial Strategy Challenge Fund:** The Industrial Strategy Challenge Fund (ISCF) is part of the Government’s effort to ensure that research and innovation plays a central role in the UK’s industrial strategy. The ISCF focuses on industrial challenges in (i) healthcare and medicine, (ii) robotics and artificial intelligence, (iii) clean and flexible energy, (iv) driverless vehicles, (v) manufacturing and materials of the future, and (vi) satellites and space technology. Research into the application of immersive technologies to healthcare or other priority areas could offer opportunities for the screen sector to access the ISCF. What is more, the Government has pointed to the creative industries as a sector that should have access to the ISCF.
4.2 Collaboration with national and UK-wide agencies

- In addition to the various funds identified in the previous section, there are a variety of other national and UK-wide agencies and programmes that CIOS could tap into to help deliver its strategy.

- **BFI Creative Clusters Challenge Fund** – This fund – financed by the National Lottery – is intended to support the growth of emerging screen sector hubs across the UK and is designed to facilitate the identification and growth of internationally renowned clusters of screen sector expertise outside of London and the South East, and to help create a blueprint for growth of capacity, capability and talent development in the chosen region.
  
  - To date, only Screen Yorkshire in partnership with Game Republic and Sheffield Doc Fest has been awarded a Creative Cluster Challenge Fund grant. The award of £127,000 is being matched on a 1:1 basis by regional partners. The monies will be support skills, training, infrastructure and knowledge sharing within Yorkshire and Humber’s screen sector.7

**BFI National Academy of Storytelling / BFI Centres of Excellence for Craft and Technical Skills**

As part of its strategy for skills development, the BFI is considering two new initiatives, both of which could have important implications for any regional screen cluster.

The BFI Academy of Storytelling is expected to be a pilot programme for enhancing the diversity and quality of screen stories in the UK, particularly in the areas of non-traditional content and emerging technologies such as AR/VR. The Academy of Storytelling is expected to be located in a regional screen cluster.

As part of the Centres of Excellence for Craft and Technical Skills concept, the BFI would partner with HE institutions and new Institutes of Technology, particularly in regional hubs, to deliver programmes that help train and develop 3D model makers, costume designers, gaffers, carpenters, and other under-represented screen-sector skills.8

- **Government Digital Strategy**: CIOS should work closely with Government to establish CIOS as a priority region for the delivery of the Government’s new, seven strand Digital Strategy (including roll-out of full fibre and 5G), opportunities exist, especially in the following three strands:
  
  - **Connectivity** – building world-class digital infrastructure for the UK
  - **Skills and inclusion** – giving everyone access to the digital skills they need
  - **The digital sectors** – making the UK the best place to start and grow a digital business

CIOS is already well-placed with 95% population coverage by superfast broadband and the best rural penetration of ultrafast broadband within Europe, and should argue for these infrastructure assets to be the springboard to best leverage and deliver on the government’s digital strategy.

**Central Government support for Immersive Technologies**

According to the Bazalgette Review, the UK is well-positioned to be a leading player in the fast-growing global market for immersive technologies.9 It notes that there is a high degree of fragmentation in the sector and competing standards, which raise the risk of stranded investment.10 The Bazalgette Review also highlighted the fact that the immersive technologies...
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4.3 Institutional/Organisational

- Existing and new institutions or organisations are likely to play a key role in any new screen sector strategy. In particular, institutions and organisations may provide the vehicles through which the screen sector strategy’s initiatives and programmes can be delivered.

- **Invest in Cornwall**: Invest in Cornwall is CIOS’s lead organisation for facilitating inward investment in the region. For companies looking to establish a business presence in CIOS, Invest in Cornwall can help find business premises, recruit regional talent, make regional introductions and offer other sign-posting services.
  - There is a need to leverage or align with Invest in Cornwall to assist screen sector businesses to relocate or establish a business presence in CIOS.
  - It does have a wider remit than just the screen sector, though it has invested in the Creative Cornwall brand and has identified creative-tech as one of its target sectors.
  - Invest in Cornwall only has EU funding for a limited period of time, given the uncertainty over any future EU funding, contingencies will need to be developed if Invest in Cornwall is to continue.

- **Creative Kernow**: based at the Krowji in Redruth, Creative Kernow is an umbrella organisation that seeks to support the production, promotion and distribution of work by creative practitioners in Cornwall. It is a National Portfolio Organisation of Arts Council England (ACE) with funding from both ACE and Cornwall Council. To support the creators in CIOS, Creative Kernow, offers affordable managed workspace, skills development, a rural touring scheme and investment in projects that bring together professional artists and communities. This is chiefly achieved through nine projects, including importantly, the Cultivator programme of SME support (more detail in Section 4.4), which is it delivered through Creative Skills (the skills development agency for the creative industries in Cornwall). In addition, it also acts as a creative hub, fosters collaboration between the cultural and tourism sectors, support young people to enter the creative workforce, and helps forge international partnerships. Creative Kernow (formerly the Arts Centre Trust) was established in 1983 to save Truro City Hall, having achieved that, the organisation morphed into a sector support body by the end of the 1990s.

- **Falmouth University**: Falmouth University is the region’s key HE institution and is one of the UK’s leading creative industries universities. It was perceived positively throughout the consultation: producing talented graduates, maintaining strong links with local creative and digital businesses, and operating collaboratively with start-ups and micro/small businesses offering facilities and kit where possible. The two main departments relevant to this study offer six undergraduate courses and two taught masters courses
  - School of Film & Television
    - Animation & Visual Effects BA(Hons)
    - Film BA(Hons)
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- Television BA(Hons)
- Film & Television MA

Games Academy
- Computing for Games BSc(Hons)
- Game Art BA(Hons)
- Game Development BA(Hons)
- Creative App Development MA

- Eight other departments including Falmouth School of Art, Academy of Music and Theatre Arts and Falmouth Business School

- Two important postgraduate initiatives, both identify a business need and then provide study that will lead to the need being met:

  - **Launchpad (with MA in Entrepreneurship):** A one-year incubation followed by one-year acceleration programme funded by the EU. Launchpad’s objective is to launch 15 companies a year. It receives software briefs form enterprise (e.g. from BBC, NHS) and opens them to applicants from anywhere, and builds a team around the best responses. Talented graduates work on a new start-up in the digital sectors and through business support, mentoring and applied boot camp training, leave as a director in a viable, sustainable business that stays in Cornwall for at least five years. Companies are physically co-located located in a new facility at Falmouth University. Funded by EU, Cornwall Council and the University.

  - **The 3D3 Centre for Doctoral Training:** This programme is a partnership between Falmouth University, Plymouth University and the University of the West of England Bristol. It has been awarded 12 fully-funded PhD studentships from the National Productivity Investment Fund to begin on 1 October 2017. The award is for three years full-time but it is possible to study part-time. Each studentship is a collaboration between one of the three Universities’ research centres and an industrial partner that guarantees training and access to facilities, a variety of internships/placements and in some instances co-supervision. All students will be part of an interdisciplinary Design Futures Lab.

- **Falmouth University Local Partnerships:** the university partners with many local projects, a sample of which are outlined below.

  - **Plaza Saturday workshops** – a six-week film making workshop with The Plaza Cinema in Truro that will culminate in a gala screening at the cinema during the spring half-term holiday in 2018.

  - **50 Second Film Challenge** – this is a global competition but free to enter for school children within Cornwall. It has been running for three years in collaboration with storytelling organisation and studio o-region. The challenge concludes with a gala screening at The Plaza Cinema in Truro.

  - **Jubilee Pool Project** – an oral history animation project based in Penzance with AWAEN productions that will bring animation students and local school/FE children together over the course of three years. The university has committed £3,000, and match funding by Heritage Lottery Fund and Arts Council England is being finalised.
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- **Creative Skillset:** is the sector skills council for developing skills and talent in the UK’s screen-based creative industries. For film, high-end TV, children’s TV and animation, employers via a production levy into a Skills Investment Fund, which Creative Skillset manages and to which the government match funds on a 11 basis. Creative Skillset provides career information and offers a number of initiatives available to CIOS and places an emphasis on widening access to the screen industries. All programmes have an out-of-London basis but not necessarily always a south-west presence.
  - **Trainee Finder** matches individuals with training placements in animation, film, games, TV and VFX.
  - **Open Doors** is intended for those who would not normally consider entry into the sector, providing insight, skills development, contact with prospective employers/recruiters and networking opportunities. These events occur across the UK but are more frequent in London. Creative Skillset is able on a limited basis to provide bursaries, which on a case-by-case basis may be granted for travel
  - **Make a Move** provides on-the-job training for people identified by productions as ready to move up into a more senior role with a little support.
  - **In-House Production Runners Programme** is intended for entrants from socio-economically challenged backgrounds and offers match funding for a series of placements due to launch this October 2017.
  - **High End TV Drama Co-Producer Programme** is aimed at senior grades, such as established heads of department (HoD) and connects individuals wishing to become drama producers with productions willing to offer a co-producer placement.

- **Screen Commission:** CIOS already has a film officer based within Cornwall Council who provides a full range of location support and location-production liaison services for incoming film and TV projects. However, whilst Creative England does operate a film office for the South West of England (based out of Bristol), a new screen commission would help fulfil two important gaps in the current film office offering. First, the screen commission (or commissioner) would be responsible for the outward-facing marketing of the region:
  - as a place for location film and TV production;
  - as a location for screen-sector businesses to establish a physical presence;
  - as a place for screen-sector investors to visit; and
  - as a location for skills development, and HE and FE programmes.

  Second, the screen commission (or commissioner) would also coordinate the information-sharing and sustain the networking that is required to enhance the development of the existing screen sector ecosystem in CIOS.

4.4 SME support

- **Cultivator programme** – Creative Kernow in Redruth works with CIOS LEP and the arts and cultural sector in delivering the programme. It was successful in securing £500,000 from Arts Council England’s Creative Local Growth Fund and £200,000 from Cornwall Council, to be added to ERDF & ESF funding of £2,750,000 (due to end in 2019). The programme is intended to help at least 400 companies and 2,000 practitioners through innovative skills packages and direct investment in boosting skills and capacity in CIOS’ creative and cultural sectors and in creative development. Registered creative businesses – including freelance creative practitioners – based in Cornwall or the Isles of Scilly are eligible.
• **Business Rates Relief and Enterprise Zones**: The Bazalgette Review referred to business rates relief as one of the tools available to local authorities wishing to promote cluster development. Cornwall Council already provides business rates reliefs to companies located in one of the two enterprise zones in CIOS: Aerohub+ (incl. Goonhilly) and MarineHub. So, unless companies can locate in one these enterprise zones, there may have to be a proposal for another enterprise zone dedicated to screen-tech.

• **Workspaces**: The Bazalgette Review also identified effective collaborative workspaces as a key ingredient to cluster development. The strategy research corroborated this view. With that in mind, it is vital that CIOS have open and flexible workspaces that can be reconfigured for the changing needs of digital start-ups.
  
  o These workspaces should also foster (or at least, not hinder) collaboration.
  
  o Where possible, workspaces should also incorporate some type of business advisory programming. This could be on a shared-cost basis and perhaps partially funded from external public sector sources, and would help address the “absorptive capacity” challenge highlighted in the Bazalgette as a key issue for micro and small businesses, particularly in the creative industries.

• **AR/VR lab**: As identified in Section 2, AR/VR is poised for rapid global market growth. What is more, the AR/VR ecosystem is currently in a state of flux, several hardware vendors and Internet platforms are vying to be the leading vendors for consumers and enterprises. Facebook Oculus, Samsung Gear, Google Cardboard, HTC and Sony are all vying for leadership in the hardware space. Microsoft (HoloLens), Google (Glass) and Apple are all vying for leadership on the AR segment. AR/VR software developers cannot afford to focus on one technology or platform over another.
  
  o An AR/VR lab would permit small software developers to both develop and test their software on different platforms and different types of hardware. It could also permit software developers and filmmakers to access (on shared-service basis) 360-cameras, (or similar content-development technology) to experiment with new forms of VR. The lab could also be set up to permit some element of prototype testing and development for specific sectors (e.g. healthcare, especially given the strains that distance can place within CIOS in getting to services).

• **Research institute**: Many universities around the world have established research institutes with private sector sponsors. Indeed, this type of model is common in Sweden and Finland (e.g. Nokia-sponsored research centres). Such an institute would have a wider scope than an AR/VR lab and promote more basic research in screen sector technologies. Falmouth University could try to find a large private sector partner to co-sponsor a collaboration space or innovation lab. The private sector sponsor lends credibility to the lab, and receives access to low-cost R&D based on the work of recent graduates.

• **Apprenticeship Training Agency**: As of April 2017, all UK businesses with a paybill over £3m have had to contribute 0.5% of this paybill into the Apprenticeships Levy. Many SMEs in the creative industries, and in the screen sector in particular, find it difficult directly to access the levy funds, since their employees are not eligible to be apprentices. Apprenticeship Training Agencies (ATAs) are third parties that will train apprentices on behalf of such companies, thereby, permitting many creative industries companies to indirectly benefit from the levy. There may be potential for CIOS to set up an ATA that identified SoFT or Games Academy graduates for apprenticeship training.
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3 Pre-Call Announcement: AHRC Creative Industries Clusters Programme: A unique opportunity to imagine, design and build the future of the creative industries, http://www.ahrc.ac.uk/documents/calls/creative-industries-clusters-pre-call/
7 http://www.screenyorkshire.co.uk/yorkshire-screen-hub/
9 Bazalgette Review (2017), P. 54.
10 Bazalgette Review (2017), P. 55.
15 https://www.gov.uk/government/publications/apprenticeship-training-agencies
5  Strategy for Sector Growth

5.1  Overview

Based on the research evidence, and the existing and proposed industry support options available to the screen sector in CIOS, the region should adopt the following sector-growth strategy, which is linked back to the ultimate objective of increasing high-productivity jobs in CIOS.

- **Increase high-productivity jobs in CIOS**
  - Accelerating a virtuous cycle of talent, and business formation and growth
    - Historically, many regions of the UK have benefitted from their natural resources to attract businesses, which, in turn, retained or attracted workers
    - In the creative industries, and in the screen sector, in particular, talent takes the place of natural resources
    - However, in the screen sector, as in many other knowledge-based industries, there is a “chicken and egg” problem: growing companies want to locate close to talent, but talent wants to locate close to growing companies
    - This chicken and egg dilemma is often “unblocked” by a third party – such as a university – that can attract the talent in the first place

- **Strategy**
  - Leverage CIOS’s higher education assets and current talent to position the region as a hub for skills and product development in the fastest-growing screen sector segments with the highest potential for cluster development

- **Market focus:**
  - Focus on screen sector segments experiencing high growth globally or within the UK
  - Focus on screen sector segments experiencing the highest rates of disruption, where global or national leadership is still open
  - Focus on market segments that offer the greatest potential for densification and fusion in CIOS, and thereby, cluster development

- **Talent pipeline:**
  - Focus on increasing home-grown talent in the screen sector, particularly the high-growth segments
  - Leverage the education system from early years through to postgraduate, encouraging a STEAM curriculum environment and extra-curricular opportunities
  - Encourage more young people in CIOS to be passionate about the screen sector and its professional opportunities

- **Infrastructure and networks:**
  - Invest in physical workspaces that offer flexible configurations, foster collaboration and offer enterprise-level digital connectivity
  - De-risk investments in production spaces by scaling them to existing rather than forecast demand

- **Sector support:**
  - Position CIOS to maximise its access to existing and proposed national-level funding for business scale-up
  - Complement financing support with support for capacity development
5.2 Market focus

5.2.1 Immersive technologies (VR/AR/MR) and video games

- The productivity challenges facing CIOS mean that the region should focus on the segments of the screen sector that are poised to experience the highest rates of growth – either globally or within the UK and that would potentially thrive given the strength and weaknesses of CIOS. Our research indicates that the video games and immersive technologies segments are expected to experience the highest rates of growth. Between these two sectors, however, CIOS should probably focus on immersive technologies. This does not rule out the continued development of the regional games industry, as the games industry is expected to be a key sector for immersive technologies applications and that there has been a €4.2 million investment in the newly established Games Academy as a centre of research excellence in digital games technology.

- The emphasis on immersive technologies over games is in part due the fact that the UK already has several established regional video games clusters that have grown around legacy employers (e.g. Leamington Spa) or HE institutions (e.g. Dundee). What is more, other countries – such as Canada – already offer very competitive incentives to attract games companies to their jurisdictions.

- CIOS does have numerous games companies, but not a large legacy video games employer and lacks the fiscal power or resources to compete with other jurisdictions, though it should be able to leverage the Games Academy. The immersive technologies sector, so far, has no leading regional cluster within the UK and is not subject to same level of competition between countries internationally.

- What is more, the focus on immersive technologies means that CIOS can leverage the SoFT asset and what it offers in terms of education in digital production and screen storytelling. Indeed, SoFT and Falmouth University could provide the anchor for an immersive technologies cluster.

- Furthermore, the region’s experience with tourism and remote healthcare mean it may possess some unique advantages as a global testing ground for some very specific types of AR, VR or MR applications. The immersive technologies also have the potential to be applied in many other sectors and intersects with ever-increasing application of AI.

- The screen industries operate within a fiercely competitive international environment, one in which VR, AR and MR are presenting manifold new possibilities. Government should ensure the UK builds a reputation as the most highly skilled nation to produce screen-based content that exploits these technologies. This includes direct investment into VR/AR research and extending the highly successful UK Games Fund.¹

- The immersive technologies represent a new and developing sector, and so the opportunity exists for CIOS to establish a bridgehead, shape the market and become a UK, and potentially global, leader. Looking to the future, much attention is being directed to this area.

- Developing new IP with the underlying technology for these technologies requires very high investment, as cutting-edge developers can command very high salaries. And so, the alternative is to focus on IP generated by content or by the application of the new technologies e.g. an app that is able to exploit AR technology for a particular desired end.

- A key intersection exists between immersive technologies and artificial intelligence (AI) where a great deal of research is happening. The importance of this intersection is further enhanced by the
potential it has, to permeate into people’s daily lives in a multitude of ways, and far beyond just the ambit of the entertainment industries.

5.2.2 Film, TV, VFX and post-production

- The screen strategy's market focus should not ignore film and TV production – specifically location production. Whilst, this segment is not expected to grow as quickly as immersive technologies, on a global basis, it has been experiencing (and should continue to experience) strong growth within the UK. The UK’s ongoing investments in competitive tax reliefs, studio space and skills mean that it will continue to be a premier destination for inward production – whether commissioned by Hollywood studios or emerging SVOD platforms.

- As a result of the region’s distance from film and TV production hubs, particularly in the UK, the maintenance of the region’s level of film and TV production is going to require an enhanced promotional, informational and infrastructure offering. A screen commission or commissioner would be the key first element of this enhanced offering.

- VFX and post-production are predominantly B2B operations but given fast and stable digital infrastructure and a lesser need for VFX and post-production operations to be in close proximity to clients, there would seem to be an opportunity for some relocation to CIOS. Notwithstanding the opportunity, we found little evidence of relocation. Indeed, globally, post-production activity is highly concentrated in a few major centres: London, Los Angeles, New York, San Francisco, Toronto, Montreal and Vancouver suggesting it will be difficult to break this paradigm. The “chicken and egg” dilemma of growing companies wanting to locate close to talent would also pertain.

- A potential model that CIOS could explore as a viable way of attracting relocation could be to position itself as location for ‘satellite’ VFX and post-production activity. In addition to the lifestyle and physical environment offer of the region, there is a ‘triple whammy’ premium due to the relatively low cost of living, accommodation and workspace real estate. This would also be attractive to new graduates and entrant talent who would be more able to afford living in CIOS with a better quality of life, including potentially lower commutes, than London.

- CIOS should consider whether through business rates or other mechanisms, there are any affordable financial incentives that can be deployed to help attract companies. Also, is Cornwall Council and Invest in Cornwall fully alert to trying to attract such companies and effective in providing advice and non-financial support.

- In 5.3 and 5.4, we discuss skills and education, and infrastructure elements of the strategy that could enhance the location production offering.

5.2.3 Densification and clustering

- The market focus of the strategy should also focus on those segments of the screen sector that offer the greatest for densification and fusion in CIOS, and thereby, the potential for cluster formation. The immersive technologies segment would meet this criterion.

- Nesta in its creative cluster report recommended that the development of clusters outside of London and the South East be supported. This follows on from previous recommendations by Nesta where they called for “a fund of £100 million should be set up using Regional Growth Fund money to grow creative clusters, building on existing local strengths and meeting local needs”.

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- Nesta also recommended that “Local Enterprise Partnerships (LEPs) and universities should consider what more they can do to address the strengths and weaknesses within their particular area, such as an over reliance on large firms or growing links between graduate talent pools and creative clusters”.

5.3 Skills pipeline

- Falmouth University and Cornwall College have very good reputations for producing screen sector talent. However, the key challenge for these institutions and for the region is the retention of more of these talented graduates. Until CIOS can effectively leverage its HE assets – as well as its historical spirit of creativity and lifestyle advantages – to retain talent it will not be able to unlock the virtuous cycle of talent-business attraction needed for cluster development.

- Whilst some “up-country” talent will always be attracted by the lifestyle offered by CIOS, it is clear that a talent development and retention strategy has to be built around people born and raised in CIOS. Home grown talent is much more likely to stay, to return after spending time outside of CIOS and to produce screen stories within the region.

- Developing home grown talent in the volume required to feed a screen sector cluster is going to require policies and programmes that reach back into primary and secondary schools, and thereby, will require several years to bear fruit.

- In the long-run, the cluster will not be served well, if SoFT were unnecessarily to prioritise regional students over the best-qualified students. SoFT is going to have to be a centrepiece of any cluster’s ecosystem, and therefore, must focus on the quality of the student body and the academic offering. Instead, a longer-term strategy that increases the number of in-region students that can gain admission to SoFT would be more sustainable.

- This youth education skills pipeline has two key elements. First, CIOS should tap into the various existing UK-wide programmes (primarily offered by BFI) to design a screen-education plan for secondary and primary schools in the region, as well as colleges.

- Because the CIOS cluster is going to have to focus on the fast-growing, technology-intensive segments of the screen sector, the skills pipeline strategy needs to encourage the recognition of STEAM education within the system. For example, CIOS should ensure that students can combine arts A-levels with maths and sciences A-levels. Something that cannot currently be easily done in many schools in CIOS. Once again, CIOS must ensure that it is tapping into National Saturday Clubs (), NextGen Skills Academy (i.e. Truro College, Penwith College) and other UK-wide programmes designed to steer young people into not only STEM subjects and careers, but also STEAM studies.

- Many of the extra-curricular activities, have been able to demonstrate positive impacts for school children and young people in terms of performance and aspiration elsewhere is their lives. For example, the National Saturday Clubs have resulted in club members experiencing:
  - **Higher attainment** – 80% achieve at least one grade higher than expected at GCSE in related subjects.
  - **Academic progression** – 30% continue to foundation, diploma or undergraduate study.
  - **Stimulating aspiration** – 70% want to pursue a career in an industry the Club had introduced them to.
  - **Improving life skills** – improves members’ confidence and self-esteem, builds their time management, team work and communications skills, all in addition to the talent the club is trying to nurture through the extra-curricular study that the club offers.
The skills pipeline also extends into HE and FE. Falmouth University is a leading creative industries university with an outstanding film school and Games Academy, but the development of world-class immersive technologies software is going to also require students with backgrounds in maths, engineering and science. Some type of collaboration with Exeter University could help fill this need. Indeed, Falmouth and Exeter Universities already share the Penryn Campus.

This emphasis on pre-university education and collaboration with maths/sciences universities should not take focus away from ensuring that SoFT can maintain and enhance its standing as one of the UK’s leading film schools.

