

Minutes of a Meeting of the Cornwall and Isles of Scilly Economic Forum

11.00am on Wednesday 21 February 2007

Trelawney Room, New County Hall, Truro

Present:

John Berry	Cornwall Enterprise
Bert Biscoe	Rural Cornwall and Isles of Scilly Partnership
Stephen Bohane	SW Regional Development Agency (SWRDA)
David Brewer	Cornwall Business Partnership
Neil Burden	North Cornwall District Council
Philippa Collett	Learning and Skills Council
Nigel Carpenter	Cornwall Destination Management Organisation
Annette Egerton	Restormel Borough Council
Barbara Ellenbroek	Cornwall Business Partnership
Malcolm Garrington	Cornwall & Isles of Scilly Economic Forum (Secretariat)
Bill George	Cornwall Association of Local Councils
Peter Hardaker	Cornwall Agricultural Council
Lucy Harris	Cornwall and Isles of Scilly Economic Forum (Secretariat)
Jill Harvey	Job Centre Plus
Neil Hatton	Kerrier District Council
Philip Hygate	Council of the Isles of Scilly (Vice Chairman)
Carleen Kelemen	Objective One Partnership Office
Dave Lewis	Environment Kernow
Rebecca Lyle	Connecting Cornwall
Andrew Macdonald	Business Link Devon and Cornwall
Nick Mallard	Caradon District Council
Phil McVey	South West Regional Development Agency
Andrew Mitchell	Cornwall County Council
Michelle O'Brien	Cornwall and Isles of Scilly Economic Forum (Secretariat)
David Pattison	Cornwall County Council
Neil Robertson	Cornwall Enterprise
Alan Shepherd	Cornwall Marine Network
Polly Skinner	Lifelong Learning Partnership
Thelma Sorensen	Cornwall Business Partnership (Chairman)
Hudson Smith	Penwith District Council
Blair Thomson	Cornwall Voluntary Sector Forum
Carol Wells	Cornwall Business Partnership
Gill Wilson	Carrick District Council

In Attendance

Phil Mason	Restormel Borough Council
Nick Harrington	South West RDA
Dave Roberts	South West RDA
Kay Homer	South West RDA
David Whalley	Cornwall County Council
Ashley Shopland	Imerys

1 Apologies

Apologies were received from: Gareth Grimshaw (Government Office for the South West);

Mark Williams (Learning and Skills Council); Alan Shepherd (Cornwall Marine Network); Paul Brough (Heritage Task Force); Nigel Ashcroft (ICT Taskforce); Sheila Johns (TUC); Bob Dow (Business Link); Richard Fish (Connecting Cornwall); Sheila Healy (Cornwall County Council); Ian Smith (Environment Kernow)

Non-attendees

Nigel Hewitt	Combined Universities in Cornwall
Rick Hopkins	Cornwall Business Partnership
David Lobban	Cornwall Business Partnership
Rose Barnecut	Creative Unit

2 Draft Minutes of the meeting held 20 December 2006

The Chairman advised that, due to time constraints, the Minutes had been presented in draft form.

SB wished to make clear that the £8m funding from South West RDA was a contribution towards meeting the requirements for Newquay Cornwall Airport being granted a CAA License. It was not just for the expansion of the present terminal.

CK noted two corrections of a typographical nature.

With these amendments, the Minutes were agreed as an accurate record of the previous meeting.

3 Matters Arising

Page 2 CPR

SB confirmed that the next legal stage of the CPO is about to be progressed. This will lead to a Planning Inquiry at the end of the year. The South West RDA has approved gross expenditure of £25million. £11.6million of this will be funded by English Partnerships and money will be returned following the eventual sale of the properties involved

Page 2 Newquay Airport

AM advised that the grant of £8million from South West RDA was to contribute towards the total cost of £21M, required to meet the requirements of the CAA, e.g. security, and to make sure that the current terminal is able to properly accommodate the increase in passenger numbers over the next five years. There is one final legal hurdle to overcome in order to secure the allocated £12m from Objective One which could take from 4-14 weeks.

Page 2 Local Government Review

DP advised that a meeting had been held in January to update the Cornwall and Isles of Scilly Economic Forum members on the proposals.

Action: Copies of the minutes to be circulated by the Secretariat.

4 Wave Hub

Nick Harrington, Wave Hub Project Manager for the South West RDA, advised that he has been in post for approximately eighteen months. He identified the three forms of marine energy as tidal stream, tidal barrage and wave energy (further defined as shoreline, seabed and deep water). Cornwall has some of the strongest and most effective wave power around its coast. Along the west coast of Ireland, the tides are so strong that they would demolish the equipment.

The costs and the potential of marine energy were defined. There is a potential of 300 jobs

by 2010 with a further 170 in the longer term. 15-20% of the UK's current energy consumption could eventually be supplied by this form of energy. The project team are working with Cornwall Pure Business on inward investment related to this activity.

The project is particularly focused on the knowledge economy. As the project is a first of this size and nature, the world is waiting to know what the environmental impact will be.

The timeline of the project was displayed and NHa advised that negotiations are currently taking place with developers with the aim of awarding contracts in the autumn.

An in-depth environmental impact assessment has been carried out covering a wide range of