CIOS already hosts FE programmes for the screen sector. These programmes draw most of their students or clients from outside the region, including outside the UK. Even though they have an outward focus, the presence of these FE programmes may help absorb some of wider population of screen sector students and help to retain or attract back those who may have left.

5.4 Infrastructure

5.4.1 Digital infrastructure

Whilst there have been significant improvements in broadband (“digital”) infrastructure in CIOS over the past decade, there is an ongoing need to make targeted investments in digital, physical and information infrastructure within the region in order to help unlock the talent-business development cycle and form a competitive cluster. These infrastructure investments need to be scalable and thereby respond to levels of demand. They also need to focus on areas where a difference can be made.

Superfast is widely applauded where it is available but the quality of the network is inconsistent. What is more, even Superfast lacks the bandwidth to handle the enterprise-calibre data-transfer needs of digital production businesses. Screen sector businesses have very high upload requirements. The level of very high bandwidth required by digital production businesses often requires some type of very expensive dedicated line (to the backbone network). It may be more economical for such a line to be a feature of a collaborative space (see below), where its use and cost could be shared.

Given the reliance on train travel to the main creative centres in CIOS, the provision of 4G mobile reception on local trains across the region could be a very focussed and impactful infrastructure advancement. Mobile reception has been reported to be extremely patchy – even in the centre of Falmouth University’s Penryn campus there is no stable reception. The Council needs to work with the mobile telephony infrastructure providers and telecom companies to improve coverage. In general, the intra-regional travel requirements mean that any focus on improving the fixed broadband network should not ignore the fact that mobile network improvements are also going to be required, if screen sector businesses are going to locate in the region.

Of course, digital connectivity is an issue for most, if not all, businesses and sectors in CIOS. In the context of a screen sector strategy, it is important that any region-wide digital-connectivity strategy directly taken into account the unique needs of the screen sector. Video files are the largest types of data files transferred across the Internet and with the introduction of immersive technologies, the data-file sizes are only going to get larger.

What is more, some type of digital mapping exercise is probably necessary to ensure that screen sector businesses know how digital connectivity extends beyond the urban centres and could
support the remote working. In particular, this is crucial if the lifestyle and remoteness of the region as selling points are to be backed up with connectivity to attract and retain digital businesses.

5.4.2 Workspaces

- Clusters are very much a spatial phenomenon. The physical proximity of businesses to each other, to talent and to researchers is integral to their development and success. For this reason, the establishment of a state-of-the-art workspace will be an essential feature of any cluster development. This workspace should be open to businesses looking to scale-up their operations. For example, graduates of Launchpad. It should offer flexible configurations with few, if any, permanent walls. It should offer tenants enterprise-calibre digital connectivity.

- In addition, this workspace should have some type of curation and managerial oversight that can help offer tenants economical access to the business advice and support for business-capacity development. This business-capacity side of the workspace could incorporate Cultivator or be modelled on Google’s Digital Garage drop-in centres in Cardiff, Birmingham and Glasgow. So, the workspace should be more than physical space with a fast pipe. Businesses should also know that the spaces will offer opportunities for knowledge sharing.

5.4.3 Production spaces

- With the rapid growth in inward feature film and HETV production in the UK in recent years, many parts of the UK have either constructed purpose-built production studios or retrofitted disused factories or hangers. In most cases, the production spaces have helped enhance these jurisdictions’ film and TV location production offering.

- However, in most cases, these regions either had advantageous fiscal environments (e.g. the nations are eligible for central government capital funding) or could offer financial incentives to attract production (e.g. Yorkshire Content Fund). CIOS lacks similar supply or demand-side levers for de-risking the capital investments required to construct a production studio facility.

- Instead, CIOS should seek to make scalable investments in any production spaces. One such scalable investment could be a production spaces hub. This hub could house many of the production services businesses located in the region – from drone-filming services to location production catering – that serve location production or offshore clients. In this regard, it would resemble the workshop wing of many existing production studios.

- This production services hub would act as a one-stop shop for location producers and hopefully encourage them to substitute regional production services for those based in Bristol or elsewhere.

- The production spaces hub could offer superior connectivity, appropriate space configuration and information-sharing as some of its USP. To scale the investment, a certain percentage of the space could be pre-sold.

5.4.4 Transportation

- Whilst the screen sector strategy’s focus on the immersive technologies segment (and digital production), for which digital access to markets is more important than physical access to markets, there will still be a need for investors and clients to physically access the cluster.
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- A focus on international markets lessens the challenge of distance somewhat: a short domestic flight is not a major issue after a multi-hour intercontinental flight. However, additional connections between London airports and Cornwall Newquay Airport would be beneficial, as would any means to make the intra-regional connections to Newquay Airport more efficient.

- As with digital infrastructure, this is not a challenge unique to the screen sector. However, any region-wide strategy for the transportation infrastructure should not ignore the unique needs of the screen sector, such as the location of the cluster hub, the anchor workspace or the production services hub.

5.5 Sector support

- For the screen sector strategy to best support CIOS, there needs to be a focus on both
  
  i. the creative and innovative enterprises themselves and, crucially, helping them scale up from being micro-businesses, and
  
  ii. the sector as a whole and how best to leverage the current capacity and productivity growing financial instruments and those being anticipated.

- The Cultivator programme has been reported to be effective in providing the information that micro-enterprises need to survive. Its breadth and flexibility of offer has been applauded and allows it to adapt to the different circumstances that each enterprise experiences and the skills and knowledge deficits present within each enterprise. The initiative in very large part if funded by EU money and is due to end in 2019. If ongoing evaluation concludes that its utility is being maintained, step need to be taken to plan for the service to continue, or those aspects that have the best return on investment.

- Launchpad is a key part of a market-led approach to harnessing the talent being generated by Falmouth University and retaining it within the region. As part of that goal, once the two years of incubation and acceleration are over, moving into a science park or a creativity and digital park within CIOS would help to embed the enterprise within the region. As a result of proximity with other Launchpad ‘graduates’ and innovative digital businesses, there is the potential for these businesses to be part of a process of fusion and densification, that we see as being a crucial element to the clustering strategy being proposed.

- In order to deliver the sector support and development necessary to create a world-leading creative cluster, key funds need to be accessed and competed for that are currently available and CIOS needs to be prepared for new funds expected in the short term and those in the medium that are the result of shift in funding from the EU back to the UK.

- The establishment of a creativity and digital park, will require significant funds and a clear business plan with potential local partners. Although, no further rounds of the Regional Growth Fund (RGF) are being proposed, Ministers have maintained an Exceptional Regional Growth Fund (eRGF) that is available to regions if a strong argument can be marshalled. Given that Exeter was able to draw upon the RGF to establish its science park, CIOS should consider the feasibility of a similar such bid. Indeed, there may be potential for the co-located Exeter and Falmouth Universities to work together on such a bid.

- The BFI has its own Creative Cluster Challenge Fund, which is intended to support emerging screen cluster hubs outside the southeast of England. CIOS could capitalise on its current success in TV location production and the Games Academy as a centre of excellence for digital games research,
to scope the opportunity for funding the production services hub being proposed in this report. Only Screen Yorkshire has been successful so far, so funds remain to be leveraged.

- BFI is expected to pilot a National Academy of Storytelling in a regional screen cluster. CIOS should consider putting together a bid on the basis of:
  
  i. its current TV location production success;
  
  ii. the arts and creativity of the University and CIOS at large;
  
  iii. its unique Cornish culture – a mix of Celtic nation, historical heritage and modern outdoors lifestyle – informing a rich placemaking narrative;
  
  iv. the Games Academy and games development ecosystem, with its necessarily different storytelling attributes for video games;
  
  v. as well as the even more distinctive storytelling necessary for the immersive technologies, if our proposition that CIOS focus on growing its immersive technologies base is accepted.

Depending upon timing, the bid for the BFI Creative Cluster Challenge Fund could also be leveraged.

- British Business Bank (BBB) – currently CIOS LEP is negotiating with the BBB to set up a CIOS Investment Fund, a strand of which is intended to be for the creative industries. This could provide the investment necessary for the scaling up of creative micro-enterprises.

- If the government accepts Sir Peter Bazalgette’s key recommendation that a Creative Cluster Fund be established, this could provide key funding to help deliver the scale up capacity needed for a stronger Launchpad, a coupled creativity and science park, an enterprise-level co-working space and/or a regional screen commission offer. CIOS will need to be ready.

- The Industrial Strategy Challenge Fund that the Government is proposing as part of its industrial strategy will be an important opportunity for immersive technologies companies in CIOS to access funds to research where they are applying their technology to non-entertainment sectors e.g. health or space research.

- Lastly, CIOS will need to stay alert to anticipated changes to the operation of Innovate UK design foundation funds, where there is anticipated to be a greater desire to fund creative projects, and the redefinition of research and development for R&D tax reliefs and tax credits so that the research and development activity of creative industries are better able to access these credits.

---

2 National Saturday Clubs (Arts and Design) operate in Cornwall College and Truro & Penwith College, [http://saturday-club.org/](http://saturday-club.org/)
### 5.6 Roadmap for strategy implementation

The following strategy roadmap outlines some potential actions that CIOS can take to realise the proposed screen sector strategy.

<table>
<thead>
<tr>
<th>Strategy principles</th>
<th>Roadmap for implementation: Actions for CIOS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market focus:</strong></td>
<td>- In coordination with Falmouth University’s SoFT and Launchpad, develop an immersive technologies testing lab that would be open to both academic and commercial users in CIOS.</td>
</tr>
<tr>
<td>- Focus on screen sector segments experiencing high growth globally or within the UK</td>
<td>- Develop a sub-strategy and plan for developing an immersive technologies cluster in CIOS, in order to position the region for access to additional pools of cluster funding</td>
</tr>
<tr>
<td>- Focus on screen sector segments experiencing the highest rates of disruption, where global or national leadership is still open</td>
<td>- Forge a partnership with Exeter University to focus on big data utilisation as part of the cluster offering</td>
</tr>
<tr>
<td>- Focus on market segments that offer the greatest potential for densification and fusion in CIOS, and thereby, cluster development</td>
<td>- AHRC-led Creative Industries Clusters Programme (CICP) offers two opportunities for CIOS to consider as means of developing itself as an immersive technologies-led creative cluster.</td>
</tr>
<tr>
<td>- Maintain and bolster local location production</td>
<td>- Falmouth University to lead a partnership to bid for one of the eight CICP R&amp;D Partnerships</td>
</tr>
<tr>
<td></td>
<td>- Falmouth University to bid to become the CICP Policy and Evidence Centre for the Creative Industries Sector</td>
</tr>
<tr>
<td></td>
<td>- Key actors (Falmouth University, CIOS LEP and Cornwall Council) need to identify match funding to leverage CICP opportunities.</td>
</tr>
<tr>
<td></td>
<td>- Build a screen sector cluster offering that combines Falmouth University, Cornwall Council, CIOS LEP and other potential partners in order to develop a competitive bid for BFI Clusters Fund.</td>
</tr>
<tr>
<td></td>
<td>- Utilise BFI Clusters Fund funding or other sources of funding to fund the operation of a CIOS screen commission or screen commissioner on a pilot basis</td>
</tr>
<tr>
<td></td>
<td>- Provide this screen commission with the resources for outward-facing promotion of screen businesses and talent in CIOS; and in-region information-sharing and networking</td>
</tr>
<tr>
<td><strong>Talent pipeline:</strong></td>
<td>- Encourage and support more Into Film Clubs across CIOS.</td>
</tr>
<tr>
<td>- Increase home grown talent in the screen sector, particularly in high-growth segments</td>
<td>- Leverage national-level strategies (e.g. NextGen Academy) to allow young people to more easily pursue a STEAM-oriented curriculum</td>
</tr>
<tr>
<td>- Leverage the education system from early years</td>
<td>- Maintain operation of National Saturday Clubs at Cornwall and Truro &amp; Penwith Colleges and assess the feasibility of establishing further clubs e.g. at the Falmouth University campuses</td>
</tr>
<tr>
<td></td>
<td>- Increase support and</td>
</tr>
<tr>
<td></td>
<td>- Bid for National Academy of Storytelling</td>
</tr>
</tbody>
</table>
### Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly

<table>
<thead>
<tr>
<th>Strategy principles</th>
<th>Roadmap for implementation: Actions for CIOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>through to postgraduate, encouraging a STEAM curriculum environment and extra-curricular opportunities</td>
<td>promote attendance at Code clubs in CIOS (approximately 80 Code Clubs already established in CIOS)</td>
</tr>
<tr>
<td>- Encourage more young people in CIOS to be passionate about the screen sector and its professional opportunities</td>
<td>- Ensure that students in CIOS are able to access other initiatives such as TeenTech, Founders4Schools, Young Founders, Apps for Good, Fire Tech Camps and CoderDojo</td>
</tr>
<tr>
<td></td>
<td>- Ensure all general initiatives to improve digital connectivity in CIOS (in conjunction with the Government’s Digital Strategy) take into account the specific needs of the screen sector – e.g. very high upload requirements</td>
</tr>
<tr>
<td></td>
<td>- Continue to monitor efficacy of Cultivator programme with a view to exploring how the programme can continue to operate post-EU funding</td>
</tr>
<tr>
<td>- Create more opportunities for young people and existing HE students to combine arts and maths education</td>
<td></td>
</tr>
<tr>
<td>Infrastructure and networks:</td>
<td></td>
</tr>
<tr>
<td>- Invest in physical workspaces that offer flexible configurations, foster collaboration and offer enterprise-level digital connectivity</td>
<td>- Establish a best-in-class collaborative space for screen-sector businesses looking to scale up</td>
</tr>
<tr>
<td>- De-risk investments in production spaces by scaling them to existing rather than forecast demand</td>
<td>- Design this collaborative space to offer flexible configurations, foster collaboration and offer enterprise-level digital connectivity</td>
</tr>
<tr>
<td></td>
<td>- With ultrafast connectivity, the hub could also act as adjunct the collaborative accelerator space</td>
</tr>
<tr>
<td></td>
<td>- Establish a production-services hub facility that resembles the “workshop” wing of a studio. It would provide a one-stop facility for local and inbound producers seeking production services. The hub facility would also foster collaboration</td>
</tr>
<tr>
<td></td>
<td>- Ensure that students in CIOS are able to access other initiatives such as TeenTech, Founders4Schools, Young Founders, Apps for Good, Fire Tech Camps and CoderDojo</td>
</tr>
<tr>
<td></td>
<td>- Ensure all general initiatives to improve digital connectivity in CIOS (in conjunction with the Government’s Digital Strategy) take into account the specific needs of the screen sector – e.g. very high upload requirements</td>
</tr>
<tr>
<td></td>
<td>- Continue to monitor efficacy of Cultivator programme with a view to exploring how the programme can continue to operate post-EU funding</td>
</tr>
<tr>
<td>Sector support:</td>
<td></td>
</tr>
<tr>
<td>- Position CIOS to maximise its access to existing and proposed national-level</td>
<td>- Establish a production-services hub facility that resembles the “workshop” wing of a studio. It would provide a one-stop facility for local and inbound producers seeking production services. The hub facility would also foster collaboration</td>
</tr>
<tr>
<td></td>
<td>- Bid for BFI Creative Cluster Challenge Fund, as a potential means of funding a production services hub facility</td>
</tr>
<tr>
<td></td>
<td>- Explore possibility of applying for Exceptional Regional Growth Fund (eRGF) as a means of establishing a Creativity and Digital Park</td>
</tr>
<tr>
<td></td>
<td>- Bid for BFI Creative Cluster Challenge Fund, as a potential means of funding a production services hub facility</td>
</tr>
<tr>
<td></td>
<td>- Explore possibility of applying for Exceptional Regional Growth Fund (eRGF) as a means of establishing a Creativity and Digital Park</td>
</tr>
</tbody>
</table>

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*Nordicity*

*Saffery Champness Chartered Accountants*
## Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly

<table>
<thead>
<tr>
<th>Strategy principles</th>
<th>Roadmap for implementation: Actions for CIOS</th>
</tr>
</thead>
</table>
| funding for business scale-up  
  - Complement financing support with support for capacity development | opportunities to CIOS' creative and digital enterprises. E.g. Innovate UK, the Industrial Strategy Challenge Fund (ISCF) and Digital Catapult | CIOS. Potential partner could be the co-located Exeter University |
6 List of References


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(2017), Games Industry in Coventry and Warwickshire – a blueprint for growth.


## 7 Appendix A: List of Interviewees and Focus Group Participants

**Interviewees**

<table>
<thead>
<tr>
<th>No.</th>
<th>Organisation/Profession</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bandit Television</td>
<td>Philippa Giles</td>
</tr>
<tr>
<td>2</td>
<td>Bossa Studios (games developer)</td>
<td>Imre Jele</td>
</tr>
<tr>
<td>3</td>
<td>British Film Commission</td>
<td>Samantha Perahia</td>
</tr>
<tr>
<td>4</td>
<td>British Film Institute</td>
<td>Carol Comley</td>
</tr>
<tr>
<td>5</td>
<td>Buffalo Pictures</td>
<td>Philippa Braithwaite</td>
</tr>
<tr>
<td>6</td>
<td>Cherry Cherry TV</td>
<td>Nico Cotta</td>
</tr>
<tr>
<td>7</td>
<td>Cornwall and Isles of Scilly LEP Board</td>
<td>Emmie Kell</td>
</tr>
<tr>
<td>8</td>
<td>Cornwall Council (filming officer)</td>
<td>Kay Roberts</td>
</tr>
<tr>
<td>9</td>
<td>Creative England</td>
<td>Paul Ashton</td>
</tr>
<tr>
<td>10</td>
<td>Creative Skillset</td>
<td>Kaye Elliot</td>
</tr>
<tr>
<td>11</td>
<td>Cultivator</td>
<td>Laura Giles</td>
</tr>
<tr>
<td>12</td>
<td>Department for Digital, Culture, Media and Sport</td>
<td>James Butler</td>
</tr>
<tr>
<td>13</td>
<td>DMCS (production company)</td>
<td>Dezil Monk</td>
</tr>
<tr>
<td>14</td>
<td>Falmouth University (Vice-Chancellor)</td>
<td>Dr. Anna Carlisle</td>
</tr>
<tr>
<td>15</td>
<td>Falmouth University (Postgraduate programme)</td>
<td>Dr. David Prior</td>
</tr>
<tr>
<td>16</td>
<td>Falmouth University (Games Academy and Digital Economy)</td>
<td>Prof. Tanya Krzywinska</td>
</tr>
<tr>
<td>17</td>
<td>Goonhilly Earth Station Ltd.</td>
<td>Piran Trezise</td>
</tr>
<tr>
<td>18</td>
<td>Invest in Cornwall</td>
<td>Nicola Lloyd</td>
</tr>
<tr>
<td>19</td>
<td>Launchpad</td>
<td>Nick Dixon</td>
</tr>
<tr>
<td>20</td>
<td>Location manager (Poldark)</td>
<td>Poppy Gordon-Clark</td>
</tr>
<tr>
<td>21</td>
<td>Pixel Rain</td>
<td>Grant Batty</td>
</tr>
<tr>
<td>22</td>
<td>UK Screen Alliance</td>
<td>Neil Hatton</td>
</tr>
<tr>
<td>23</td>
<td>Ukie</td>
<td>Dan Wood</td>
</tr>
</tbody>
</table>
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Focus Group Participants

<table>
<thead>
<tr>
<th>No.</th>
<th>Organisation/Profession</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Beagle Creative</td>
<td>Harry Anscombe</td>
</tr>
<tr>
<td>2</td>
<td>Cornwall Council (Film Officer)</td>
<td>Kay Roberts</td>
</tr>
<tr>
<td>3</td>
<td>Director</td>
<td>Brett Harvey</td>
</tr>
<tr>
<td>4</td>
<td>Director of Photography</td>
<td>Morgan Lowndes</td>
</tr>
<tr>
<td>5</td>
<td>Engine House</td>
<td>Jason Robbins</td>
</tr>
<tr>
<td>6</td>
<td>Falmouth School of Film and Television (Director)</td>
<td>Chris Morris</td>
</tr>
<tr>
<td>7</td>
<td>Falmouth School of Film and Television (Technical &amp; Facilities)</td>
<td>David Smithers</td>
</tr>
<tr>
<td>8</td>
<td>Falmouth School of Film and Television (Animation &amp; VFX)</td>
<td>Georg Finch</td>
</tr>
<tr>
<td>9</td>
<td>Falmouth School of Film and Television/Screenwriter/Producer</td>
<td>Neil Fox</td>
</tr>
<tr>
<td>10</td>
<td>Gorton Studio</td>
<td>Neill Gorton</td>
</tr>
<tr>
<td>11</td>
<td>Light Colour Sound</td>
<td>Tim Boydell</td>
</tr>
<tr>
<td>12</td>
<td>Location manager</td>
<td>Amie Tridgell</td>
</tr>
<tr>
<td>13</td>
<td>Script editor / Film festival consultant</td>
<td>Mary Davies</td>
</tr>
<tr>
<td>14</td>
<td>Wildworks Theatre Company</td>
<td>Emma Hogg</td>
</tr>
</tbody>
</table>
### 8 Appendix B: Nesta Geography of Creativity data for CIOS

**Relative distribution of creativity across CIOS**

1 = 1st decile i.e. 0-10%

10 = 10th decile i.e. 91%-100%

<table>
<thead>
<tr>
<th>Cornwall TTWA (Travel to work area)</th>
<th>Film, TV &amp; Radio</th>
<th>Software &amp; Digital</th>
<th>All Creative Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Business Count</td>
<td>Turnover</td>
<td>Employment</td>
</tr>
<tr>
<td>Penzance</td>
<td>4</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Redruth &amp; Truro</td>
<td>6</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Falmouth</td>
<td>5</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>St. Austell &amp; Newquay</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Wadebridge</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Liskeard</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Launceston</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Bude</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Derived from the Nesta’s interactive map of the geography of creativity in the UK.

[http://www.nesta.org.uk/blog/interactive-map-geography-creativity-uk](http://www.nesta.org.uk/blog/interactive-map-geography-creativity-uk)
### Absolute metrics of business creativity across CIOS

<table>
<thead>
<tr>
<th>Cornwall TTWA (Travel to work area)</th>
<th>Creative cluster</th>
<th>Creative employment</th>
<th>Creative employment (% of total)</th>
<th>Number of creative businesses</th>
<th>Creative Businesses (% of total)</th>
<th>Average firm size</th>
<th>Creative GVA (£GBP)</th>
<th>Creative GVA (% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penzance</td>
<td>yes</td>
<td>1259</td>
<td>0.074</td>
<td>162</td>
<td>0.062</td>
<td>7.77</td>
<td>67586</td>
<td>0.097</td>
</tr>
<tr>
<td>Redruth and Truro</td>
<td>no</td>
<td>1218</td>
<td>0.020</td>
<td>293</td>
<td>0.055</td>
<td>4.16</td>
<td>65385</td>
<td>0.024</td>
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<tr>
<td>St Austell and Newquay</td>
<td>no</td>
<td>604</td>
<td>0.014</td>
<td>226</td>
<td>0.043</td>
<td>2.67</td>
<td>32424</td>
<td>0.017</td>
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<tr>
<td>Liskeard</td>
<td>no</td>
<td>584</td>
<td>0.041</td>
<td>102</td>
<td>0.039</td>
<td>5.73</td>
<td>31350</td>
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<tr>
<td>Falmouth</td>
<td>no</td>
<td>508</td>
<td>0.024</td>
<td>194</td>
<td>0.063</td>
<td>2.62</td>
<td>27271</td>
<td>0.031</td>
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<tr>
<td>Wadebridge</td>
<td>no</td>
<td>219</td>
<td>0.021</td>
<td>95</td>
<td>0.044</td>
<td>2.31</td>
<td>11756</td>
<td>0.025</td>
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<tr>
<td>Launceston</td>
<td>no</td>
<td>182</td>
<td>0.022</td>
<td>79</td>
<td>0.040</td>
<td>2.30</td>
<td>9770</td>
<td>0.027</td>
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<tr>
<td>Bude</td>
<td>no</td>
<td>180</td>
<td>0.018</td>
<td>76</td>
<td>0.034</td>
<td>2.37</td>
<td>9663</td>
<td>0.023</td>
</tr>
</tbody>
</table>
9 Appendix C: Additional VR/AR desk research

**Figure 14 Number of VR headsets worldwide**

![Graphic of VR headset shipments worldwide]

Source: Cisco Systems (republished by Statista)

- On the hardware side of the VR market, demand and revenue are expected to be driven by sales of head-mounted displays (HMD). According to Cisco Systems, the number of headsets globally will reach 100 million by 2021.

**Figure 15 Forecast unit shipments of AR and VR headsets**

![Graphic of AR and VR headset shipments forecast]

Source: IDC (republished by Statista)
A forecast by IDC indicates that AR headsets will account for approximately one quarter of all AR/VR headsets shipped worldwide in 2021.

Goldman Sachs forecasts that video games will, by far, be the largest AR/VR segment in 2020 and 2025. It will be followed by healthcare, engineering and live events (Goldman Sachs).

Canada Case Study

Figure 16 Challenges to growth for companies in the VR ecosystem in Canada

VR content and applications are (by far) the most common type of VR product. 84% of companies reported that they made this type of product. VR content refers to anything that can be “used” by the end user (business or consumer).

Of those making VR content, 75% of the VR content is “active” experiences (rather than 360 video).

It is also important to note that many companies often make VR products “for internal use”. For example, 44% of companies make content creation tools for VR internally – presumable because appropriate tools aren’t available on the market yet.

Figure 17 Types of VR products made by companies in Canada’s VR ecosystem
Within Canada’s VR ecosystem, most companies are making VR games. More than half of companies are making VR art experiences and VR training/education tools.

**Figure 18 Types of VR experiences made**

- To reach end users (consumers and businesses) producers of VR experiences are using proprietary apps or websites, online distribution portals, and the app stores of device makers or partners. Each channel is used by approximately 50% of companies.

**Figure 19 Key market channels for VR experiences**
Strategy for the Screen-based Sector in Cornwall and the Isles of Scilly

- 82% of VR companies in the Canadian ecosystem are making VR products with partners. The most common types of partners are other VR start-ups, film/TV production companies, and large technology companies.
- Other important potential partners include VR hardware developers, brands, games companies, and marketing/ad agencies.

*Figure 20 Incidence of partnering in Canada’s VR ecosystem*

- The majority of companies in Canada’s VR ecosystem believe that VR will “go mainstream” in 2-5 years (i.e. 2019 – 2022).

*Figure 21 Years until VR reaches mainstream*

Source: Pulse on VR survey
• Whilst VR is currently seen (overwhelmingly) as an entertainment medium, looking into the future, companies in the VR ecosystem see live events, education and professional development / job training as other important market sectors.
Figure 22 Current and future markets for VR content

Source: Pulse on VR survey
This report contains information obtained or derived from a variety of sources as indicated within the report. Saffery Champness has not sought to establish the reliability of those sources or verified information. Accordingly, no representation or warranty of any kind (whether expressed or implied) is given by Saffery Champness to any person as to the accuracy or completeness of the report. Moreover, the report is not intended to form the basis of any investment decision and does not absolve any third party from concluding its own review in order to verify its contents.
1. Executive Summary

Since the LEP Board on 31 January, work has been ongoing to finalise the 18/22 Business Plan. As well as direct engagement with the Audit and Assurance Committee relating to the proposed 18/19 budget, a workshop session was held on 22 February with Board Directors to go through the proposed Business Plan and 18/19 Operational Plan in more detail. This report seeks Board approval subject to final editing.

2. Impact/Outcomes/Issues

Whilst this document may continue to evolve to a limited extent, the main priorities and budget are now clearly outlined.

Whilst not a public facing document as such, the plan and budget will be placed on the LEP website, subject to support from the LEP Board at this meeting. It should be noted that final editing will be completed following final Board comments.

The Board is recommended to formally support this plan to aid our overall implementation and budget prioritisation, as well as giving clear operational direction to the work of the Executive.

All performance and operational reporting to the LEP Board in 2018/19 will be based on this plan.

3. Appendices

Appendix 1: 2018/22 Business Plan (to follow)
Comments: The Business Plan and four year budget aligns with Cornwall Council’s recently approved medium term financial plan in terms of timescales and the proposed budgets for the Council’s economic growth service revenue budget. The LEP’s budget assumes the same level of Government core and capacity funding of £0.500m p.a in years three and four, although at this stage there is no guarantee this funding will be available.
Capital budgets reflect the latest approved programmes for Cornwall Council economic growth service and the LEP.
Date of Board Meeting: **Wednesday 14 March 2018**

Report Title: **New Frontiers**

Author(s): **Steven Ford, Cornwall Deal Programme Lead and Charlotte Morgan, Devolution Deal Policy Officer, Cornwall Council**

Contact: **staford@cornwall.gov.uk; cmorgan@cornwall.gov.uk**

| Decision Required by the Board **Y/N** | Y |
| For Information Only **Y/N** | N |

**Recommendation(s)**

1. The Cornwall & Isles of Scilly LEP Board endorses the principles of the ‘New Frontiers’ future devolution proposition for Cornwall and the Isles of Scilly and notes the document is still subject to final editing.

**1. Executive Summary**

*New Frontiers* is a proposition to Government for a series of inter-linked devolution, fiscal and policy enablers to be transferred to Cornwall and the Isles of Scilly. Its main purpose is to outline a series of ‘asks’ and ‘offers’ to Government that taken collectively will improve the economic, environmental and social resilience of Cornwall and the Isles of Scilly. Developed by a wide range of partners, *New Frontiers* is designed to build on the progress that Cornwall has made through its 2015 Devolution Deal. However, in contrast to the Cornwall Devolution Deal which was a single agreement, and reflecting the partnership nature of this document, there may be ‘multiple deals’ that are agreed within the wider framework of the New Frontiers document.

This document is not a strategy; it is designed to support the delivery of specific elements of the existing strategies (such as the 10 Priorities) of Cornwall & Isles of Scilly Leadership Board members and partners. The proposition contains sections that are designed to strengthen our ability to plan in a post Brexit world, develop our distinctive strengths and take on more powers and responsibilities for a range of important services.

It is designed as a ‘next step’ on from the Cornwall Deal, with a stronger partnership element contributing towards the content. It is not solely focussed on devolution, with a balanced set of ‘asks’ that mix a range of policy, fiscal and sector based propositions that collectively will enable Cornwall and the Isles of Scilly to meet many of its strategic ambitions.
New Frontiers should be seen as a starting point for a negotiation: any agreements that are made with Government would need to come back through the appropriate governance structures. It is an articulation in a single document of the tools required to allow a wide range of partners to realise specific strategic ambitions. The first deal came about at the time of the Scottish referendum; Brexit is creating another point in time where shaping a proposition for Cornwall and the Isles of Scilly is timely. The full document can be seen in appendix one.

2. Impact/Outcomes/Issues

Significant changes have been made to the document since it was last presented to the LEP board based on feedback received, and these include:

- The purpose of the document has been made clearer, outlining that it is not solely a devolution document
- A strong spine linked to ‘resilience’ has been integrated into the text, with a focus on the ‘triple bottom line’ of economy, social and environmental; this has helped bind the 3 main sections of the document
- We have worked closely with LEP and Economic Growth colleagues to change the emphasis of the document, including holding a workshop
- Significant editorial input into the ‘distinctive strengths’ section to make the links to the ‘Grand Challenges’ of the Industrial Strategy clearer
- The governance relationship between the Cornwall and Isles of Scilly Leadership Board and its component membership has been made clearer, especially in relation to delivery
- Greater emphasis has been placed on clean growth, with a separate chapter under distinctive strengths and two new sub sections on the Energy Innovation Zone and developing Future Energy Markets
- Stronger links have been made to existing strategies, including the 10 Priorities
- We have made the demarcation between Cornwall only and Cornwall and the Isles of Scilly initiatives (and potentially Isles of Scilly only)
- We are still waiting to finalise a number of sections – including employment and skills and environment
- The Health and Social Care section has undergone revisions to the proposed governance structures

Additionally, input has been sought from a number of the LEP board members, Cornwall Council cabinet members, NHS colleagues, the University of Exeter, blue light services and a range of other partners, and New Frontiers is due to be presented at a number of other boards including the Local Nature Partnership, the Health and Wellbeing Board and Cornwall Council Cabinet.

It is proposed that the Cornwall & Isles of Scilly Leadership Board will ‘sign off’ New Frontiers during its meeting on 20th April. This ‘sign off’ is intended to add weight to the final proposition so that we can evidence strong partnership support for all elements of the New Frontiers proposal, even though the responsibility for delivery will still reside with the component boards and organisations.

3. Options available and consideration of risk

Alternative approach: Do nothing
If we do not submit proposals to the UK Government now, we risk being left behind as other regions of England negotiate deals (the most recent deal being agreed with the West Midlands Combined Authority in November 2017) and we risk not being able to make the most of any opportunities for greater local decision-making arising from Brexit.

4. Financial Implications

There are no financial implications involved for the LEP in endorsing the principles of the New Frontiers document. Individual elements of the document would need the go through the appropriate governance structures should there be any financial implications.

5. Appendices

Appendix 1 - New Frontiers (draft) – TO FOLLOW

Section 151 (finance) Officer Commentary and sign off

<table>
<thead>
<tr>
<th>Name:</th>
<th>Wayne Rickard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>05/03/18</td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
</tr>
</tbody>
</table>
Date of Board Meeting: 14 March 2018
Report Title: CEO Report
Author: Sandra Rothwell
Contact: srothwell@cioslep.com

Decision Required by the Board Y/N: N
For Information Only Y/N: Y

Recommendation(s)
1. To note overall progress across operational activity.

1. CAPACITY AND GOVERNANCE

Capacity
The capacity review between the LEP and Cornwall Council is now complete for the core LEP team, all external recruitment is also now complete to fill remaining vacancies in the supporting teams. New staff should be in post, in the main, by April 2018.

The imminent departure of the LEP CEO and immediate impact has been the subject of further Board discussion. It is not anticipated that this will lead to any change in structure or governance arrangements. The LEP Chair, working with a specific Nominations Panel is leading the process for a replacement. A Board Report recently circulated under written procedure outlined next steps. The LEP CEO, working closely with the LEP Chair and Strategic Director at Cornwall Council, has also sought to ensure adequate interim cover across the team in the period between her departure date and commencement of a new CEO in post.

Board Recruitment
On 1 February 2018 interviews for the position of Non-Executive Director were held. The LEP Nominations Committee, as appointed by the Board, circulated a written resolution recommending 5 individuals as Directors of the Company.

The deadline for response was 12 March 2018.

The LEP Executive will be supporting new Non-Executive Directors with a full induction to commence in late March/early April ahead of attendance from the May Board.
**Governance, Protocol and Reporting**

Alongside the implementation and establishment of the new team and enhanced capacity for delivery, the LEP Executive has continued with its detailed review of LEP governance. The team is working closely with the Audit and Assurance and Nominations Committees and influenced by the **Ney Review**, the forthcoming revision of the National Assurance Framework and Grant Thornton’s supporting work on review of governance. In early February, the Audit and Assurance Committee met and approved the draft revised Assurance Framework, and proposed revised reporting on both performance and risk. The Assurance Framework has subsequently been approved by the Accountable Body Section 151 officer and we have written to the Ministry for Housing, Communities and Local Government confirming our compliance with the Ney recommendations, placing the revised Assurance Framework on our website ahead of the 28 February deadline. Further detail on the full Governance review is provided in agenda item 5.3.

Linked to this, the LEP Executive are completing the process for applying for 2018-19 LEP Core Funding. The deadline of which is 14 March 2018.

The LEP Executive has now received a written response to the Annual Conversation held in December 2017 (**Appendix 1**). As anticipated and agreed at the meeting, there are areas that require further improvement as well as areas of strength. The identified actions from the Annual Conversation highlighted in the letter are being addressed:

**Governance**

- The new assurance regime (within the assurance framework) is largely in place. A key action is the first meeting of the revised Investment Panel which will be taking place in April. This will have a revised terms of reference ensuring it performs as a programme oversight panel.
- Work is underway to review the Accountable Body role – including a review of the fixed fee arrangement. We have been supported in this work through independent review undertaken by Grant Thornton. This work forms part of the ‘deeper review’ and aims to reduce complexity where possible.
- The LEP website is under review and will be ‘refreshed’ in April 2018 to make accessing key information easier. All elements of the Assurance Framework are now in place on the existing website format.
- The minimum requirements for the NEY Review were met by the 28/02 deadline.

**Delivery**

- Last month we set out how we would minimise underspend for the 17/18 Growth Deal programme period. The latest summary can be found in section 3 of this report.
- We are actively building in milestones to all Growth Deal 3 projects.

**Strategy**

- We have undertaken a major review of performance indicators, which now feature in our business plan.
- We have also prioritised a sector focus for 18/19 and beyond through our work with 10 Opportunities.
2. BUSINESS PLAN PROGRESS 2017/18

The 2017/18 budget is attached at Appendix 2 showing commitments to end of January 2017.

Principal items of spend to be completed before the end of the current financial year, include:

- Remaining in year commitments to supporting the Spaceport bid
- The Space Action Plan and Business Supply Chain Event
- The annual contribution to the Enterprise Advisers programme

We have also had confirmation of further Growth Hub funding allocation, subject to submission of our proposal, of a further £205,000 per annum for the next two years. We have begun a discussion with BEIS on alternative approaches to using these funds and in particular to building a strengthened approach to supporting Scale Up businesses.

More detail on the proposed budget for 2018/19 is provided in the Business Plan at Agenda item 4.2

There are no matters of compliance to escalate.

In terms of corporate risk, the Board should note the revised risk register at Appendix 3. The Board should note the revised risk register format which is as a result of the governance review and work with the Audit and Assurance Committee to review the way performance and risk is captured and reported to the Board. The LEP Executive would welcome any comments or feedback the Board may have.

There are no known programmes or projects that are considered as red risk for escalation to the Board.

2.1 BUSINESS PLAN DELIVERY HIGHLIGHTS:

**Financial Instruments**

The British Business Banks’ procurement of a fund manager for the Cornwall and Isles of Scilly Investment Fund (CIoSIF) was launched on 26 February. A briefing event for prospective fund managers was held at the Headland Hotel in Newquay on 8 March. Following completion of the procurement/award process it is anticipated the fund will launch to business by June 2018. The first formal meeting of the CIoSIF Advisory Board, chaired by John Acornley, took place on 7 March.

**Shared Prosperity Fund**

Additional significant activity on the UK Shared Prosperity Fund (SPF) is on hold pending the launch of the Governments consultation. No date for this has been set yet but could be anytime between June and October 2018 with an expectation that the fund will not be launched until 2021/22. Key principles have been agreed by Cornwall Council Cabinet and these have also been discussed by the LEP Board. The work undertaken to date has been useful in preparing the groundwork for the consultation when it is launched but it is recognised further work and engagement will be required with local partners once the detail of the consultation is known. It is too early to predict any detail on the scope and scale of the UK SPF.
Preparation work for the SPF is continuing and the focus of the Economic Growth team and LEP executive has now shifted to the following activity:

- Working with partners to develop the concept of “Adopting a more Inclusive Growth Approach”. A workshop is planned for the 13th of March 2018 and will involve members of the Council’s Overview and Scrutiny Committee as well as a representative of the Private sector, Social Enterprise, Public sector, Voluntary Sector and the Creative Sector. The outcome of the workshop will be a set of principles that will be used to inform an approach to inclusive growth and will be used as the basis for further discussions with local stakeholders regarding the UK SPF.
- Working on a revised set of indicators that can be used to track progress towards the outcomes and targets identified in Vision 2030 and how any future funding will help to deliver the aspirations identified in that document. A draft of this work was presented to the LEP board at the workshop on the 22nd February and the feedback from that meeting is now being used to refine the work.

A further presentation of this work and how the UK SPF can help to deliver continued progress towards our Vision 2030 objectives will be provided at a future LEP Board for consideration.

Unlocking additionality through the Growth & Skills Hub

The LEP through BEIS funding recently extended the visibility of the Growth & Skills Hub with a London based campaign in collaboration with Invest in Cornwall.

Head of Inward Investment Nicola Lloyd developed a relationship with JCDecaux resulting in an opportunity for CIoS to take advantage of the ‘Nurture’ programme which JCDecaux match funded to allow SMEs to use their screens. The main premise of the ‘Nurture’ programme is to help small businesses scale up - with constant and repeated exposure through posters, billboards, digital screens and iconic sites, they help ramp up the growth of businesses and grow recognition.

Through Invest in Cornwall’s Brand Ambassador Programme (showcasing successful businesses and business leaders across the region) we were, via the JCDecaux platform, able to promote numerous SME’s from Cornwall, utilising a number of digital screens throughout the capital – allowing CIoS to be promoted at a regional level, rather than just singular businesses which are usually promoted through the Nurture programme. This was a massive coup to attract innovative, progressive, ‘Next Generation’ businesses into CIoS. The campaign highlighted the existing business community and focused on the delivery of five key themes: Business, entrepreneurs, workforce, jobs and lifestyle.

The story of success from Cornwall, and business faces behind the campaign included:
- Tom Telford, 3WhiteHats
- Alan Sanders, Sanders Studios
- Fiona Campbell-Howes, Radix Communications
- Rob Love, Crowdfunder
- Martin Nixon, Nixon Design

The campaign directs people to the Invest in Cornwall website and onto the Growth & Skills Hub; this aligned approach targets both BEIS and the Cornwall Devolution Deal Business Support stream ambitions of a simplified business support landscape for business engagement and the ambition for our SME’s to scale-up.
The statistical outcomes of the first campaign included:

- 40 screens generating **21.6 million** viewed impressions
- **One** immediate substantial business lead
- A media opportunity with **CNBC** for IiC & Radix (Radix were interviewed directly off the back of the JCD advertising campaign – the billboards were spotted by one of CNBC’s lead journalists)
- **14** business level leads
- Broadcast journalist interest including; **ITV West Country, BBC Radio Cornwall, Heart South West**
- A **521.25%** increase in visitors from London to the IiC website
- Overall total increase of visitors to the IiC website **177.47%**
- “It was a real thrill and a privilege for Radix to be featured in this campaign” Fiona, Radix Communications
- “The reaction on Social Media has been fantastic - a great initiative for Cornwall!” Tom, 3WhiteHats
- A **20% increase in organic traffic from London** – attributed to people searching for ‘Cornwall / Next Generation Cornwall / Invest in Cornwall’ after physically seeing the ads.

Second campaign:
Due to the success of the first campaign, the LEP is able to utilise existing BEIS funding to extend it further due to space on the screens becoming unexpectedly available. The second campaign will commence on **26 Feb for 2 weeks** and will be on **84** screens at the following locations:

- Charing Cross
- Cannon Street
- City Thameslink
- Fenchurch Street
- Gatwick Airport
- Liverpool Street
- London Bridge
- London Paddington

The LEP exec encourages Directors who may be in London over the next two weeks to seek out the screens and take photos. If you use Twitter we would appreciate you tagging: @LEPCornwall_IoS @invest_cornwall @growthskillshub plus the business within the screen to show LEP support of this innovative campaign - it also helps us promote the invaluable business support provided in the region and the added value it can have in supporting business growth.

You can find out more on IiC website [https://investincornwall.com/campaign/] we expect a full analysis of the campaign within the next Board papers in May.

**Business Regulatory Support**
As part of the of the LEP led Business Support devo work stream Business Regulatory Support (BRS part of the ‘Better Business for All’ initiative) was aligned to the [www.ciosgrowthhub.com](http://www.ciosgrowthhub.com) in March 2017 to ensure a seamless service for business across all business support and local business regulatory services. The project has been very successful and its end of year report (Feb 17- Dec 17, aligned with BEIS timeframes) is very positive:

<table>
<thead>
<tr>
<th>Incoming businesses request assists via the BRS Hub</th>
<th>Target</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3000</td>
<td>4386</td>
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</table>
Existing businesses supported | Target | Achieved  
--- | --- | ---  
6000 | 8548  
New business start-ups | Target | Achieved  
500 | 686  
Business uptake of new business support services | Target | Achieved  
2000 | 2670  

### 2.2 FUNDING PROGRAMMES:

**Programme Performance**

The following summarises our key overall output targets. These targets relate to programmes directly under LEP control. This is still ‘a work in progress’ and further integration across our programmes is ongoing. The Board should note that the majority of the outputs will be realised towards the end of the programme due to the significant investment relating to enabling infrastructure. This is also highlighted in output returns to HM Government (please note this format is subject to change pending the governance review).

#### PROGRAMMES TO 2021*

<table>
<thead>
<tr>
<th>PROGRAMME</th>
<th>Target</th>
<th>To Date</th>
<th>Status Against Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerohub / Enterprise Zone</td>
<td>500</td>
<td>350</td>
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<tr>
<td>GD 1&amp;2 LTB Project Transport</td>
<td>9476</td>
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<td></td>
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<tr>
<td>GD 2 Superfast Broadband</td>
<td>135</td>
<td>29</td>
<td></td>
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<tr>
<td>CC - Regional Growth Fund</td>
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<td>5151</td>
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<tr>
<td>CC- Growing Places Fund</td>
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<td>939</td>
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<td><strong>Total</strong></td>
<td><strong>15312</strong></td>
<td><strong>6469</strong></td>
<td><strong>42%</strong></td>
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**NB: Does not include Growth Hub at this stage**

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<th>Target</th>
<th>To Date</th>
<th>Status Against Target</th>
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<td>13</td>
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<td>GD 2 Superfast Broadband</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1000</strong></td>
<td><strong>194</strong></td>
<td><strong>19.40%</strong></td>
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<th>Status Against Target</th>
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<td></td>
<td>Leverage</td>
<td>Status Against Target</td>
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<tr>
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<td><strong>Aerohub / Enterprise Zone</strong></td>
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<td><strong>Total</strong></td>
<td><strong>£64,106,000.00</strong></td>
<td><strong>£156,705,000.00</strong></td>
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<td><strong>Aerohub / Enterprise Zone</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>5527</strong></td>
<td><strong>44</strong></td>
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*Programmes fund to 2021, although some target achievement dates go beyond 2021.*

**Growth Deal (GD) Update:**

The Growth Deal (GD) Programme is making good progress against the suite of projects from GD 1&2 of the Local Growth Fund. The LEP Executive Team have been working closely with applicants to bring forward spend, where possible. However, delays in contracting GD3 projects has resulted in an under-spend against profile for 2017/18.

Appendix 4 summarises the confirmed performance and risk profile of each of the GD investments at Quarter 3 2017/18. The investments for GD 1&2 are infrastructure projects, and therefore as previously reported, the outputs will not be achieved in the short term.

We have worked closely with applicants to bring forward spend for the GD 1&2 projects where possible. £4.3m has been brought forward to 2017/18 from future years. Following the request from the LEP, the applicants reviewed expenditure and were able to re-profile the grant income by drawing down 2018-19 grant in 2017-18, and moving other sources of funding back into 2018-19. In doing this we needed to
ensure that no negative impact was placed on other funding programmes such as ERDF.

The total expenditure overall for GD 1&2 is now at 87% of total GD 1&2 investment. Only 5 projects remain active (others having completed) and further pressure will be applied to the applicant to accelerate spend. Unavoidable delays in contracting GD3 projects has resulted in a lower than anticipated spend profile for GD3 for 2017/18. At the date of this report two GD3 investments are contracted with five more in progress, however, only £0.784m has currently been spent in 2017/18 compared to an original target of £2,968,629.

Taking into account the progress on GD1,2 and 3 there is a £2,140,703 variance based on the original target spend for 2017/18 (£23,817,019), or 91% of target. It is important to note that the target includes deficit carried over from previous years (£7m).

Further mitigation and action is underway, including expediting the financial process for both CC and CIOSLEP. This could include the acceleration of project claims and the LEP payment process. Other considerations including using GD as an offset fund (e.g. forward funding DfT Block Allocation or CC capital programme) are being explored. Any action taken will need to be endorsed by HM Government and the LEP Investment Panel.

For 2018/19 two GD3 projects (£2.8m) are potentially in the form of a loan and therefore can be paid as soon as the projects are formally contracted, we are targeting Q1 2018/19. GD3 projects will include quarterly payment milestones within the Grant Funding Agreements which will be tracked and monitored by the CIOSLEP Programmes Team and reported to the LEP Investment Panel. This will allow greater control of the spend profile and evidence to take action if required.

**The Cornwall and Isles of Scilly Growth Programme update:**

**Live calls:**
- **EAFRD - RDPE Calls.** Business development, Food processing and Rural tourism infrastructure - £6.5m

Page 107
Anticipated Calls

- Priority Axis 1, 2, 3, 4 and 7 anticipated for the second half of 2018.

PA3 Call (SME Competitiveness)

The LEP Executive attended a meeting called by the Business Support Delivery Board (BSBD) with the ERDF Managing Authority to discuss project concerns with the lack of pace on the current round of PA3. As current contract end dates approach the business support providers were concerned that the time from Expression of Interest to contract could potentially mean there would be a gap in provision, or projects operate at risk. After discussion, it was decided that those supports who are invited to full application would prefer to complete the full application process rather than project change requests, in response the Managing Authority reassured the BSDB that they would work to expedite applications to ensure that those projects with near end dates could reassure staff in the first instance that the project would be continuing. Discussion briefly touched on the future timing of the second PA3 call, but concern was mostly focused on the current round. It should be noted that a future ERDF PA3 call should align with ESF to ensure supports that are joint funded can align their EOIs, for example, Creative Cultivator.

Current outstanding ESF calls - £28m

There are a number of projects which have remained outstanding for well over 12 months.

Issues to be considered

- Delays in DWP appraising bids and communicating outcomes has created local challenges such as:
  - Risk to match funding
  - Risk to provider cash flow
  - Increased bureaucracy and level of claim interrogation
  - Increased depth of appraisal questioning and scrutiny prior to contract award impacts on efficiency and timeliness
  - Questions over additional added value parameters beyond specification targets, lack of guidance, thus open to interpretation by appraiser/auditors
- Eligibility checks and increased challenge by DWP/Opt-ins to secure evidence of individual data such as right to work is affecting access for a number of the most disadvantaged and vulnerable people targeted by the programme.
- Contracts coming to an end – some projects are coming to an end in December 2018. In order to avoid further delays there needs to be a plan in place and guidance for extensions where appropriate.
- As a result of delays there is a risk to meeting N+3 and performance framework targets resulting in de-commitment. Whilst base commitment looks positive actual investment spend is lagging.
- The expected review of the OP has also been delayed leading to uncertainty – lack of clarity on financial and output indicators remains a challenge to programming. In order to escalate performance issues the following actions have been taken:
  - Letter (Appendix 5) sent from the Cornwall and Isles of Scilly Leadership Board to ministers to highlight risk of returning ESF to Brussels at the end of the year due to underperformance. A response is awaited.
  - The LEP CEO attended the Select Committee for Work and Pensions in the House of Commons to give evidence and provide experiences from CIoS. The Committee is holding an inquiry into the European Social Fund, and the impact leaving the EU will have on the beneficiaries of that funding.
• Engagement with Managing Authority to ensure issues are discussed and pressure is maintained to release calls, contract projects and drive claims.
• Cornwall Council Intermediate Body prioritising assessing latest set of applications and developing new calls.

ESF Future Calls – still £41m (ESF) to be commissioned

3. COMMUNICATIONS

Summary (from 15 January to 28 February 2018):

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newsletter</td>
<td>1,673</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>235</td>
</tr>
<tr>
<td>Twitter</td>
<td>2,517</td>
</tr>
<tr>
<td>Attendance/engagement</td>
<td>269</td>
</tr>
<tr>
<td>Views of 10 opps</td>
<td>1,815</td>
</tr>
<tr>
<td>Downloads of 10 opps</td>
<td>263</td>
</tr>
</tbody>
</table>

Upcoming Ten Opportunities events:
• 7 March - Isles of Scilly Business Week
• 14 March – The Alverton, Truro
• 28 March - St Austell Conference Centre, St Austell

The Goonhilly announcement alone secured over £400,000 (AVE) of coverage with a potential audience reach of more than 36 million people. DCA’s video featuring the LEP CEO and Ian Jones has so far had more than 3,600 views on social media and the story attracted 50,000 impressions on Twitter in the first 24 hours.

The highlight was a three-minute package on the national BBC1 six o’clock news, later repeated on BBC News 24. An audio package also ran on the BBC Radio 4 6pm news, and the story dominated the regional news bulletins. It was featured in The Times and Daily Telegraph, and the front page of the Western Morning News, and has been carried by a wide range of trade websites around the world.

Since the January Board key DCA communications activity has included LEP-owned blogs and media releases on:
  o Hall for Cornwall secures go ahead for £20m investment
  o £8.4 million investment to develop Goonhilly Earth Station for deep space missions
  o Preparation for CEO’s monthly Radio Cornwall slot

Forward planning – highlight meetings/events:
19 March Growth Hub Event (London)
19 March Construction Strategy Steering Group

Page 109
20 March LEP Network CEO/Chairs workshop and Chairs dinner (London)
21 March Growth Programme Board (London)
22 March Westminster Business Forum - Priorities for the UK space industry (London)
28 March 10 Opportunities Roadshow
29 March LEP Construction Summit
12 April ITI Board
18 April Finance Cornwall
19 April Cornwall Business Awards (LEP sponsoring Manufacturer of the Year)
20 April Cornwall and IoS Leadership Board
23 April CLoS LEP EZ Board
1 May Employment and Skills Board
1 May South West LEPs' Chairs' and CEOs' Meeting
2 May LEP Board Informal Breakfast (tbc)
8 May LEP Network CEO Meeting (London)
15 May Cornwall Executive Group
16 May LEP Board

Appendices
Appendix 1: Annual Conversation letter
Appendix 2: January Budget Monitor
Appendix 3: Corporate Risk Register
Appendix 4: GD Performance and Risk Profile
Appendix 5: ESF Letter
Appendix 6: Economic Update

Section 151 Officer Commentary and sign off

<table>
<thead>
<tr>
<th>Name:</th>
<th>Wayne Rickard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>6 March 2018</td>
</tr>
<tr>
<td>Comments:</td>
<td></td>
</tr>
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</table>
## CORE EXPENDITURE

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 2017/18 £</th>
<th>Actual Spend at 31st January 2018 £</th>
<th>Committed/Unspent 2017/18 £</th>
<th>Budget Remaining 2017/18 £</th>
<th>Future Years</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>Public sector funding</td>
<td>250,000</td>
<td>0</td>
<td>250,000</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Joint Funding (LFF)</td>
<td>400,000</td>
<td>0</td>
<td>400,000</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Strategic Fulfilment (SF)</td>
<td>250,000</td>
<td>0</td>
<td>250,000</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Capital Interest Accrued 2017-18 estimate</td>
<td>150,000</td>
<td>0</td>
<td>150,000</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>840,000</td>
<td>0</td>
<td>840,000</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

### NON-RINGFENCED INCOME

- **Public sector funding**: £150,000
- **Core Funding (HMG)**: £250,000
- **Strategy Funding (BIS)**: £250,000

### Ring-fenced Grant Income

- **Capital Interest Accrued**: £190,000
- **Growing Places/Growth Deal interest due & balance interest**: £124,748

### Future Years Notes

- **Future years Business Rates Growth**: £600,000
- **Future years debt income (GIS)**: £2,600,000

### TOTAL REVENUE INCOME

- **Total Revenue Income**: £3,411,912

### Un-ringfenced

- **Unringfenced**: £2,078,859

### Ringfenced

- **Ringfenced**: £1,333,053

### EXPENDITURE BREAKDOWN

#### Administrative Costs

- **Total salary and employee costs**: £405,506
- **Transport**: £15,000
- **Total supplies and services**: £27,109

#### Grants and Future Programmes

- **Innovation and Creativity**: £150,000
- **Productivity-led Growth**: £615,000
- **Inclusive Growth**: £25,000
- **Building Great Careers**: £230,000
- **Vibrant Communities**: £174,196
- **Global Presence**: £80,000

#### Other Revenue

- **Communications and Engagement**: £75,000
- **Programme Management**: £140,000
- **Economic Policy & Analysis (inc. SEP)**: £50,000
- **LEP Company Transfer of Funds**: £83,000
- **Specific Revenue (Growth Hub)**: £205,000
- **Enterprise Zone Re-investment (via EZ Board)**: £200,000

### Other Expenditure Including Audit/Insurance

- **4,440**: £4,440

### TOTAL

- **83,000**: £83,000

### TOTAL CAPITAL EXPENDITURE

- **Capital Income**: £26,989,482
- **Balance b/f from previous year (Capital)**: £18,499,703
- **Future Years Grant (Capital) income**: £22,925,199

### OVERALL TOTAL (Revenue + Capital)

- **39,558,198**: £39,558,198

### RESERVE BALANCE

- **843,406**: £843,406
# CIoS LEP Principal Board Level Corporate Risks and Uncertainties Register

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Risk</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The low, medium and high risk level is our estimate of the **net risk** to the Board after mitigation. It is important to note that risk is difficult to estimate with accuracy and therefore may be more or less than indicated.

Current assessment of direction of travel of risk level.

### CIoS LEP Principal Risks

<table>
<thead>
<tr>
<th>Principal Risks</th>
<th>Gross Risk Score (as of 31 Jan)</th>
<th>Mitigation</th>
<th>Net Risk (Post Mitigation)</th>
<th>Direction Since Last Review</th>
<th>Comments or Control Measure/Action</th>
<th>Owner</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of appropriate and adequate governance arrangements across all LEP activity</td>
<td>4</td>
<td>Implementation of LEP Assurance Framework, Governance through Quarterly LEP Audit &amp; Assurance committee. Executive Team monitor and ensure good governance and compliance and regular appropriate reporting for both main Board and revised sub-Board and groups structure. Reviewed annually by CC Internal Audit (as accountable body). Reviewed as part of Annual Conversation with MHCLG. Assurance Framework now aligned to 2017 HMG guidance. MOU revised and aligned to new LEP/CC capacity review. External audit of governance to be undertaken in January 2018. Ney Review recommendations being addressed and built into governance review</td>
<td>4</td>
<td>↓</td>
<td>Work to the LEP Assurance Framework, the LEP/CC MOU and ensure alignment and compliance with the National Assurance Framework.</td>
<td>Tim Bagshaw</td>
<td>Open</td>
</tr>
<tr>
<td>Lack of adequate resources in place</td>
<td>5</td>
<td>Core funding confirmed in principle to March 2020. This is dependant on completion of governance review (CP1). Growth Deal 3 invested strategically to support Vision 2030 priorities. Future investment for business through CIoS Investment Fund forthcoming and LEP support for Cornwall Council investment programme. Utilising all income streams where possible and taking forward work to realise financial sustainability and delivery of priorities. Note importance of Shared Prosperity Fund negotiations.</td>
<td>4</td>
<td>↓</td>
<td>Monthly Executive budget management meetings; budget report to every Board; full review of budget at bi-annual Audit and Assurance Committee; Annual Board review of budget and business planning process. New resource to monitor in detail Growth Deal and other LEP investment.</td>
<td>Sandra Rathwell</td>
<td>Open</td>
</tr>
</tbody>
</table>
### CP3. Poor overall financial compliance

To ensure strong financial controls are in place to support all LEP core funding and external investment.

| CP3 | 4 | Cornwall Council acts the LEP Accountable Body covered through the LEP AF,<br>Monthly LEP/CC Finance and Monitoring meetings.<br>Additional resource within the Executive Team provides monitoring and compliance assurances through detailed support for LEP investments. Additional and legal assurance through annual independent external audit of accounts. | 4 | Revised severity of risk following the audit findings report - revised actions being taken to address those comments.<br>LEP conducts its Financial affairs through the Accountable Body,<br>Whole LEP approach reviewed and audited annually by independent external body.<br>Sandra Rothwell | Open |

### CP4. Inadequate programme management of external funding programmes and initiatives under direct LEP responsibility

To ensure effective programme management leads to compliant activity and implementation focused on Strategic Economic Plan delivery.

| CP4 | 4 | New team resource in place to ensure strong programme management of external funding.<br>LEP Executive representation at all Programme Board/contract meetings and reports in detail to LEP Board on quarterly basis.<br>Regular finance and monitoring reviews with project delivery bodies.<br>CEO reports any escalation matters to every LEP Board if required.<br>All processes currently under review as part of governance audit and impact of Ney Review. | 4 | Delivered through bespoke programme management arrangements such as EZ Board, CDC contract meetings and LTB (or its equivalent - tbc). Regular (monthly) support from Accountable Body, inc Internal Audit where appropriate. Quarterly updates to HMG and detailed Annual Review. All processes currently under review as part of governance audit and impact of Ney Review.<br>Greg Slater | Open |

### CP5. Devolution Deal fails to be implemented

Given the potential impact and importance of the DD, it is singled out as a specific initiative to oversee corporate level risks.

| CP5 | 4 | Demonstratable and regular business advocacy through the work of the LEP and progress achieved through business input.<br>Managed through regular contract meetings with the Communications Manager and the LEP PR & Media agency, clear detailed risk register and a focus on KPIs for comms.<br>Communications Strategy in place with clear media protocols. | 3 | A detailed and programme of engagement with business and industry in support of Vision 2030 and 10 Opportunities priorities.<br>Communications Strategy and protocols in place with Local Authorities and key delivery bodies/programmes (written into all funding contracts with the LEP).<br>Tim Bagshaw | Open |

### CP6. Poor reputational management and communications

To ensure position where there is strong Government, public and private sector reputation and engagement and a clear independent business voice to the work of the LEP.

To ensure effective communications for all LEP activity - manage any difficult publicity as well as good news stories.

Loss of confidence in the LEP to lead economic growth for Cornwall and Isles of Scilly.

| CP6 | 4 | Demonstratable and regular business advocacy through the work of the LEP and progress achieved through business input.<br>Managed through regular contract meetings with the Communications Manager and the LEP PR & Media agency, clear detailed risk register and a focus on KPIs for comms.<br>Communications Strategy in place with clear media protocols. | 2 | A detailed and programme of engagement with business and industry in support of Vision 2030 and 10 Opportunities priorities.<br>Communications Strategy and protocols in place with Local Authorities and key delivery bodies/programmes (written into all funding contracts with the LEP).<br>Tim Bagshaw | Open |

### CP7. Failure to deal with impact of referendum result

Loss of EU funds and lack of clearly defined exit arrangements leads to inability to delivery SEP. Major project investments do not happen. Loss of business confidence to invest. SEP priorities and KPI’s not delivered.

| CP7 | 4 | A strong LEP Executive team established with strong support from Cornwall Council Economic Growth Service focussed on Vision 2030 and 10 Opportunities priorities ensures strong continued LEP delivery throughout the transition period. LEP Nominations Committee will lead the recruitment process ensuring appropriate private sector involvement and timely delivery. | 4 | Capacity review undertaken Q2/3 17/18 - increased resource in place to respond to the priorities of Vision 2030 and 10 Opportunities.<br>Nominations Panel established, comprising of the LEP Chair, CEO’s of both Local Authorities, and two other LEP Directors. | LEP Chair | Open |

### CP8. Replacement of LEP CEO

Ensuring good transfer from current postholder through interim arrangements to new full time CEO.

Protracted time period in securing interim postholder and eventual full time postholder leads to loss of momentum in LEP delivery and loss of external confidence in LEP capability.

| CP8 | 4 | A strong LEP Executive team established with strong support from Cornwall Council Economic Growth Service focussed on Vision 2030 and 10 Opportunities priorities ensures strong continued LEP delivery throughout the transition period. LEP Nominations Committee will lead the recruitment process ensuring appropriate private sector involvement and timely delivery. | 4 | Capacity review undertaken Q2/3 17/18 - increased resource in place to respond to the priorities of Vision 2030 and 10 Opportunities.<br>Nominations Panel established, comprising of the LEP Chair, CEO’s of both Local Authorities, and two other LEP Directors. | LEP Chair | Open |
**Ref** | **Project Name** | **Previous Quarter** | **Current Quarter** | **Risk Change** | **% Grant Spent** | **% Milestones Achieved** | **% Outputs Delivered** | **Commentary**
---|---|---|---|---|---|---|---|---
LGFCIS_1 | Night Riviera | 8 | 10 | 2 | 66% | 66% | 20% | 20% | 0% | 0% | One additional sleeper carriage brought in time, making eleven new carriages in operation as part of the Night Riviera rolling stock improvement. A new sleeper and 3 seated carriages. All of the proposed new sleeper carriages are in service. Currently there are three new carriages in production, on Buffet car, a Brake Van (for holding goods, cases bikes etc.) and one sleeper disabled carriage (the first three). However CSV contractor have reported delays in loading new carriages. The new carriages will be delivered before Contract completion. The planned completion delayed until the summer, an additional three months to the previously reported March 2018.
LGFCIS_2 | Newquay Growth Area (NSR) | 5 | 9 | 4 | 100% | 100% | 78% | 78% | 0% | 0% | The Project is complete. New junction on the A302 was completed in March 2017 and entered into the 12-month Defects Period. The final completion of the southern spur road will be timed to coincide with the completion of the rail bridge comprising Phase 3 of the NSR (separately funded) as to avoid damage to the rail by heavy plant.
LGFCIS_3 | Falmouth Gateway (Trilisaw) | 6 | 9 | 3 | 100% | 100% | 75% | 75% | 0% | 0% | Progress is currently on track against most recently accepted programme and ahead of the A1039 completed contract date. The land acquisition from network rail is ongoing but progressing.
LGFCIS_4 | Bodmin Cornwall’s Cycle Town | 4 | 4 | 0 | 100% | 100% | 56% | 56% | 0% | 0% | The 12 schemes comprising the overall programme are complete except any final defect correction and remodelling issues raised during post-completion safety auditing. Scheme 1, linking to Dry Trench at Dunmore road has been deferred until the link across private land can be secured through an additional planning consent. Scheme 16 (Cyclist Pavements), is complete, although opening the route for public use was delayed until the adoption as public highway was completed.
LGFCIS_5 | A38 Cornwall Gateway (Carkeel) | 4 | 4 | 0 | 68% | 87% | 63% | 63% | 0% | 0% | This scheme is complete, with the exception of deficits and RSA3 remedial works - well ahead of its April 2018 planned completion date. The defects identified have been captured and included on a Defects list, the monitoring of which will be undertaken by the Capital Projects Team.
LGFCIS_6 | St Erth Multi Modal Hub (WCTI) | 4 | 9 | 5 | 100% | 100% | 45% | 45% | 0% | 0% | Withs Brothers Civil Engineering Limited (WBCEL) has been on site for eight months. Overall its contract is 54% complete. Delays have occurred due to an unexpectedly large volume of contaminated ground requiring remediation, rising feature being of a different nature to expected, difficulties in having the A30 design approved by Highways England and negotiations with stakeholders continuing to progress slowly. Liabilities arising from previously developed drainage proposals have crystallised over the past few months and an alternative is in development.
LGFCIS_7 | Maritime Signaling | 9 | 9 | 0 | 21% | 59% | 50% | 50% | 0% | 0% | Defender work was completed December 2017 and is now operational. The handover/Commissioning processes are still underway; Residual activities and costs to be resolved over the next few months; The contractors aim to be off site by end of February; A media release is currently being considered for the formal opening of the depot, and a public engagement event is planned. The site has set to be agreed.
LGFCIS_8 | Train Care Centre | 9 | 4 | -5 | 13% | 13% | 83% | 100% | 0% | 0% | The main work A3079 Torquay works are progressing to completion. The new signalised junction and associated signal commissioning will be completed in January. Landscaping works are ongoing as are commissioning of footways, approach and lighting. Updated commissioning scheme of work (28, 29, 30 and 31 (volts) have been completed - schemes 8 and 10 are nearly complete. This current programme indicates that all works will be completed by 26th February 2018. 1 week before the Contract Completion date. Defect management and monitoring will be undertaken by Capital Projects.
LGFCIS_9 | Cornwall Maritime: growth for business | 6 | 6 | 0 | 100% | 100% | 52% | 52% | 0% | 0% | Project complete. Full £1.012m LGF allocation drawn down. Outputs will not be realised until beyond 2021.
LGFCIS_10 | Truro: Housing and Employment area | 6 | 6 | 0 | 100% | 100% | 60% | 60% | 0% | 0% | Construction work has been completed ahead of contracted completion date. Defect management and monitoring will be undertaken by Capital Projects.
LGFCIS_11 | Bodmin: Calyouth | 6 | 6 | 0 | 100% | 100% | 60% | 60% | 0% | 0% | Completion at 97%, within budget, and compliant safety standards. Areas for improvement are identified on Defects List. Young persons Centre has been deferred due to funding issues. The final completion of the northern spur road will be timed to coincide with the recent completion of 2 weeks of passenger engagement and stand-alone consultation exercises at specific sites. Driver training material complete and received by Transport Cornwall.
LGFCIS_12 | Redruth: strategic employment growth | 9 | 6 | -3 | 96% | 96% | 55% | 55% | 0% | 0% | The Project is complete. New junction on the A392 was completed in March 2017 and entered into the 12-month Defects Period. The final completion of the northern spur road will be timed to coincide with the recent completion of 2 weeks of passenger engagement and stand-alone consultation exercises at specific sites. Driver training material complete and received by Transport Cornwall.
LGFCIS_13 | Superfast Broadband Extension | 6 | 6 | 0 | 0% | 67% | 10% | 10% | 4% | 4% | In delivery phase with LGF drawdown expected £1m in 2017/18.
LGFCIS_14 | Truro Western Corridor | 9 | 9 | 0 | 100% | 100% | 46% | 46% | 0% | 0% | Agreement at 97% with contract, and compliance with required safety standards; Area for improvement is identified on Defects List. Planned work on Arch Hill has been deferred but redundant buildings located on land allocated to Cornwall Council by housing developer need to be removed. Consideration to be given to undertaking this as advance works.
LGFCIS_15 | New Public Transport System | 6 | 6 | 0 | 65% | 64% | 33% | 33% | 0% | 0% | Package of improvements continuing to be rolled out within programme and budget, also considering other funding opportunities to expand scheme, benefits and coverage

**Sub-total Growth Deal 1&2** | | | | | 100% | 71% | 54% | 54% | 1% | 2% |
LGFCIS_16 | ESA/GES | n/a | 8 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | CIGOLEP and GES Agreement signed in Q4. Work continues with ESA to initiate project.
LGFCIS_17 | Science and Capital Project 1 | n/a | 8 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. CC LEG instructed to complete GFA.
LGFCIS_18 | Science and Capital Project 2 | n/a | 10 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. CC LEG instructed to complete GFA.
LGFCIS_19 | Science and Capital Project 3 | n/a | 12 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. ESA feasibility funding granted to the Council of the Isles of Scilly.
LGFCIS_20 | Enabling Infrastructure 1 | n/a | 9 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. Successful completion of Grant Funding Agreement.
LGFCIS_21 | Enabling Infrastructure 2 | n/a | 10 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. Successful completion of Grant Funding Agreement. Further information has been received regarding this project.
LGFCIS_22 | Enabling Infrastructure 3 | n/a | 12 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. Successful completion of Grant Funding Agreement. Further information has been received regarding this project.
LGFCIS_23 | Enabling Infrastructure 4 | n/a | 8 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. Successful completion of Grant Funding Agreement. Further information has been received regarding this project.
LGFCIS_24 | Workplace Hall for Cornwall | n/a | 6 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreement signed in Q4 and project officially launched 13 February 2018
LGFCIS_25 | Workplace 2 | n/a | 10 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. Negotiations with applicant underway to clarify issues raised by LEP in Response letter. Awaiting satisfactory conclusion of queries until project moves to GFA stage.
LGFCIS_26 | Workplace 3 | n/a | 10 | n/a | n/a | n/a | 1% | 2% | 0% | 0% | Agreed in principle. Additional resources required to facilitate negotiation with applicant regarding grantation contribution.

**Sub-total Growth Deal 2** | | | | | | | | | | |
LGFCIS_27 | Total Growth Deal | 4 | 8 | 2 | 61% | 71% | 52% | 53% | 1% | 2% |
Dear Minister,

As you will be aware Cornwall and the Isles of Scilly (CloS) have a series of ESF projects commissioned in October 2016 totalling some £12.3m to support employer led skills development that remain un-contracted. These investments are essential to our inclusive local growth strategy and impact significantly on our drive towards an effective long term industrial strategy for the region.

Programme delays, such as this, have resulted in significant risk to the achievement of programme spend and performance targets. As you are aware, as the only Less Developed Region, Cornwall and the Isles of Scilly alone can contribute to the performance targets for this category of region in the national Operational Programme for ESF. The ultimate risk in this regard is the failure to meet spend and performance targets at the end of 2018 which could result in the return of ESF to Brussels.

This issue is compounded by over £85m remaining un-commissioned/contracted within the programme and by delays in paying claims, delays in project initiation, under performance of opt-in provision and uncertainty around the changes being proposed by ESF-D as a result of mid-term review.

Given the Department’s public commitment to invest and spend the programme budgets, the timescales experienced to date seem overly protracted and appraisal practice restrictive due to the considerable increase in bureaucracy. This is now conflated with recent communication that ESF-D have not been progressing appraisals and paying claims or responding to enquiries whilst eclaims is tested and rolled out.

As we now have Intermediate Body status and an ITI Board support team, we can help ESF-D to review the options and consider potential solutions to ensure that the whole ESF investment programme can be fulfilled and that all options are explored to ensure that spend and performance targets are achieved at the end of 2018. We are keen to work with you to identify solutions to blockages within the project appraisal and claim process to accelerate commitment and spend rates.

Through innovative collaboration and a rationalisation of the remaining call development plan the key stakeholders in CloS can help guarantee that the programme delivers. This will help ensure that
we deliver our contribution to the national OP and its critical deployment across CloS. We have started to discuss the potential rationalisation of calls by establishing a more strategic, dynamic and integrated project approach to reduce the administrative pressure on ESF-D as well as achieving greater strategic alignment both nationally and locally as inclusive economic growth policy evolves. Working more closely in this way will ensure continued progress towards our inclusive growth aspirations and fulfil our commitment to the 57,000 targeted participants across the whole of CloS.

We urge you to look into the situation and consider whether there is scope for CloS to work more closely with ESF-D to ensure we fully deliver on the ESF programme’s potential.

Yours faithfully

Dhywgh hwi yn lel

__________________________
Cllr Adam Paynter – Leader of Cornwall Council

__________________________
Cllr Ted Moulson – Chairman of the Council of the Isles of Scilly

__________________________
Cllr Julian German – Deputy Leader of Cornwall Council

__________________________
Cllr Fran Grootick – Vice Chairman of the Council of the Isles of Scilly

__________________________
Cllr Phil Seeva – Leader of the Conservative Group on Cornwall Council

__________________________
Alison Hernandez – Devon and Cornwall Police and Crime Commissioner

__________________________
Paul O’Brien – Chair of Cornwall Association of Local Councils

__________________________
Mark Duddridge – Chair of the Cornwall and Isles of Scilly Local Enterprise Partnership

__________________________
Matthew Thomson – Co-Chair of the Cornwall and Isles of Scilly Local Nature Partnership

__________________________
Cllr Rob Ratchell – Cornwall Council Portfolio holder for Adults

__________________________
Dr Iain Chorton – Chair of Kernow Clinical Commissioning Group

__________________________
Toby Parkins – President of the Chamber of Commerce

__________________________
Steve Double – Member of Parliament
Economy update – February 2018

United Kingdom

Overall the economy continues to grow both in output and employment terms. On the downside inflation remains at a high level – currently 3.0% and consumer confidence is negative. GDP quarterly growth was 0.4% in Q4 marginally down on the Q3 figure of 0.5% and below the Q4 2016 level of 0.7%. The labour market continues to show employment at record highs and but with unemployment increasing slightly on a quarterly basis. The housing market saw prices 5.2% up on an annual basis with mortgage lending up on the previous year but down on a monthly basis. Consumer inflation remained stable at 3.0% while producer prices showed another increase to 3.3%. Business confidence fell back with Manufacturing and services slowing and Construction stagnant, although jobs growth accelerated. Household finances deteriorated at the fastest pace for seven months, however consumer confidence increased by four points in January 2018 to -9.

Cornwall and the Isles of Scilly

Reflecting the usual seasonal situation, Jobseeker numbers have been rising since November 2017. In January there were 2,715 JSA claimants, up by 249 or 10.1% on the December total of 2,466. A rise in the January figures compared to December is usual. The JSA count rate was 0.8%, the same as the December figure. Over the year, January 2018 compared to January 2017, the numbers fell by 491 (-15%), from 3,206 to 2,715. The rate fell 0.2 points from 1.0% to 0.8%.

Unemployment numbers, a more useful indicator, have fallen substantially over the last year from 12,600 down to 7,800. Over the year the number of residents in employment was static, 246,200 compared to 246,800. The employment rate was 76.4%, higher than the 74.7% average for England.

The latest claimant count figures show a total of 4,590 in Cornwall and the Isles of Scilly in January, up by 295 on the December total of 4,295. Compared to January 2017 the total was down by 395 or 7.9% from 4,985.

In terms of vacancies - in January there were 2,030 job postings in Cornwall and the Isles of Scilly. This was up by 350 (21%) from 1,680 in December but down 15.4% from 2,400 in January 2017. [Changes in vacancy levels can be an early indicator of what might happen to the economy in the future].

Housing In December, house prices in Cornwall averaged £225,361, down on the November total of £225,696. This was a decrease of 0.1% compared to increases of 0.1% for England and across the UK. Compared to December 2016 house prices in Cornwall were up by £12,807 or 6.0%, compared to increases of 5.0% for England and 5.2% for the UK.

According to Zoopla¹, in January there were 3,940 properties for sale with 770 to rent, a total of 4,710 properties. Compared to December 2017, the number of dwellings for sale increased by 1%, while the numbers for rent were also up by 1%. Compared to

¹ http://www.zoopla.co.uk/house-prices/browse/cornwall/
January 2017, properties for sale were down by 8% while those for rent were down by 16%.

**Chamber of Commerce survey Q4 2017**
The latest Cornwall Chamber of Commerce survey takes the data up to Q4 2017. Compared to Q3 2017, there were negative readings\(^2\) for 3 of the 12 indicators, with 9 positive. The most positive changes were 'UK orders increased' (+11%) and 'Operating at full capacity' (+7 %). The most negative changes were 'Increased Size of workforce' down 6%. Over the year, 11 indicators had seen an improvement, particularly 'Attempted to recruit staff' up 17 points. On the negative side there was an increase in those experiencing recruitment difficulties up from 57% to 59%.

In terms of businesses operating at full capacity, the latest figure of 48% is up on the Q3 2017 figure of 41% and up 10 points on the Q4 2016 figure of 38%.

**Lending** The latest data from UK finance gives figures for Q2 2017. The figures show that the value of residential mortgage loans outstanding stood at £6,707 million up from £6,692 in Q1 2017. This is the first upward move since Q4 2015. SME loans saw a fall in Q2 2017, from £1.32 billion in Q1 2016 to £1.30 billion. The total was also down from the Q2 2016 figure of £1.34 billion. At a UK level, unsecured loans have raised concerns over the ability of people to deal with debt. Figures for Cornwall reflect the upward movement in loans since Q4 2013 from £245 million to reach £313 million in Q1 2017. However, in Q2 2017 the total fell back to £309 million.

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\(^2\) A plus reading for 'had experienced recruitment difficulties is regarded as negative!
Date of Board Meeting: 14 March 2018

Report Title: Governance Review

Author: Tim Bagshaw

Contact: tim.bagshaw@cioslep.com

Decision Required by the Board Y/N: Y

For Information Only Y/N: N

Recommendation(s)

1. That the LEP Board notes the contents of this report.
2. That the LEP Board approves the revised LEP Governance arrangements.

1. Board, Sub Board Governance Structure

Appendix 1 provides a detailed tabular breakdown of the proposed governance structure for the Cornwall and Isles of Scilly LEP in 2018 and beyond. We will review this on an annual basis, consult with the main Board and make adaptations as appropriate at the start of each calendar year.

The principal addition to the governance structure is the proposal to implement new industry advisory groups to support three priority sectors for 2018 from within the overall 10 Opportunities approach. These are to bring sector expertise to bear to support the identification of priorities for action, to further enhance private sector influence in LEP strategy development and delivery and to further strengthen and develop our engagement with both business and government. Since the January Board we have updated the table to reflect the work of the Space Board within the work of the Enterprise Zones Board – and as an overview group for both the Spaceport bid and the development of an industry populated advisory group. We have also updated several of the Board lead descriptions.

We are also proposing to enhance the role and increased regularity of meeting for the Investment Panel. As we move from Growth Deal 3 decision making into delivery and monitoring and to further strengthen Board scrutiny of performance by Growth Deal 1, 2 and 3, overall and for individual projects, the Investment Panel will meet four times a year to take a detailed look at funding and output performance. The Panel will also take up and action activity as appropriate that previously came under the Local Transport Board which has been dormant for the last 12 months.
Appendix 1 also describes key representations by the LEP Board in partner and stakeholder activity and in other invested activity such as the Growth Hub - and which in turn are likely to influence the direction of main LEP Board strategic thinking. We have updated these Board representations since the January Board and will update as and when new representations are begun through 2018.

As agreed at the last Board meeting, terms of reference (ToR) for the sub groups are appended to this report as follows:

- **Appendix 2** – Audit and Assurance Committee ToR
- **Appendix 3** – Employment and Skills Board ToR
- **Appendix 4** – Enterprise Zones Board ToR (it should be noted that this is in draft form, subject to written procedure)

It should be noted that the terms of reference for the LEP Nominations Committee are contained within the LEP’s articles of association, which are available on the LEP website. The terms of reference for the Space Board will also need to be amended to reflect its overview role on both Spaceport bid and the sector action plan – and its consequent relationship with the proposed Space industry group. A revision of the terms of reference will be discussed and agreed by the Space Board during March and circulated to the Board when complete.

The terms of reference for the revised Investment Panel are currently being drafted by the Programmes Team within the wider Economic Growth Service and will be circulated to the Board when complete and agreed by the Investment Panel.

Each sub group / sub board and attended group identifies supporting members of the Executive team and, where identified so far, a lead Board director. Tim Bagshaw and Carol Bransgrove will have overview of all governance, ensure smooth running, good governance and that appropriate deadlines and protocols are observed, reflecting the requirements of the revised Local Assurance Framework.

As Board Directors will be aware, since the January Board the revised Local Assurance Framework has been signed off by the LEP Chair (on behalf of the LEP Board) and Cornwall Council Section 151 Officer in advance of the 28 February 2018 deadline. The LEP Executive are working with the accountable body on revised internal processes and procedures to ensure the LEP has the necessary robust governance arrangements in place to be compliant with the Framework. As part of those discussions, and as a result of the audit findings report by Grant Thornton when auditing the LEP financial statements for year ended 31 March 2017, the LEP Executive are updating processes, policy and documentation accordingly to ensure that everything is in place for any future audits.

2. Protocols

In light of new Board Director recruitment in 2018 and proposed implementation of new supporting groups within the governance structure, the Executive have updated the protocol that describes the respective key roles and responsibilities, alongside the specific terms of reference, for Board Directors, sub-group members and the Executive team. This revised protocol is contained within **Appendix 5.**
3. Revised Reporting

Starting from the January Board, we have proposed a slightly revised agenda format intended to facilitate Board focus on strategy and forward thinking, while also allowing necessary reporting and scrutiny of programmes and performance. Alongside the Chief Executive’s report, regular reports will come forward from sub-groups / Boards with delegated powers, for ratification of decisions made and an update on progress and performance. Reports from other sub groups will come to particular main Board meetings during the year.

We have also reviewed our risk reporting, revising the format and presentation and updating risk description and mitigations for Corporate Risks 1 to 8. For Corporate Risk 4 the programme management team are preparing a register of ‘sub-risks’ under the main heading. Finally, we have also begun to consider some ‘horizon scanning’ strategic risks. The Budget and Business Planning meeting on the 22nd February further considered these horizon risks and an updated risk and timeline chart is included in the further updated Business Plan provided at agenda item 4.2.

Appendices

Appendix 1: Proposed Revised Governance Structure
Appendix 2: Audit and Assurance Committee ToR
Appendix 3: Employment and Skills Board ToR
Appendix 4: Draft Enterprise Zones Board ToR
Appendix 5: Revised Protocol

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**Section 151 (finance) Officer Commentary and sign off**

<table>
<thead>
<tr>
<th>Name:</th>
<th>Wayne Rickard</th>
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<tbody>
<tr>
<td>Date</td>
<td>05/03/18</td>
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</table>

Comments: In response to the Ney review further guidance from CIPFA (Chartered Institute of Public Finance and Accountancy) is expected in respect of the role of the Section 151 officer specifically for LEPs through the national assurance framework. The CIOS LEP assurance framework has been updated to enhance the role of the Section 151 arrangements and as stated in the report processes and procedures are also being reviewed. The assurance framework (and supporting processes and procedures) will require further review once this guidance has been issued.
## Cornwall and Isles of Scilly LEP, Governance and Reporting 2018 →

### Thriving Businesses who Excel

#### LEP Board
- **Purpose:** To lead and set the strategic direction for the Local Enterprise Partnership and its business and economy supporting activities.
- **2018 Dates:**
  - Breakfast Pre-Meets: January, February, May, June, August, October
  - Main Board: January, March, May, July, September, November
- **Chair:** Mark Duddridge
- **Lead Officers:** Sandra Rothwell / Tim Bagshaw
- **Secretariat:** Carol Bransgrove, Debbie Osborne, Emma Coad

**Sub Group overview:** To involve partners and increased private sector input in developing, delivering and monitoring activity within each of the Vision 2030 themes – appropriateness of governance structure to be reviewed at the start of each calendar year and adapted as necessary.

**Overview of governance structure and reporting process:** Tim Bagshaw / Carol Bransgrove

#### Enterprise Zone Board
- **Purpose:** With land owner partners oversee development and impact of Enterprise Zone sites
- **2018 Dates:** Jan, Mar, April, June, Aug, Oct, Dec
- **Board Director Chair:** Mark Duddridge
- **Lead Officer:** Ian Mackelworth / Jordan Whaley
- **Decision/Reporting:** Delegated lead on funding and direction of EZ approach – report on progress and impact to each LEP Board
- **Secretariat:** Mandy Cosgrove
- **ToR:** Yes

**Space Board**
- **Purpose:** Oversee development of the Spaceport project – and Space Action plan and industry engagement
- **2018 Dates:** Bi-weekly from January
- **Board Director Chair:** Gavin Poole
- **Lead Officer:** Sandra Rothwell / Tim Bagshaw
- **Decision/Reporting:** Delegated lead on LEP allocated Spaceport supporting funds – report on progress and impact to each LEP and EZ Board
- **Secretariat:** Debbie Osborne
- **ToR:** Yes

#### Investment Panel
- **Purpose:** Assess, monitor, report on LEP investment – and incorporate Local Transport Board agenda
- **2018 Dates:** April, July, October, (January 2019)
- **Board Director Chair:** Mark Duddridge
- **Lead Officers:** Greg Slater / Jordan Whaley
- **Decision/Report:** Decide on, monitor GD1,2,3, + other investments – Quarterly monitor to May, Sep, Nov, Mar LEP Boards + funding decisions endorsement
- **Secretariat:** Jordan Whaley
- **ToR:** In draft

#### Nominations Committee
- **Purpose:** Oversee Director recruitment and attendance at internal / external committees and groups
- **2018 Dates:** February, May, November (to align with Board Director departures)
- **Board Director Chair:** Mark Duddridge
- **Lead Officer and Secretariat:** Carol Bransgrove / Debbie Osborne
- **ToR:** Included with in Articles of Association

#### Audit and Assurance Committee
- **Purpose:** Oversee financial reporting, internal controls and risk, audit, Assurance Framework
- **2018 Dates:** February, June, October
- **Board Director Chair:** Gavin Poole
- **Lead Officer and Secretariat:** Carol Bransgrove / Debbie Osborne
- **ToR:** March, July and November LEP Boards
- **ToR:** Yes

**Accountable Body – Section 151 overview and scrutiny of LEP activity, assurance and compliance on behalf of Government and management of legal, financial, HR services on behalf of the LEP Company**

**Direct Report Sub Groups – Action, monitor and report on LEP priorities and Investment – delegated authorities on investment**

**Energy Industry Advisory Group**
- **Purpose:** To provide an industry led approach to supporting the development of the sector in ClOoS and increase private sector input to the work of the LEP
- **2018 Dates:** March, July, October
- **Board Director Chair:** To be determined (new Director?)
- **Lead Officer:** Caroline Carroll
- **Reporting:** To be determined
- **ToR:** To be determined

**Space Industry Advisory Group**
- **Purpose:** To provide an industry led approach to supporting the development of the sector in ClOoS and increase private sector input to the work of the LEP
- **2018 Dates:** March (initial event), July, October
- **Board Director Chair:** Lucy Edge
- **Lead Officers:** Tim Bagshaw / Mark Holmes
- **Reporting:** To be determined
- **ToR:** To be determined

**Creative Industry Advisory Group**
- **Purpose:** To provide an industry led approach to supporting the development of the sector in ClOoS and increase private sector input to the work of the LEP
- **2018 Dates:** March, July, October
- **Board Director Chair:** Emmie Kell
- **Lead Officers:** Nathan Cudmore / Mark Holmes
- **Reporting:** To be determined
- **ToR:** To be determined

**Communications Advisory Panel**
- **Purpose:** To advise and support Executive Team to build good business profile for the LEP and its agenda
- **2018 Dates:** February, April, September, December
- **Board Director Chair:** Sarah Trethowan
- **Lead Officer:** Matt Silver
- **Reporting:** To be determined

**Overview of governance structure and reporting process:** Tim Bagshaw / Carol Bransgrove

**ToR:** Yes

**Accountable Body – Section 151 overview and scrutiny of LEP activity, assurance and compliance on behalf of Government and management of legal, financial, HR services on behalf of the LEP Company**

**Direct Report Sub Groups – Action, monitor and report on LEP priorities and Investment – delegated authorities on investment**

**Energy Industry Advisory Group**
- **Purpose:** To provide an industry led approach to supporting the development of the sector in ClOoS and increase private sector input to the work of the LEP
- **2018 Dates:** March, July, October
- **Board Director Chair:** To be determined (new Director?)
- **Lead Officer:** Caroline Carroll
- **Reporting:** To be determined
- **ToR:** To be determined

**Space Industry Advisory Group**
- **Purpose:** To provide an industry led approach to supporting the development of the sector in ClOoS and increase private sector input to the work of the LEP
- **2018 Dates:** March, July, October
- **Board Director Chair:** Lucy Edge
- **Lead Officers:** Tim Bagshaw / Mark Holmes
- **Reporting:** To be determined
- **ToR:** To be determined

**Creative Industry Advisory Group**
- **Purpose:** To provide an industry led approach to supporting the development of the sector in ClOoS and increase private sector input to the work of the LEP
- **2018 Dates:** March, July, October
- **Board Director Chair:** Emmie Kell
- **Lead Officers:** Nathan Cudmore / Mark Holmes
- **Reporting:** To be determined
- **ToR:** To be determined

**Communications Advisory Panel**
- **Purpose:** To advise and support Executive Team to build good business profile for the LEP and its agenda
- **2018 Dates:** February, April, September, December
- **Board Director Chair:** Sarah Trethowan
- **Lead Officer:** Matt Silver
- **Reporting:** To be determined
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<tr>
<th>Board Represented</th>
<th>Cornwall and Isles of Scilly Leadership Board</th>
<th>Place Board</th>
<th>Island Futures Board</th>
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<td>Board – Mark Duddridge</td>
<td>Board – Andrew Williams</td>
<td>Board – Mark Duddridge</td>
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<td>Executive – Sandra Rothwell / Tim Bagshaw</td>
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<td>Board Report – Chair’s Update</td>
<td>Board Report – Significant Item Report, or CEO Report</td>
<td>Board Report – Chair’s Update</td>
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|                   | Devolution                                  |              |                     |
|                   | Board – Mark Duddridge / Mark Goodwin       |              |                     |
|                   | Executive – Sandra Rothwell / Tim Bagshaw   |              |                     |
|                   | Board Report – Significant Item Report, or CEO Report |              |                     |

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<th>Cornwall and Isles of Scilly Leadership Board</th>
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<td>Growth Hub, Skills Hub Management Group</td>
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<td>Board – Sarah Trethowan</td>
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<tr>
<th>LEP CEO and Chairs (National and South West)</th>
<th>LEP National Rural, Creative Industries Groups</th>
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<th>LEP South West Energy / Marine</th>
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<td>Board – Emmie Kell / Andrew Williams</td>
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<td>Executive – Sandra Rothwell</td>
<td>Executive – Tim Bagshaw / David Rodda / Nathan Cudmore</td>
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<th>Innovate UK and South West Cross LEP MOU</th>
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<td>Board – Mark Duddridge</td>
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C&IoS LEP Company (registered number: 07471437)
Audit and Assurance Committee

Terms of Reference

1. Duties

The Committee should carry out the duties below as appropriate.

1.1 Finance Reporting

1.1.1 The Committee shall monitor the integrity of the financial statements of the company, including its annual report and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.

1.1.2 The Committee shall review and challenge where necessary:

a. the consistency of, and any changes to, accounting policies on a year-on-year basis;
b. the methods used to account for significant or unusual transactions where different approaches are possible;
c. whether the company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
d. the clarity of disclosure in the company’s financial reports and the context in which statements are made.

1.2 Internal Controls and Risk Management Systems

The Committee shall:

1.2.1 Keep under review the effectiveness of the company’s internal controls and risk management systems.

1.2.2 Monitor the risk register maintained by management; and

1.2.3 Review and approve the statements to be included in the annual report concerning internal controls and risk management.

1.3 External Audit

The Committee shall:

1.3.1 Consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the company’s external auditor. The Committee shall oversee the selection process for new
external auditors and if an external auditor resign the Committee shall
investigate the issues leading to this and decide whether any action is
required;

1.3.2 Oversee the relationship with the external auditor including (but not
limited to):

a. Approval of their remuneration, whether fees for audit or non-audit
services and that the level of fees is appropriate to enable adequate work
to be conducted.
b. Approval of their terms of engagement, including any engagement letter
issued at the start of each audit and the scope of the audit.
c. Satisfying itself that there are no relationships (such as family,
employment, investment, financial or business) between the auditor and
the company (other than in the ordinary course of business).

1.3.3 Review the findings of the audit with the external auditor. This shall
include but not be limited to, the following:

a. A discussion of any major issues which arose during the audit.
b. Any accounting and audit adjustments; and
c. Levels of errors identified during the audit.

The Committee shall review the effectiveness of the audit.

1.4 LEP Assurance Framework.

1.4.1 The Committee shall be responsible for overseeing and reviewing the
LEP’s agreed Assurance Framework in accordance with the
Department for Business, Energy and Industrial Strategy guidance.
The Committee shall also ensure it meets wider the business
requirements of the Company.

1.4.2 The Committee shall also have sight of Cornwall Council’s annual audit
report as assurance that Cornwall Council is performing their
Accountable Body status role.

1.5 Other Matters

The Committee shall:

a. Have access to sufficient resources in order to carry out its duties.
b. At least once a year review its own performance and terms of reference to
ensure it is operating at maximum effectiveness and recommend any changes it
considers necessary to the Board for approval.

2. Reporting Responsibilities

2.1 The Committee Chairman shall report formally to the LEP Board on its
proceedings after each meeting on all matters within its duties and
responsibilities.

2.2 The Committee shall make whatever recommendations to the Board it deems
appropriate on any area within its remit where action or improvement is
3. Membership

3.1 Members of the Committee shall be appointed by the LEP Board, on the recommendation of the LEP Nominations Committee in consultation with the Chairman of the Audit and Assurance Committee. The Committee shall be made up of at least three members.

3.2 All members of the Committee shall be independent non-executive directors, at least one of whom shall have recent and relevant financial experience. The Chairman of the Board shall not be a member of the Committee.

3.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals, such as the Chairman of the Board and the Chief Executive, may be invited to attend all or part of any meeting as and when appropriate.

3.4 Appointments to the Committee shall be for a period of up to three years, which may be extended.

3.5 In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.

4. Whistleblowing and Fraud

The Committee shall:

4.1 Review the Company’s arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and

4.2 Review the Company’s procedures for detecting fraud.

5. Secretary

5.1 A member of the Cornwall and Isles of Scilly Local Enterprise Partnership Executive Team shall act as the secretary of the Committee.

6. Quorum

6.1 The quorum necessary for the transaction of business shall be two members. The required directors meetings either in person or by telephone will constitute a quorum.

6.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

7. Frequency of Meetings

7.1 The Committee shall meet at least twice each year at appropriate times in the
reporting and audit cycle and otherwise as required.

8. Notice of Meetings

8.1 Meetings of the Committee shall be arranged by the secretary of the Committee at the request of any of its members or at the request of the external or internal auditor if they consider it necessary.

8.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and other person required to attend, no later than 3 working days before the date of the meeting.

9. Minutes of the Meetings

9.1 The secretary shall minute the proceedings and resolutions of all Committee meeting, including recording the names of those present and in attendance.

9.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

9.3 Minutes of the Committee shall be circulated promptly to all members of the Committee and once agreed, to all members of the LEP Board.
Employment and Skills Board

Terms of Reference

The Employment and Skills Board (ESB) was established in 2011 and is a formally constituted sub-group of the Cornwall and Isles of Scilly (C&IoS) Local Enterprise Partnership (LEP) Board. It is responsible for driving the Employment and Skills Strategy and to provide strategic leadership that synchronises supply and demand for employment and skills, resulting in transformational change for current and future generations.

PURPOSE

The aim of the Board is to boost economic growth by creating a more appropriate, relevant and highly skilled local workforce, shaping and influencing employment and skills training and support, to meet the skills needs of employers in Cornwall and Isles of Scilly. This will be done by engaging private and public sector employers, colleges, training providers and the voluntary and community sector in the delivery of the refreshed Employment and Skills Strategy and associated action plan. The Board will support the delivery of the Employment and Skills aspects of the Cornwall Devolution Deal which offers an opportunity to align strategies and pool resources across and between institutions in Cornwall and the Isles of Scilly.

Our vision is “for Cornwall and the Isles of Scilly to have a healthy, skilled and productive workforce with access to rewarding jobs, clear progression pathways and opportunities for all” which will be achieved through 4 Strategic Objectives:

1. Develop our highly skilled workforce for tomorrow
2. Drive employer and individual engagement and investment in skills
3. Enable people to access and progress, in meaningful employment
4. Enable people to learn about career pathways and be equipped for the world of work

The Board will:

- Drive, champion and review the Employment and Skills Strategy for Cornwall and Isles of Scilly;
- Offer leadership and steer which will support the delivery of the Cornwall Devolution Deal, to include Adult Education Budget and future commissioning;
- Provide strategic direction on funding priorities and future proposed skills investments.
- Optimise the impact of employment and skills investment for local communities, employers and individuals.
- Use experience and knowledge of Board Members and others associated with the Board to shape strategy and policy on learning and skills development.
- Commit to annual evidence reviews on employment and skills needs, demand and supply in the county.
• Provide CIoS LEP and other appropriate bodies/groups with recommendations on employment and skills funding priorities and projects across Cornwall and Isles of Scilly.

ROLES AND RESPONSIBILITIES

As well as attending Board meetings, members may be asked to represent the LEP and ESB at meetings / events, forums and committees and report back to the Board accordingly.

The specific role of an Employment and Skills Board Member will be to:

• Provide strategic leadership and oversight of the delivery and implementation of the Employment and Skills Strategy;
• Support the efficient and effective working of a demand led training and skills system across Cornwall and Isles of Scilly, by working in partnership to identify and respond to current and future growth of employment and skills needs;
• Monitor and evaluate performance and effectiveness against the strategy; ensuring that both appropriate implementation plans and monitoring systems are in place;
• Use experience and knowledge to help shape strategy and policy on employment, learning and skills development;
• Influence commissioning across a range of projects through future investment, to ensure the strategic fit and broader economic context;
• Influence the prioritisation, planning and investment in employment and skills supply and shape delivery;
• Champion investment in skills by employers and individuals;
• Represent a range of people, organisations or views, not just their own or that of their own organisation.

The Board does not have a remit to deliver skills initiatives directly but it may from time to time facilitate joint working and partnerships between stakeholders to secure outcomes through co-production.

BOARD MEMBERSHIP AND MEETINGS

Cornwall and Isles of Scilly Employment and Skills Board is an advisory body with no legal status but with a specific role as a fully constituted sub group of CIoS LEP. There will be a maximum of 14 members, including the Chair. The Chair will be a private sector Director of CIoS LEP Board.

The proposed Board will comprise:

<table>
<thead>
<tr>
<th>Board Roles</th>
<th>Up to:</th>
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<tbody>
<tr>
<td>Chair</td>
<td>1</td>
</tr>
<tr>
<td>Private sector employer and LEP Board Member</td>
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| Vice-Chair                                    |        |
To be nominated by the Board, from Members

<table>
<thead>
<tr>
<th><strong>Private sector – employers and providers</strong></th>
<th>6</th>
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<tbody>
<tr>
<td>The private sector representatives on the ESB should be representative of the key employment and training provider sectors in Cornwall &amp; Isles of Scilly as well as representative of both SMEs (inc. social enterprise/voluntary organisations) and large employers.</td>
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<table>
<thead>
<tr>
<th><strong>Public Sector – employers</strong></th>
<th>1</th>
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<tr>
<td>Cornwall Executive Group representative</td>
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<thead>
<tr>
<th><strong>Public Sector – education &amp; training</strong></th>
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<tbody>
<tr>
<td>Representatives of Cornwall’s Higher, Further and Secondary Education Institutions.</td>
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<th><strong>Employee representative</strong></th>
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<td>Union or other employee organisation representative</td>
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<tr>
<th><strong>Cornwall Council Strategic Directors - Economic Growth and Development and Children, Families and Adults (or named nominees within the Services).</strong></th>
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<th><strong>Local Authority Senior Politician</strong></th>
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<th><strong>TOTAL</strong></th>
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<td>Secretariat for the ESB to be provided by CloS LEP Executive Team / Cornwall Council Economic Growth, Skills and Culture Team.</td>
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<th><strong>Observers (non-members)</strong></th>
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<tr>
<td>Local Authority Senior Officers, DWP, Education and Skills Funding Agency (EFSA) and other government departments invited as observers.</td>
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</table>

Specialists may be invited by the Chair to attend specific Board meetings or Agenda items where particular expertise is required.

A Secretariat, comprising staff from CloS LEP Executive Team will also be represented at all meetings.

Occasional observers may request to attend a meeting through the Chair.

- All members will be invited to complete an ‘Expression of Interest’ form which will be approved by the Cornwall and Isles of Scilly LEP. The Chair of the ESB will be a Director of, and appointed by the LEP Board.
- Board Members shall be appointed for an initial term of 3 years.
- The Board will meet a minimum of 4 times a year with dates for forward meetings arranged annually in advance.
- Members are expected to provide apologies if they cannot attend. There will be no substitutes.
CORE PRINCIPALS

Board Members will be expected to adopt the following values/approaches:

- Championing to influence and lead by example
- Developing enterprising solutions that are creative
- Partnership working across the private, public and the third sector
- Sharing best practice
- Being inclusive and show consideration to each locality and community across Cornwall and Isles of Scilly.

Ideally, we want Board Members who:-

- Can see the 'big picture' for Cornwall and Isles of Scilly and can set aside the interests of their own organisations for the overall good of the place and people.
- Have an understanding of the employment and skills context across Cornwall and Isles of Scilly.
- Are empowered to speak on behalf of their sector, representative or stakeholder group and provide to the Board an agreed consensus position reflecting the views of their constituency (rather than just their own organisation).
- Have expert insight and can challenge.
- Can access a wider network for advice and research.
- Have some experience or expertise in managing skills/talent development or employment of staff/volunteers so know and can manage some of the challenges and requirements involved.
- Have some experience of working cross-sector and with Government departments.
- Are able to use their experience and knowledge to inform the commissioning of investments that cover employability and skills.
- Have committee experience and are skilled at providing succinct guidance, analytical input to the issues / interventions under discussion and skilled at building consensus.
- Have time available to prepare for and attend meetings as well attendance at any relevant task and finish groups.

SUB GROUPS

These groups will be accountable to and will report to the Employment and Skills Board and will be chaired by an ESB Member.

Pathways to Employment Group

The purpose of the group is to support the delivery of the Cornwall Education Strategy (into which the RAAS priorities are embedded), Cornwall and Isles of Scilly Employment and Skills Strategy and Cornwall Careers Offer. The group will develop and oversee the delivery of programmes that respond to the strategic needs and priorities impacting upon pathways to employment for young people aged 11 – 25.
**Apprenticeship Steering Group**

The purpose of the Group will be to shape and drive forward the ambition to bring significant growth to Apprenticeships as outlined in the ‘Employment and Skills Strategy’ and action plan. A key focus will be on how we support SME’s to recruit apprentices and progression routes, with the development of higher / degree level apprenticeships.

**TASK AND FINISH GROUPS**

From time to time it may be necessary to establish specific skills task and finish groups and other skills and employer representatives may be invited to join these. Any group or panel will need to be sponsored by an Employment and Skills Board Member, who may or may not chair the group, depending on the issue under consideration. Each Task and Finish Group will have a ‘Terms of Reference’ and the ESB Board Member will be expected to update at Board meetings.
TERMS OF REFERENCE FOR THE CORNWALL AND THE ISLES OF SCILLY ENTERPRISE ZONES BOARD (EZ BOARD)

BACKGROUND

(A) The Cornwall and Isles of Scilly Enterprise Zones Board (EZ Board) was constituted as a board by the Cornwall and Isles of Scilly Local Enterprise Company (C & IOS LEP Co) at a full meeting of the board held on [DATE].

(B) In 2011, 2016 and 2017 successful bids were made by the C & IOS LEP for Enterprise Zones in Cornwall; the Aerohub+ Enterprise Zone (incorporating Cornwall Airport Newquay and Goonhilly Earth Station) and the Marine Hub Cornwall Enterprise Zone (“the Cornwall Enterprise Zones” or “CEZ’s”).

(C) The purpose of the Cornwall Enterprise Zones is to drive local economies, by unlocking key development sites, consolidating infrastructure, attracting business, creating jobs and to assess and agree applications for business rate relief and how retained business rates should be reinvested (“the CEZ Objectives”).

(D) All business rates growth generated by the CEZ’s shall be kept by the C & IOS LEP and the Council (as the accountable body) for 25 years (from establishment of the CEZ) to enable it to reinvest in the development of the CEZ’s.

(E) The C & IOS LEP Co was established to undertake the strategy and decision making responsibilities on behalf of the C & IOS LEP.

(F) The C & IOS LEP Co has established a sub board (the EZ Board). The EZ Board shall assist the C & IOS LEP and the C & IOS LEP Co to deliver the CEZ Objectives.

(G) The EZ Board has the delegated authority of the C & IOS LEP Co in respect of the functions and powers set out in these terms of reference.

(H) The EZ Board may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-boards which are to report back to the EZ Board.
INTERPRETATION

1.1 The definitions in this clause apply to these Terms of Reference.

1.2 **Accountable Body**: shall mean the Council who have been authorised by statute as the billing authority for Business Rates within the CEZ’s.

1.3 **Accountability Criteria**: means the criteria set out at Schedule 1 that needs to be satisfied by the EZ Board before approving an application.

1.4 **Actual Figure**: shall mean the Business Rates paid to the Council from time to time and calculated as a daily rate and then annualised (less annualised Baseline Figure).

1.5 **Application**: means an application for the reinvestment of retained rates, an application for enhanced capital allowance and/or an application for rate relief as set out in clause 5.

1.6 **Baseline Figure**: means the agreed non-domestic rating income for the CEZ on the date of the CEZ’s creation for each financial year (and annualised) as calculated under the EZ Regulations.

1.7 **Board Member**: means a member appointed by the C & IOS LEP Co to sit on the EZ Board.

1.8 **Business Day**: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

1.9 **Business Rates**: means all non-domestic rates collected within the CEZ (as delineated by the rates retention plans attached) and shall include:

   (a) any reliefs refunded by DCLG or any other person in respect of businesses occupying the CEZ on or after 1st April 2012 or 2016 in respect of the Areohub+ Enterprise Zone and 1 April 2017 in respect of the Marine Hub Cornwall Enterprise Zone

   (b) any refunds of enhanced capital allowances

1.10 **Business Rates Reliefs**: Discretionary rates relief granted by the EZ Board within areas as shown in attached rates reliefs plans.

1.11 **Business Rates Growth**: means the difference between the annualised Baseline Figure and the Actual Figure.
1.12 **Business Rates Growth Fund**: means an account in which the Business Rates are held.

1.13 **Communications Protocol**: means the protocol which sets out the Parties obligations in relation to publicity, news releases and media enquiries as agreed by the Parties.

1.14 **Dispute Resolution Criteria**: means the procedure set out in clause 15.

1.15 **Cornwall Enterprise Zones or CEZ**: mean the Aerohub+ Enterprise Zone (which includes Cornwall Airport Newquay (and adjacent Business Park) and Goonhilly Earth Station) and the Marine Hub Cornwall Enterprise Zone as shown in the plans attached at Schedule 2.

1.16 **EZ Enhanced Capital allowances (ECAs)**: Awarded in accordance with the HM Treasury MoU and as granted by the EZ Board within areas as shown in attached ECA plans.

1.17 **EZ Board**: means a sub board of the C & IOS LEP Co which has been established to achieve the CEZ Objectives and perform the CEZ Functions.

1.18 **CEZ Functions**: mean the functions to be undertaken by the EZ Board as set out in clause 5.

1.19 **CEZ Objectives**: to drive the local economy, by unlocking key development sites, consolidating infrastructure, attracting business and creating jobs and to assess and agree applications for business rate relief, ECAs and how retained business rates should be reinvested in accordance with the C & IOS LEP’s EZ Implementation Plans.

1.20 **EZ Implementation Plans**: means the implementation plans that has been prepared by the C & IOS LEP and approved by the Department for Communities and Local Government (the “DCLG”).

1.21 **EZ Regulations**: means the Non-Domestic Rating (Designated Areas) Regulations 2013 (Statutory Instrument number 2013/107) and the Non-Domestic Rating (Designated Areas etc.) Regulations 2017/318.

1.22 **National Government Policy**: shall mean a policy issued by a Relevant Authority relating to the imposition of Business Rates in the Enterprise Zone (whether alone or with other property).
1.23 **Payee**: means the proposed recipient of monies from the Business Rates Growth Fund.

1.24 **Policies**: mean the C & IOS LEP’S EZ Growth Fund – Investment Policy and the Cornwall Enterprise Zones - Rate Relief Policy.

1.25 **Recommendation**: means a recommendation from the EZ Board or the C & IOS LEP Co in accordance with clause 5 and/or schedule 1.

1.26 **Relevant Authority**: shall mean the Department of Communities and Local Government, the Department of Business Energy and Industrial Strategy and HM Revenue & Customs and any of their successor bodies or other such bodies as may be named by them from time to time.

1.27 **S151 Officer**: shall mean the Council’s Responsible Financial Officer appointed under Section 151 of the Local Government Act 1972.

1.28 **Schedules**: mean any appendices or schedules attached to these Terms and Conditions.

1.29 **State Aid**: means an advantage in any form whatsoever conferred on a selective basis to undertakings by national public authorities.

1.30 **State Aid Law**: means the law embodied in Articles 107 -109 of Section 2, Title VII, of the Common Rules on Competition, Taxation and Approximation of Laws- Consolidated Versions of the Treaty on European Union and the Treaty on the Functioning of the European Union’ (2008/C 115/01).

2. **ROLE**

2.1 The EZ Board shall represent the interests of all stakeholders in the Cornwall Enterprise Zones and help to facilitate and enable collaboration between the local authorities, landowners and developers on economic development, strategic planning and growth of the CEZs.

2.2 The EZ Board shall lead the operational delivery of the CEZs and shall monitor progress, on a regular basis, in respect of each of the Enterprise Zones in respect of their business, financial and marketing plans. The EZ Board shall make regular reports to the C & IOS LEP Co.

2.3 The EZ Board shall oversee and guide the effective implementation of the Enterprise Zone Implementation Plan as well as the allocation of funding generated from the
uplift in business rates receipts through the retention of business rates and the granting of Enterprise Zone incentives.

3. COMMITMENTS OF THE BOARD

3.1 The EZ Board will:

(a) commit to providing the agreed resources within any agreed timescales and as determined by the EZ Board in accordance with these Terms of Reference;

(b) comply with these Terms of Reference and use reasonable endeavours to develop and maintain effective joint processes to ensure that the CEZ Objectives are achieved and the CEZ Functions delivered;

(c) involve and inform the other board members of developments they are pursuing elsewhere and share the learning and benefits;

(d) comply with all applicable laws in delivery of the CEZ Objectives and CEZ Functions including but not limited to:

(i) the Health and Safety at Work Act 1974, the Management of Health and Safety at Work Regulations 1992 and all other statutory and regulatory requirements;

(ii) the Equality Act 2010 and all other relevant related statutory and regulatory requirements and policies and shall not treat any person or group of people less favourably than another on the grounds of race, colour, religion, belief, ethnicity, gender, age, disability, nationality, marital status or sexual orientation;

(iii) the Human Rights Act 1998; and

(iv) the Bribery Act 2010;

(e) not be in any way restricted from engaging in any activities undertaken by it in the normal course of its day to day activities.

4. GOVERNING PRINCIPLES AND OBJECTIVES

4.1 The EZ Board agree that the following obligations shall govern their approach to the delivery of the CEZ Objectives and CEZ Functions. In particular:

(a) to act diligently and in good faith with transparency, openness and honesty in all their dealings with each other;
(b) to ensure that their respective officers involved in the CEZ Objectives and CEZ Functions shall at all times act in the best interests of the EZ Board without prejudice to their own interests;

(c) to share data and knowledge relevant to the CEZ Objectives and CEZ Functions where appropriate and in accordance with their duties under data protection legislation;

(d) to make information, data, knowledge and analysis available to each other to support the CEZ Objectives and CEZ Functions, discuss and develop ideas openly and contribute fully to all aspects of the successful achievement of the CEZ Objectives and delivery of the CEZ Functions;

(e) to pay the utmost regard to the standing and reputation of the other and shall not do (by act or omission) anything which may bring the standing or reputation of the C & IOS LEP into disrepute or attract adverse publicity to the other Board Members; and

(f) to agree that all decisions made in relation to the EZ Objectives and the EZ Functions shall be made by the EZ Board Members acting reasonably.

5 Duties

The EZ Board shall carry out the following duties for the C & IOS LEP Co:

5.1 EZ Board Operational Duties

The EZ Board shall be responsible for the following CEZ Functions in accordance with the procedure set out in Schedule 1:

(a) Deliver the CEZs in accordance with the procedures agreed within the Ministry of Housing, Communities and Local Government (MHCLG) MoUs.

(b) assess and make Recommendations to the Council on behalf of the C & IOS LEP as to how rate reliefs shall be awarded to occupiers of the Enterprise Zones (“Application for Rate Relief”).

(c) establish a protocol for re-investment of retained rates and to ensure any funds raised from business rate retention are used effectively and appropriately to drive the development of the agreed sectors;

(d) approve and make Recommendations to the Council on behalf of the C & IOS LEP as to how the Business Rates Growth Fund shall be invested (“Application for Reinvestment of Retained Rates”);
(e) make Recommendations to the Council on behalf of the C & IOS LEP for the award of Enhanced Capital Allowances in accordance with the procedures agreed with the Department of Communities and Local Government (DCLG) the HM Treasury MoU (“Application for Enhanced Capital Allowances”);

(f) initiate and lead strategy development;

(g) manage and mitigate risk;

(h) represent the interests of all stakeholders in the CEZs;

(i) monitor both performance and risk regarding the delivery of the CEZs against agreed benchmarks and targets; and

(j) oversee the effective implementation of the Cornwall Enterprise Zone Implementation Plans.

5.2 Council Duties

In addition to the operational duties set out in clause 5.1 above, the Cornwall Council as Accountable Body for the C & IOS LEP shall comply with the additional provisions set out in Schedule 1 in relation to the Business Rates Growth Fund.

5.3 Reporting

The Chair of the EZ Board shall make regular written and oral progress reports to the C & IOS LEP Co and the Council on behalf of the C & IOS LEP.

5.4 Appointments to the EZ Board

(a) Each voting member and non-voting member shall decide who should represent them on the EZ Board; such appointments are subject to the chairman’s approval.

(b) The EZ Board may subject to the Chairman’s approval co-opt voting members and non-voting members from time to time as necessary.

5.5 Induction and Training

The EZ Board shall:

(a) ensure that all new board members undertake an appropriate induction programme to ensure that they are fully informed about strategic and commercial issues affecting the Cornwall Enterprise Zones and the markets in which they operate as well as their duties and responsibilities as a board member; and
(b) provide training to all new members on the C & IOS LEP’s Code of Conduct for members and any other policies of the C & IOS LEP included within the C & IOS LEP’s Assurance Framework.

5.6 Conflicts of Interest

The EZ Board shall comply with the C & IOS LEP’s Conflict of Interest Policy (contained in the C & IOS LEP’s Assurance Framework) and shall:

i. before the appointment of a member, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;

ii. ensure that any declaration of interest made at a meeting is included in the minutes of that meeting;

iii. ensure that any new declaration of interest is included on the relevant members register of interest.

iv. consider and, if appropriate, authorise situational conflicts of interest of board members and potential board members;

v. if the board is unable to resolve to authorise any situational conflict (referred to in section 5.6 (iv)), the board shall pass the matter to the C & IOS LEP Co for determination in line with the C & IOS LEP Co’s agreed procedures; and

vi. keep under review at least annually potential conflicts of interests of Board Members disclosed to the EZ Board and develop appropriate processes for managing such conflicts if the EZ Board and/or the C & IOS LEP Co considers this to be necessary.

6. Membership

6.1 At all times the EZ Board shall comprise the following members:

6.1.1 Members with Voting Rights

(a) Cornwall Council

(b) A & P Group

(c) Goonhilly Earth Station Ltd (GESL)
(d) C & IOS LEP Co (Chair)

6.1.2 Non-Voting Members:

(a) C & IOS LEP

(b) Cornwall Airport Limited (CAL)

(c) Cornwall Development Company (CDC)

(d) Cornwall Council Economic Growth Service (CEGS) – Client

(e) DCLG

6.2 The C & IOS LEP Co shall keep membership of the EZ Board under review. The C & IOS LEP Co has the right to appoint additional Board Members as it considers appropriate.

6.3 A voting member of the EZ Board shall cease to be a Board Member if they dispose of their interest in all of their land forming part of an Enterprise Zone.

6.4 The EZ Board shall have no right to remove a voting-member, but may make a recommendation to the C & IOS LEP Co for the removal of a voting-member if any of the following occur:

(i) a voting-member has failed to attend more than three [3] meetings of the EZ Board within a twelve [12] month period;

(ii) a voting member has brought the C & IOS LEP Co, the C & IOS LEP and/or the respective parties into disrepute;

(iii) a voting-member has failed to adhere to these Terms of Reference; or

(iv) a voting member wishes to resign from the EZ Board

6.5 The C & IOS LEP Co shall consider a recommendation made pursuant to clause 6.4 above. If the C & IOS LEP Co agree with the EZ Board’s recommendation, the C & IOS LEP shall remove the voting-member from the EZ Board. The C & IOS LEP Co shall decide on the consequences of the removal of any voting-member. Notwithstanding the provisions of this clause 6.5 the C & IOS LEP Co shall have the
ability to remove any voting-member from the EZ Board at any time with or without cause.

6.6 The C & IOS LEP Co representative shall be the chairman. If the chairman is unable to attend a board meeting for any reason, the C & IOS LEP Co shall appoint a deputy to chair the EZ Board in his absence.

6.7 The EZ Board shall appoint a secretary of the EZ Board who will provide all necessary support to the EZ Board including the recording of the EZ Board minutes.

6.8 The EZ Board shall regularly review the composition (including the skills, experience, independence, knowledge and diversity) of the non-voting members. The EZ Board shall have the power to remove non-voting members in accordance with clause 9 (Quorum);

6.9 The EZ Board shall ensure that all members keep up to date and fully informed about strategic issues, technology developments and commercial changes affecting the Cornwall Enterprise Zones, the C & IOS LEP/CC economic strategy and the market in which it operates.

7. ATTENDANCE AT MEETINGS

7.1 The EZ Board shall meet at least quarterly.

7.2 Only voting members and non-voting members of the EZ Board have the right to attend EZ Board meetings. However, other individuals or organisations may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the EZ Board chairman.

7.3 Subject to 5.4 (a) if a voting member is unable to attend a board meeting, that voting member shall notify the chairman of the EZ Board in advance (at least three working days) that he is unable to attend and provide a substitute to attend the meeting in his absence. Any substitution shall be subject to the chair’s prior approval.

7.4 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

8. NOTICE OF MEETINGS

8.1 Meetings of the EZ Board shall be called by the secretary of the EZ Board at the request of the EZ Board chairman or any member of the EZ Board.
8.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each voting and non-voting member of the EZ Board and any other person required to attend, no later than five [5] working days before the date of the meeting. Supporting papers shall be sent to the EZ Board members and to other attendees as appropriate, at the same time.

9. QUORUM

9.1 The quorum necessary for the transaction of business at an EZ Board meeting shall be three voting members one of whom shall be the chairman save for the following Reserved Matter when the quorum shall be four voting members:

(a) Removal of non-voting members (the “Reserved Matter”)

9.2 Save for the Reserved Matter non-voting board members who are not members of the EZ Board may be co-opted as members for individual meetings in the event of difficulty in relation to achievement of a quorum.

10. VOTING ARRANGEMENTS

10.1 Each voting member of the EZ Board shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the EZ Board (whether in person or by audio or video conference).

10.2 Subject to clause 10.3 if a matter concerns a particular Enterprise Zone location, the representative voting member for that Enterprise Zone location must be agreement.

10.3 A voting member must not participate in any vote related to their own application for the reinvestment of retained business rates. The Chairman reserves the right to ask the voting member who has made such an application to leave a meeting to allow for further discussions relating to that board members application.

10.4 Decisions of the EZ Board shall be taken by a simple majority. The chairman shall have a casting vote.

10.5 If the chairman is not in agreement with a decision taken by the majority of the EZ board to make a formal recommendation to the Council on behalf of the C & IOS LEP in respect of:

   vii. The reinvestment of business rate relief; or
   viii. Enhanced Capital Allowances.
10.6 the chairman shall refer the matter to the C & IOS LEP Co for further consideration
The C & COP LEP Co may then make a formal recommendation to the Council on
behalf of the C & IOS LEP to action or reject the recommendation.

11. **MINUTES OF MEETINGS**

11.1 The secretary (or his or her nominee) shall minute the proceedings and resolutions of
all EZ Board meetings, including the names of those present and in attendance.

11.2 Draft minutes of EZ Board meetings shall be circulated promptly to all EZ Board
members for approval and published on the C & IOS LEP website within ten [10]
clear working days. If the EZ Board are unable to approve the minutes within this
time period, the EZ Board shall publish them online on the C & IOS LEP website in
draft form with final minutes being published within ten [10] clear working days of
them being approved.

11.3 A resolution in writing and signed by all EZ Board members will be as effective as a
resolution passed at a Board meeting. Any written resolution shall be tabled and
noted at the next meeting of the Board.

12. **REPORTING RESPONSIBILITIES**

12.1 The chairman shall report formally to the C & IOS LEP Co after each meeting on all
matters within its duties and responsibilities and provide the minutes of all EZ Board
meetings.

12.2 The C & IOS LEP Co may make whatever recommendations to the EZ Board it
deems appropriate on any area within its remit where action or improvement is
needed.

12.3 The EZ Board shall make available its terms of reference on the C & IOS LEP’s
website.

13. **GENERAL MATTERS**

13.1 The EZ Board shall have access to sufficient resources to carry out its duties,
including access to a secretary for assistance as required.

13.2 The EZ Board shall be provided with appropriate and timely training, both in the
form of an induction programme for new members and on an ongoing basis for all
members. Such training to include but shall not be limited to, training on the C & IOS
LEP’s Code of Conduct for members (included within the C & IOS LEP’s Assurance
Framework).
13.3 In carrying out its duties, the EZ Board shall give due consideration to all relevant laws and regulations.

13.4 In carrying out its duties, the EZ Board shall comply with the C & IOS LEP’s Complaint Policy (included within the C & IOS LEP’s Assurance Framework).

13.5 In carrying out its duties, the EZ Board shall comply at all times with the C & IOS LEP’s Whistleblowing Policy (included within the C & IOS LEP’s Assurance Framework).

13.6 The C & IOS LEP shall arrange for periodic reviews of the EZ Board’s performance and, at least annually, review the EZ Board’s constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary.

13.7 The EZ Board Members be responsible for its own costs incurred in connection with the CEZ Objectives and the delivery of the CEZ Functions.

13.8 The EZ Board shall comply at all times where possible with the Communications Protocol.

14. NON PREFERENTIAL TREATMENT

The EZ Board Members acknowledge and accept that if any individual EZ Board Member makes an Application to be considered by the EZ Board in accordance with these Terms of Reference, then any such Application shall be considered by the EZ Board in accordance with the procedures set out in these Terms of Reference. For the avoidance of doubt no Application submitted by a Board Member shall be treated any differently than an Application made by a third party applicant.

15. DISPUTE RESOLUTION

15.1 Any disputes arising between the EZ Board Members which are not possible to resolve through the decision making processes of the EZ Board shall within 20 working days of a dispute arising be referred to the Chief Executive of Cornwall Council, the Chair of the LEP Co and the Chief Executive of the Council of the Isles of Scilly for determination.

15.2 In the absence of resolution in accordance with Clause 15.1 above the dispute may be referred by agreement of all Board Members to a single mediator to be appointed in accordance with the mediation procedures of the Centre for Effective Dispute Resolution (CEDR) Model Mediation procedure 2001 or such later edition as may be
in force from time to time or such other organisation which provides mediation services. The mediator shall be agreed upon by the Board Members.

15.3 All costs of mediation shall be borne equally by the Board Members unless otherwise directed by the mediator.

16. **AUTHORITY**

16.1 The C & IOS LEP authorises the EZ Board to carry out the duties set out in these Terms of Reference.

16.2 The C & IOS LEP authorises the EZ Board to seek any information it requires from any employee or member of the C & IOS LEP, and all such employees or board members will be directed to co-operate with any request made by the EZ Board.

16.3 A duly convened meeting of the EZ Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the EZ Board.

Adopted by the C & IOS LEP Co on [DATE].
SCHEDULE 1

PROCEDURE FOR ASSESSING AN APPLICATION

1. When evaluating an Application the EZ Board shall comply with the EZ Terms of Reference, the Policies and ensure that the following Accountability Criteria are met:

   1.1 An application or if appropriate a business case has been prepared which sets out the detail and the purpose of the request for investment;

   1.2 a risk analysis has been undertaken in line with the Investment Policy;

   1.3 there is a clear alignment to the economic priorities of the C & IOS LEP;

   1.4 it satisfies the Council’s obligations as an Accountable Body; and

   1.5 it is State Aid compliant.

2. The EZ Board may add any additional conditions to the funding as the EZ Board consider appropriate.

3. If the EZ Board is satisfied that an Application satisfies the Accountability Criteria, the EZ Board may submit a Drawdown Notice make a Recommendation to the Council in accordance with clause 4 (Recommendation).

4. Recommendation

   4.1 Provided the EZ Board is satisfied that an Application meets the Accountability Criteria and subject to clause 4.2 the EZ Board shall make a Recommendation to the Council.

   4.2 If the Chair of the EZ Board is not in agreement with the decision made by the EZ Board, the EZ Board shall refer the matter to the C & IOS LEP Co for consideration. The C & IOS LEP Co shall then have the power to:

      4.2.1 agree with the decision of the EZ Board and make a formal Recommendation to the Council on behalf of the C & IOS LEP; or

      4.2.2 reject the EZ Board’s suggested recommendation.

4.3 Once a Recommendation has been made to the Council (either directly by the EZ Board or by the C & IOS LEP Co in accordance with 4.2.1) the Council shall pay such sums from the Business Rates Growth Fund (all or any of it) as the EZ Board shall request to either the EZ Board or to any nominee of the EZ Board as set out in the Recommendation within five working days of receiving such a request.
4.4 The EZ Board accept that any Recommendation made to the Council pursuant to this clause 4 shall be subject to the approval of the Council’s Section 151 Officer in accordance with clause 6 of this Schedule 1.

5. **STATE AID COMPLIANCE**

5.1 The EZ Board shall ensure that any successful applicants (including any Applications submitted by an EZ Board Member) (the “Receiving Party”) undertakes its own independent assessment of the compatibility of the Application with State Aid Law.

5.2 If the Receiving Party is an EZ Board Member they will:

5.2.1 maintain appropriate records of compliance with State Aid Law and take all reasonable steps to assist the EZ Board to respond to any investigation(s) instigated by the European Commission relating to the Application; and

5.2.2 acknowledge that a finding of State Aid non-compliance in respect of their Application by the European Commission or a Court of competent jurisdiction may lead to them being ordered to repay any monies received with interest in accordance with the European Commission's reference rates.

6. **BUSINESS RATES GROWTH FUND**

6.1 The Parties agree that until a Recommendation has been made by the EZ Board or the C & IOS LEP Co, the Council will retain the Business Rates Growth in the Business Rates Growth Fund.

6.2 The Council shall, if the Business Rates Growth be a positive figure, place the Business Rates Growth in the Business Rates Growth Fund.

6.3 The Council agrees that it shall hold the Business Rates Growth Fund on trust for the C & IOS LEP until it is transferred to the C & IOS LEP Co or its nominee in accordance with the provisions of this Schedule 1.

6.4 The Council shall allow inspection by the C & IOS LEP Co or its nominee on reasonable notice of all books, records, accounts and any other materials relating to the calculation of the growth in Business Rates. The Council will provide to the C & IOS LEP Co annually in arrears before the end of the 1st quarter in the financial year following (30th June), a detailed annual statement of monies received on each CEZ.

6.5 The EZ Board acknowledges that the Council as the Accountable Body for the C & IOS LEP shall:
6.5.1 conduct a review of the amount of Business Rates received annually and advise the C & IOS LEP every year of the amounts received in Business Rates and the amounts the Council considers to be Business Rates Growth;

6.5.2 administer the Business Rates Growth Fund which includes ensuring all money classed as Business Rates Growth is paid into the Business Rates Fund, ensure interest is paid on the monies in the Business Rates Growth Fund every year and provide the C & IOS LEP annually with written statements on the balance within the Business Rates Growth Fund;

6.5.3 be responsible for all reporting, audit and accounting arrangements relating to the Business Rates Growth Fund;

6.5.4 subject to S151 Officer approval make payments on behalf of the C & IOS LEP to those bodies to whom the EZ Board shall refer to in the Recommendation in accordance with clause 4 (Recommendation);

6.5.5 retain the Business Rates Growth in the Business Rates Growth Fund in accordance with clause 6 (Holding of Monies)

7. The Council shall not (outside the ordinary course of National Government Policy) discount, offer reliefs or concessions, impose tariffs or levies or otherwise reduce the requirement for the payment of any Business Rates within the CEZ’s without the prior written consent of the EZ Board or the C & IOS LEP Co which should not be unreasonably withheld.
SCHEDULE 2

PLANS OF THE CORNWALL ENTERPRISE ZONES
Local Enterprise Partnership, Company and Delivery - Non-Executive and Executive Responsibilities:

The Chair and the Board

The Chair and the Board are responsible for the leadership of the Company.

The Chair is responsible for the running of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda taking full account of the issues and concerns of Board members. In fulfilling that responsibility the Chair should:

- In conjunction with the Chief Executive, ensure effective implementation of Board decisions and ensure that the Board meets sufficiently regularly to discharge its duties.
- Ensure the effective running of the Board ensuring that adequate time is made available for discussion of all agenda items, particularly on strategic issues.
- Ensure that the Board as a whole plays a full and constructive part in the development and determination of the Cornwall and Isles of Scilly LEP strategy and overall commercial objectives.
- Ensure that the Board agendas take full account of important issues facing the LEP and any concerns of Board members. The emphasis of the agenda should be on strategy rather than routine issues.
- Ensure that Board members receive accurate, timely and clear information on the LEP’s performance, issues, challenges and opportunities facing the company and on matters reserved for its decision. Thereby enabling the Board to make sound decisions, monitor effectively and provide advice in order to promote the LEP’s success.
- Propose to the Board in consultation with the Chief Executive, Company Secretary and Committee Chairs as appropriate: a schedule of Matters Reserved for the Board’s decision, Terms of Reference for each Committee of the Board and other Board policies and procedures.
- Ensure that all new directors participate in a full, formal, tailored induction programme. Regularly review each Director’s training and development needs. - Ensure that directors continually update their skills, knowledge and familiarity with the company to enable directors to fulfil their role on the Board and any Committees of the Board.
- Ensure that the performance of the Board, its Committee’s and individual directors is evaluated at least once a year and act on the results of the performance evaluation.
- Promote a culture of openness and debate at Board meetings and in particular facilitate the effective contribution of Non-Executive Directors by
ensuring a constructive relationship between the Executive team and Non-Executive Directors.

- Arrange informal meetings of the Directors of the Board, including meetings of the Non-Executive Directors at which the Executive team are not present, as required, to ensure that sufficient time and consideration is given to complex, contentious or sensitive issues.
- Chair the Nomination Committee and in that role initiate change and succession planning in Board appointments to retain and build an effective and complementary Board. Propose in conjunction with the Nomination Committee the membership of the Board Committees and their Chairman.
- Promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.
- Establish a close relationship of trust with the Chief Executive, providing support and advice but respecting executive responsibilities.
- Ensure that the Board determines the nature and extent of significant risk that the company is willing to embrace in the implementation of its strategy.

Individual Board members are expected to allocate a minimum of 1.5 days per month to their role as a Director of the Cornwall and Isles of Scilly Local Enterprise Partnership. It is the responsibility of each Board member to:

- To be at all times familiar with the principal business priorities and focus for the work of the LEP, the Strategic Economic Plan and supporting activities, key business, government and academic relationships and any current contentious issues likely to effect the work of the LEP and to feature as part of Board discussion.
- Declare by written submission, ahead of each Board meeting any anticipated conflict of interest arising from current priorities and activities for the LEP – and from the circulated agenda at the start of each meeting.
- To contribute to Board discussion, using information and guidance provided by the Executive team and, where appropriate drawing on personal, business, local or national government experience.
- To become familiar with the agreed Vision and Values of the Cornwall and Isles of Scilly LEP and to utilise these in delivery of activity on behalf of the company – and to work with other Board directors and the Executive team to ensure their application across all LEP activity.
- Where time availability allows, support the wider Governance structure of the LEP, either by involvement in its sub-boards and advisory groups, or by representing the LEP and Board on key other groups that have an economy element at a local, national or regional level and where the LEPs priorities are served by representation and input.
- To contribute to the Board discussion and direction of the LEP company on a personal basis and as a director of the company and not as a representative of or with intention of influence for any other company or organisation.
- To work closely with the Chair to ensure throughout each individual Board members three or six year tenure that appropriate training and development requirements are provided to enable strong and active engagement with the governance of the LEP Company.
Chief Executive and the Executive Team

The Chief Executive (CEO), with the assistance of the Head of Governance and Operations, and the LEP Executive Team is responsible for all executive management matters affecting the Cornwall and Isles of Scilly LEP and in particular for running, leading, managing and controlling the Company subject to those matters which are reserved for decision by the Board.

In exercising these responsibilities the CEO should:

- Exercise leadership of the executive management team to ensure that Cornwall and the Isles of Scilly LEP delivers to the direction of the Board and requirements of all of its key stakeholder groups.
- Apprise the Board of all matters which materially affect the LEP and its performance.
- In conjunction with the Head of Governance and Operations and Executive team:
  - ensure that the decisions of the Board and its Sub Boards and Committees are fully implemented
  - propose and develop strategy and overall programme and delivery objectives for consideration by the Board
  - formulate annual and medium term business plans indicating how the LEP’s strategy will be delivered - ensure that the Board has regular opportunity to review challenge and approve it. - provide input, along with the Head of Governance and Operations and Executive Team into the Board’s agenda
- In conjunction with the Head of Governance and Operations ensure that appropriate priority reports are provided to the Board with sufficient and timely information to enable the Board to fulfil its role.
- Provide input to the Chair and Company Secretary on appropriate changes to the schedule of Matters Reserved for the Board and Board Committees Terms of Reference.
- With the Head of Governance and Operations, ensure that the Executive Team complies with Board procedures including the schedule of Matters Reserved for the Board and each Committee of the Board adheres to its Terms of Reference.
- In conjunction with the Chair, ensure that Board members understand the views of LEP Stakeholders, Funding Partners.
- Ensure that the highest standards of integrity, probity and corporate / ethical governance are promoted within the LEP.
- In conjunction with the Head of Governance and Operations and the Executive Team, ensure that sound systems of internal control are maintained and that all major risks are adequately managed.
- Maintain a dialogue with the Chairman on important / strategic issues facing the LEP. Ensure the Chairman is aware of any complex, contentious or sensitive issues that affect the LEP.
- Provide information / advice on succession planning to the Chairman of the Nomination Committee particularly in respect of the Executive Team.
Date of Board Meeting: 14 March 2018

Report Title: Enterprise Zone Board Update

Author: Gavin Poole/Miles Carden/Matt Hodson/Iain Mackelworth

Contact: imackelworth@cornwall.gov.uk
        miles.carden@cornwalldevelopmentcompany.co.uk
        Matt.hodson@cornwalldevelopmentcompany.co.uk

Decision Required by the Board Y/N: N

For Information Only Y/N: Y

**Recommendation(s)**

1. To note the contents of the report and progress across the Enterprise Zones.

**Summary**
Due to adverse weather conditions the combined Enterprise Zones Board scheduled for 1 March 2018 was cancelled. The next meeting is on 9 May 2018. The LEP and Council’s Economic Growth Team will work with the Chair of the EZ Board to agree a process to present key issues for decision by the Board members in advance of the next meeting.

**Overview**
The governance and management of the EZ Board has been updated in line with the revised LEP Assurance Framework and the EZ Board papers were posted on the LEP’s website 5 working days prior to the EZ Board Meeting. The draft Terms of Reference for the EZ Board have also been reviewed, refreshed, posted on the LEP’s website and sent out to the EZ members; these need to be approved and adopted by the EZ Board at the next meeting.

31Ten have completed a Rates Model for Cornwall EZs which will allow for detailed accurate modelling of future rates income which could be generated as a result of development on the site. This was due to be presented at the postponed March EZ Board but will now be presented at the May meeting.

Whilst good progress has been made in terms of governance and marketing over the last year the pace of physical development on the EZ sites (which drives retained rates income) is a concern.
The focus for the coming year must be on the identification and development of priority capital investments in the site which deliver rates growth, new investment, business growth and additional employment.

**Risk:**
The two main risks reported for the March EZ Board were as follows:

- **Rate Relief, Aerohub:** Government funded rate relief at the Aerohub EZ will end in March 2018. A paper recommending the extension of rate relief funded through the EZ Growth Fund was presented to the EZ Board in January 2018. The decision was deferred pending the conclusion of the rates modelling work which is now due to be presented to the EZ Board at the May meeting.
- **Market failure** in the commercial property market is restricting and limiting the pace and scale of development with the EZ and impacting on retained rates income into the EZ Growth Fund. This is considered to be the biggest single risk to the success of the EZs. The Council is developing an Investment Programme which could be used to support workspace and infrastructure development across Cornwall including the EZ.

**Rates Relief:**
No applications for rate relief were received in the previous period.

**EZ Growth Fund:**
No applications for funding were received in the previous period.

Based upon the rates forecast up to the end of March 2018 the EZ Growth Fund reserve stands at £847,480.

**Other activity highlights:**

**MarineHub Cornwall**

The refreshed Marine Hub Cornwall website has been under construction by Creative Edge (with Copywriting, Content and PR being provided by Brand Innovation) and is due to go live by the 1 March 2018. The site is intended to provide dynamic content reflecting the capability already available in the region, and the potential of the sector moving forward.

With respect to the Marine-I RD&I stimulus project, Q1 has seen an increase in applications for the Marine Challenge Fund, with six projects totally £607K being recommended for grant funding worth £361K by the end of February. This brings the total value of applications being processed to £990k of grant funding, with an associated private sector match of £557k. It is anticipated that the defrayal of these grants will accelerate through Q2 and beyond. Throughout March, it is expected that we will deliver a significant number of strategic small grants focussed on companies who have yet to undertake RD&I, or whom have not considered the application of their products in the Marine sector. Currently, there are six in process with growing interest from the sector. It is worth noting that we have received interest in both Hayle Marine Renewables Business Park and Tolvaddon from two companies currently engaged with the Marine-I process.

Marine-I held a testing/validation masterclass attended by around 50 delegates at the University of Plymouth COAST lab on 1 February 2018. Over 100 delegates...
attended a hybrid drives/ electrical storage workshop at the National Maritime Museum, Falmouth on 22 February. Planning for a Composites focused event on the 2 May 2018 and a Technology in Marine Surveying event on the 23 May is underway.

Marine Hub Cornwall will be exhibiting at Oceanology 2018 in London between the 13 and 15 March, and speaking at the Near and Far Markets seminar at the same event. This is a well-established world leading ocean technology marine science exhibition and conference attracting quality visitors from across the Marine Industry (Renewables, Oil and Gas, Defence etc). The primary reason for attending will be to engage with R&D focussed marine technology companies who would benefit from the Marine Hub Cornwall Offer (including the Marine-I project) in order to increase the pipeline of opportunities for the Marine Enterprise Zone.

With respect to sector engagement, the MRE Roadmap refresh process (in conjunction with the MOR group) continues. The first draft of the summary document has been completed and is currently being considered by the working group. Their comments will be incorporated into a second draft which will be circulated amongst key stakeholders before the end of March.

**Aerohub+**

**Highlights:**

1. Cornwall Council have appointed a contractor and site works have now commenced for the development project on Plot 2 on the Aerohub Business Park.
2. Spaceport Cornwall has completed the UKSA due diligence process. The team are now planning a communication plan for launch success with the commercial launch partner in 2018.
3. The Aerohub/AeroSpace and Invest in Cornwall/Spaceport team are planning attendance at Farnborough International Airshow 2018 and a number of other local and National events.

**Aerohub Business Park**

Marketing is ongoing with significant investor and occupier interest. 5 plots now have firm proposals:

- Plot 5 – some issues have arisen with final funding confirmation from ESIF, design complete, detailed terms now agreed with CC for land acquisition. Resolution being sought
- Plot 12 – Sold to CIS – Phase 1 work completed, phase 2 office build now underway and onsite. Ongoing legacy servicing issues being resolved.
- Plot 4, 10 and 15: discussions ongoing – detailed propositions being evaluated.
- Plot 2 - Cornwall Council secured funding from the ESIF programme to progress the direct development pilot scheme. Delivering 2,707sq metres of workspace, offices and warehouse, specifically for smaller enterprises looking to grow at the EZ. Procurement completed, contractor appointed and now on site. Marketing will commence imminently by may be adapted dependent upon Spaceport announcement.

**Cornwall Airport Newquay**

The EZ team have hosted a number of aerospace investors on site and responded to a number of international inward investment proposals. In particular we have a large number of active Unmanned Aerial Systems enquiries. These are ongoing and we are planning a UAV event at the airpport later this year. We are also working with Apple
Aviation on growth plans, these are ongoing and a further meeting is planned for March

**Spaceport Cornwall:**
The LEP, through the Enterprise Zone Board and its Space Steering Group chaired by Gavin Poole, continues to lead on the Spaceport initiative on behalf of the partnership.

CDC continue to provide an intensive investor management role with our Spaceport Operator partner, and MACE are now working to project manage the initiative. We expect an announcement from UKSA MID- March. Hopeful grant award in March. Resourcing the success case is now being arranged with key personnel from the Aerohub team being transferred to lead on Spaceport. Backfilling resource for the EZs is being recruited and a revised plan for delivery being developed.

Spaceport Cornwall team has completed the UKSA due diligence process with a last minute State Aid query from UKSA now resolved. A detailed communication and funding plan for success in 2018 has been drafted. We expect an announcement on the grant award in March 2018 and we are agreeing with our Operator partner a press release.

Pending the grant award we will continue to work closely with our operators to develop both the commercial case and the operating models.

More detail will be provided at the Board meeting.

**Food Enterprise Zone**

Whilst not formally part of the oversight role of the EZ Board, Directors may find an update on our Food Enterprise Zones useful.

The FEZ activity in Cornwall and the Isles of Scilly has been a useful activity in terms of accelerating the growth of the Agri-food sector and in terms of developing the understanding of the role that Local Development Orders (LDO) can play in the planning and development process in both the public and the private sector. Our intention to deliver two private sector led FEZ’s with two different LDO’s was always ambitious and whilst we have delivered the original objectives of the FEZ on both sites we have only used the LDO process on one site at this time. The other has been progressed through normal planning processes. A short summary of each site is outlined below:-

Norton Barton Artisan Food Village – LDO approved - Since the LDO has been granted three businesses located at Norton Barton (Cornish Charcuterie, Popti Bakehouse and The Cornish Distillery) were successful with their EAFRD Growth Programme applications which enables the first three developments to be built on site during 2017 and 2018. Combined these bids are worth in the region of £1 million and will expand two business and create one new business on the site so that they can increase their sales, employment, etc. In addition Cornwall Council has authorised small scale road improvements in the area to help make the site more accessible and the site will be connected to Superfast Broadband via the next phase of Cornwall’s Superfast role out programme.

Trewthethen Dairy – progressed through normal planning applications - Following the preparatory work completed to date the exact extent of the LDO has been reviewed by the owners of Trewthethen Dairy as the business need for developments on site
continue to evolve. With the agreement of Cornwall Council planning representatives and DEFRA an extension was agreed with DEFRA until September 2017 in order to deliver the LDO. In early May 2017 the owners of Trewithen Dairy made a decision that in order to keep up with the demands of their customers they needed to submit normal planning applications to accommodate their immediate business needs and this decision has overtaken the LDO processes which were put on hold at this time. In addition Trewithen Dairy have submitted an application to the EAFRD GP “Adding Value” call to help fund their expansion.

Once the outcome of the current planning applications and grant application are known a meeting will be held with the owners of the Trewithen Dairy site to explore the future development of the site and agree whether an LDO or a series of separate planning applications is the best way to progress the planned developments.

A final report on the FEZ’s in Cornwall was submitted to DEFRA in December 2017 and as far as they are concerned there interest in them is now closed. How we take them on from here is subject to on-going discussion with the Cornwall Agri-food Council as they develop their thoughts about designating Cornwall and the IoS as a Food and Farming Enterprise Zone as part of the development work that underpins the Agri-food section of our 10 Opportunities document.
Report Title: Employment and Skills Board Update Report
Author: Clare Harris/ Stacey Sleeman
Contact: charris@cioslep.com/ stacey.sleeman@cornwall.gov.uk

Decision Required by the Board Y/N: N
For Information Only Y/N: Y

Recommendation(s)

1. To note the contents of the report and progress.

The ESB meeting due to take place on 28 February was postponed due to the weather. The main focus for the Board was a discussion on 'New Frontiers, Skills Devolution Asks' and planning of the ESB delivery plan and performance monitoring.

Skills Advisory Panel

CIoS has been selected by the Department for Education (DfE) to help frame the Skills Advisory Panel (SAP) Framework and analytical methodology; this will allow the Employment and Skills Board to fully understand skills demand and supply, the local employment and skills landscape and barriers and blockages in the local market.

The purpose of Phase 1 is to test and develop the SAP's proposition before wider roll out. CIoS will work with the DfE to increase capability and capacity, across our leadership and business community, to take this information and translate it into a comprehensive and inclusive ‘local’ skills delivery programme. This will allow CIoS to provide mainstream and bespoke skills opportunities which meet the aspirations of young people, people furthest away from the labour market, training providers and exiting and developing sectors and business.

The high level methodology is to structure the analysis as outlined below:

<table>
<thead>
<tr>
<th>Understanding skills demand</th>
<th>Step 1: Define the landscape / context</th>
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<tr>
<td></td>
<td>Step 2: Map employer demand for skills now</td>
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<td>Step 3: Assess how skills demand may change in the future</td>
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Page 163
A teleconference took place at the end of February to discuss the SAP feasibility study and both FE colleges were part of this conversation. This work will be ongoing until May/June.

South West Institute of Technology (SWIoT)

CIoS LEP is supportive of a South West Bid and has provided a letter of support together with Cornwall Council.

1.1 The South West Institute of Technology (‘SWIoT’) is a £30m joint bid to the Government’s Institute of Technology competition, due to close on the 1 March.

1.2 Bringing together 5 of our leading colleges (Bridgwater and Taunton, PETROC, Exeter, Plymouth and Truro and Penwith), our two Universities (the University of Exeter and the University of Plymouth) and 6 of our largest employers (EDF, Babcock, Met Office, Watson Marlow, TDK Lambda and Oxygen House), the SWIoT seeks to deliver state of the art, industry led technical training and skills development across the South West peninsula.

1.3 The Institute will deliver a mixed syllabus of intermediate and higher level engineering and digital qualifications (covering NVQ Levels 4, 5 and 6) from 2019/20, available to both new learners and those already in the workplace who wish to increase their technical skills capacity. The new body will bring together our world class research and development / higher education capacity, our technical education expertise and our industrial capability to provide a prestigious new learning offer for the area by the turn of the decade.

1.4 Recognising the scale and complexity of delivery within our area, the SWIoT is to take a distributed approach to its learning and facilities, with new campus facilities imbedded across our existing FE and HE stock alongside a state of the art digital learning environment to allow for maximum reach. New facilities will include:

<table>
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<tr>
<th>Assessing skills issues</th>
<th>Step 4: Map supply of skills now</th>
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<tr>
<td>Step 5: Assess how skills supply might change in the future</td>
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<tr>
<td>Step 6: Identification and diagnosis of skills system issues – (i) identify whether supply currently meets demand / will do so in the future; (ii) diagnose barriers to responsiveness</td>
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<tr>
<td>Step 7: Identify key issues that may warrant a policy response</td>
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</table>
• **North Devon Campus** – A refurbished centre of excellence located within PETROC’s Northern Campus, delivering an enhanced learning environment for engineering and computing studies.

• **Plymouth Campus** – An enhanced centre of learning within the College’s recently completed STEM centre, equipped to an industrial standard and focused upon new engineering, digital and manufacturing capabilities.

• **Bridgwater / Taunton Campus** – Refurbished and expanded facilities to allow for additional capacity around nuclear and engineering training, including system management and high value welding and fabrication.

• **Exeter University Campus** – A new training facility, located within the University’s refurbished Innovation Centre, providing an enhanced digital and data science offer with strong links to the University’s research and higher-level skills capability.

• **Truro and Penwith** – A new centre focused on manufacturing and engineering specialisms, including materials inspection, testing and precision fabrication to industry standard.

• **Exeter College Campus** – Development of new purpose-built centre for digital training, providing industry standard equipment and IT capacity to focus on data analytics, cloud-based processing and services and other emerging IT specialisms.

**Cornwall and Isles of Scilly Work and Health Beacon Project**

Part A of our proposal has been submitted, outlining what we are looking to deliver (as outlined below) and will go to DWP Work and Health Unit Strategic Board on 9 March. We are currently working on the final part of our submission with a deadline of 14 March 2018.

The aim of this proposal is to test and trial how business engagement and local action could help achieve the Governments ambition to increase disability employment. The concept is to build on C&IOSLEP work to date, and develop digital innovative approaches to support especially hard to reach SME’s, changing behaviours and building confidence.

Business engagement, partnership working, and innovation is at its core, bridging the gap between employer and potential employee by linking advice and guidance, building an online community, and sustainably removing barriers to employment. This supports the DWP digital discovery analysis on employer’s advice and support.

The project will develop a digital social hub for the business community on C&IOSLEP Growth and Skills hub, and with their connectors, testing and trialling how smart digital solutions such as AI, App development, digital training / interactive experiential-learning could develop produce useful data, to create a responsive and
targeted interactive mobile platform for businesses based on their search criteria, ensuring that employers can be more effectively triaged to specialist business support when required.

The project aims to identify a clear narrative for businesses to shape the work and health agenda as an opportunity to address their skills and productivity issues, through a co-produced social marketing campaign, and by intensely working with SME’s to develop Disability Confident as an effective and useful resource for business and implementation of the Stevenson/Farmer review recommendations. This will support a business economy where ‘disability confident’ employers can flourish, and inform WHU on effective business engagement.

Mark Duddridge, Paul Massey and Clare Harris will be attending the DWP Challenge Board/Panel on 21 March for agreement of funds.

**Enterprise Adviser Network update**

- Working well in some schools with excellent engagement from EAs
- CECs provision of a flexible offer for Cornwall with match funding confirmed until 2020
- CEC Investment fund included LEP involvement in the assessment phase for 2017/2018 academic year – awaiting announcement of 2018/19 investment fund and what the criteria will be.
- Team of multi skilled ECs now in post and well supported by Project Support Officer.
- David Barton (CASH) sits on the CEC Headteacher Advisory Group.

<table>
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<tr>
<th>At end of reporting period</th>
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<tr>
<td>Number of Enterprise Coordinators (FTE)</td>
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<tr>
<td>Number of Enterprise Advisers signed up</td>
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<tr>
<td>27 EAs working with 23 schools</td>
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<tr>
<td>8 EAs waiting to be matched with schools</td>
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<tr>
<td>Number of schools engaged</td>
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<tr>
<td>Percentage of schools and colleges covered overall</td>
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**Key challenges to date**

- Maintaining consistent Staffing to grow the network
- Recruiting Enterprise Advisers
- Engaging Schools - staff time pressures, lack of direct funding to schools
- Lack of consistent Ofsted focus in providing a robust assessment of careers work in schools
- Schools tendency to promote traditional academic routes and recruit students in to their sixth forms
- Need a CRM system to record and track information, generate reports
- Need specific tools to measure Impact – Compass Assessment tool is a great starting point, we need more like this
Enterprise Adviser recruitment
Currently 38 Advisers recruited but representation needed for the Enterprise Advisers required, representing the following sectors as outlined in our 10 opportunities brochure.

1. Creative – Required
2. Space – Kat Hickey, Goonhilly and Stuart Moore, Avanti Communications
3. Energy – Required – we have a link with Lucy at Geosciences but she is not an actual EA
4. Digital – Nick Dixon, Falmouth Launchpad
5. Agri-Food, Jo from Kinsey Foods, Clare from Provenance Brands, St Austell Brewery
6. Tourism – Simon, Classic Cottages
7. Marine – Required
8. Mining – We have a link with Lee from Colas Quarry, but quarrying is different to mining and we would like a rep from the field of mining
9. Aerospace – Required
10. E-Health – We have a HR manager from the NHS but would also appreciate an E-Health specialist.
Date of Board Meeting: 14 March 2018

Report Title: Audit and Assurance Committee Update

Author: Carol Bransgrove

Contact: cbransgrove@cioslep.com

Decision Required by the Board Y/N: N

For Information Only Y/N: Y

Recommendation(s)

1. That the Board notes the contents of this report.

1. Executive Summary

This report seeks to update the Board on the recent meeting of the LEP Audit and Assurance Committee.

2. Impact/Outcomes/Issues

The Audit and Assurance Committee, Chaired by Gavin Poole, met on 8 February 2018, where the following items were discussed:

- **LEP Local Assurance Framework** – as agreed at the LEP Board on 31 January, the Audit and Assurance Committee went through the revised assurance framework in detail and made a recommendation to the LEP Chair to sign off on behalf of the Board in order to meet the deadline of 28 February for compliance. The Board should note that the assurance framework was signed off by the LEP Chair and Cornwall Council Section 151 Officer by the deadline and is on the LEP website.

- **Performance and Risk** – the Committee reviewed the revised corporate risk register. The new format is contained within the CEO report at item 5.2.

- **18/19 Business Plan and Budget Setting** – the Committee went through the draft 18/19 Business Plan, paying particularly attention to the 18/19 budget in advance of the Director workshop on 22 February.

A copy of the minutes of the meeting held on 8 February is attached at Appendix 1 for the Board’s information.

3. Appendices

Appendix 1: Audit and Assurance Committee Minutes – 8 February 2018.
Minutes

Meeting Title: LEP Audit and Assurance Committee
Date: 8 February 2018
Time: 10am
Location: Room 5A05 Pydar House, Pydar Street, Truro, TR1 1XU
Chaired by: Gavin Poole

Membership: Gavin Poole (GP), Louise Rowe (LR) (by phone), LEP Vice Chair (tbc)
Officers: Sandra Rothwell (SR), Tim Bagshaw (TB) Carol Bransgrove (CB), Julia Harvey (JH)
Notes: Debbie Osborne (DO)

Minutes

Apologies
None

Discussion around Chair of LEP Audit and Assurance Committee

- Due to the resignation of Chris Loughlin from the LEP Board and the Audit and Assurance Committee, the LEP Nominations Committee by written procedure proposed to the LEP Board that Mark Goodwin becomes the interim vice chair of the LEP Board whilst the recruitment process is ongoing. In that role he would also become a member of the Audit and Assurance Committee.
- Gavin Poole agreed to chair the Audit and Assurance Committee as part of an interim arrangement. The Committee agreed with this approach to ensure stability and continuity.
- RECOMMENDATION 1: Gavin Poole to Chair this Committee until May 2018. Following the written procedure the Vice Chair of the LEP Board will become a member of the Committee.
- RECOMMENDATION 2: Once the new NED’s have been appointed the LEP Nominations Committee to prioritise an additional member of the Audit and Assurance Committee from the new and existing members to then determine a Chair after Gavin Poole’s departure from the LEP Board in May 2018.

1. Minutes of the last meeting (12 September 2017)
Minutes

- Notes agreed as a true and accurate record.
- All actions done or covered on today’s agenda

2. **Assurance Framework (AF) Review**

- As agreed at the January LEP Board, the Audit and Assurance Committee were delegated to look at and sign off the revised AF and recommend that the LEP Chair signs off on behalf of the Board, to meet the deadline of 28 February 2018.
- Internal work has been undertaken in line with the Ney Recommendations to look at improvements and changes.
- Revised BEIS guidance received on 24 January and working to deadline of 28 February.
- Grant Thornton have had a “third party” look at the revised document and are content.
- Looking at length of document and inclusion of less appendices.
- Discussion around adapting specific policies for the LEP rather than using Cornwall Council versions.
- As agreed at the Annual Conversation in December 2017, there will be a 2 phase governance review: the first phase is the Ney Recommendations and the second phase is the National AF and ministerial review on LEPs; a dedicated team within CLG has been pulled together to look at all local submissions.
- The recommendations paper circulated within the papers captures the Ney recommendations, the LEP Executive review and feedback received from Grant Thornton.
  1. Annual Conversation Statement currently being looked at by the LEP Executive and will be uploaded to the LEP website.
    - **Action 1: LEP Executive to send Annual Conversation Statement to Audit and Assurance Committee to agree content before uploading to website.**
  2. Code of Conduct to apply to all NEDs, and any related employee of LEP operations; needs to be cascaded appropriately and what the escalation process is with appropriate training given. Will need to ensure LEP and Cornwall policies don’t conflict with all accountable body employees working on LEP operations also abiding by the LEP policy.
    - **Action 2: LEP Executive to send current Code of Conduct to Audit and Assurance Committee to review and approve ready to put into action.**
  3. LEP Executive has taken into consideration the comments made by Grant Thornton and will act on those comments. All Sub Groups/Committees have been reviewed to ensure experience and skills are adequate and all are given the ability to delegate authority and a programme management line has been put into the budget for when
necessary external support can be bought in. A report will be going to the LEP Nominations Committee to this effect and agreed that this be reviewed annually especially when new programmes are released.

- **RECOMMENDATION 3:** Agreed going forward that the LEP work programme includes a piece on Board competency and is a standing item on LEP Nominations Committee Agendas.
- **Action 3:** LEP Executive to ensure that the work programme includes Board competency and is including on LEP Nominations Committee agendas.

4. LEP Executive working with S151 on internal processes and decisions.

5. Conflict of Interest policy already in place and will be uploaded to website. New template for use by all LEPs has been circulated and will be issued for completion by all NED’s for uploading to website.

- **Action 4:** LEP Executive to issue and collate all Register of Interest Forms for uploading to LEP Website.

6. Linked to recommendation 1. All Cornwall Council employees have to declare conflicts and gifts/hospitality. This should be linked to Code of Conduct and when declarations of interest are done at beginning of every LEP Board. Should also be adhered to by LEP Executive, Senior Leadership Team and Extended Leadership Team.

7. DCLG have provided template for use, links back to using Cornwall Council polices.

- **RECOMMENDATION 4:** Agreed going forward that all Audit and Assurance Committee Agendas have a standing item on for Whistleblowing and Conflicts of Interest.

- **Action 5:** LEP Executive to send current policy to Audit and Assurance Committee to agree content before uploading to LEP Website.

8. Awaiting guidance on National AF.

9. Will be uploaded to website when ready.

10. LEP Executive working through all guidance relation to publication of Board papers for LEP Board and all associated sub groups/committees. 31 January was used as a trial run with sign off by CEO and Chair and publishing of draft minutes by 14 February. There may be a requirement going forward for “part 1” and “part 2” papers which will allow confidential items to be kept separate, but all actions and decisions kept in public. The annual “open” event will now be reviewed to look more like an AGM.

11. CIoS LEP already compliant on this with a rolling scheduled constantly updated and uploaded to LEP website.

12. Awaiting guidance on National AF.
Minutes

13. Awaiting guidance on National AF but doesn’t need to be referenced in local AF.
14. Awaiting guidance on National AF but doesn’t need to be referenced in local AF.
15. Awaiting guidance on National AF but doesn’t need to be referenced in local AF.

3. Performance and Risk

- The new format of the Risk Register with revised wording was presented at the January LEP Board.
- Will be looking at mitigation and post mitigation.
- Horizon Scanning document which looks at 3 main risks over the next 4 to 5 years will be taken to the Director workshop for discussion along with a focused session on net risks on 22 February.
- Risk Register will be amended following external audit.
- Will also be linked to KPIs within the LEP Business Plan

**Action 6: Audit and Assurance Committee to feedback comments on revised Risk Register and also be content that following discussions at the Director workshop on 22 February recommend to the Board for sign off at the March LEP Board.**

4. 18/19 Business Plan and Budget Setting

- Copy of 18/19 budget circulated to Committee. Will be looking at this in more detail and a 4 year budget at the Director workshop on 22 February to then be worked into LEP Business Plan along with a short narrative.
- Reserves policy. It was agreed not to have a specific policy.
- **RECOMMENDATION 5:** Can the budget for 22/02 workshop include a comparison with previous financial years to show direction of travel, forecast and proposed new budget.

**Action 7: LEP Executive to work with LEP Accountant on revising the current budget sheet to include a comparison column before being presented to the 22 February workshop.**

- In relation to the audit of the 17/18 accounts, agreement required for the LEP Executive to once again commission Grant Thornton to carry out the necessary audit work.
- **RECOMMENDATION 6:** 17/18 Accounts do need to be audited as per previous financial accounts. Grant Thornton to be commissioned.

**Action 8: LEP Executive to carry out the necessary work to commission Grant Thornton to audit the 17/18 accounts.**

Recommendations
1. Gavin Poole to Chair this Committee until May 2018. Following the written resolution procedure the Vice Chair of the LEP Board will become a member of the Committee.
2. Once the new NED’s have been appointed the LEP Nominations
Minutes

Committee to prioritise an additional member of the Audit and Assurance Committee from the new and existing members to then determine a Chair after Gavin Poole’s departure from the LEP Board in May 2018.

3. Agreed going forward that the LEP work programme includes a piece on Board competency and is a standing item on LEP Nominations Committee Agendas.

4. Agreed going forward that all Audit and Assurance Committee Agendas have a standing item on for Whistleblowing and Conflicts of Interest.

5. That the budget has a comparison with previous financial years to show direction of travel, forecast and proposed new budget.

6. 17/18 Accounts do need to be audited as per previous financial accounts so are content that Grant Thornton are commissioned.

Agreed Actions

1. LEP Executive to send Annual Conversation Statement to Audit and Assurance Committee to agree content before uploading to website. 

2. LEP Executive to send current Code of Conduct to Audit and Assurance Committee to review and approve ready to put into action.

3. LEP Executive to ensure that the work programme includes Board competency and is including on LEP Nominations Committee agendas.

4. LEP Executive to issue and collate all Register of Interest Forms for uploading to LEP Website.

5. LEP Executive to send current policy to Audit and Assurance Committee to agree content before uploading to website.

6. Audit and Assurance Committee to feedback comments on revised Risk Register and also be content that following discussions at the Director workshop on 22 February recommend to the Board for sign off at the March LEP Board.

7. LEP Executive to work with LEP Accountant on revising the current budget sheet to include a comparison column before being presented to the 22 February workshop.

8. LEP Executive to carry out the necessary work to commission Grant Thornton to audit the 17/18 accounts.

Date of Next Meeting

To be confirmed. LEP Executive to arrange.

The meeting closed at 12:00pm.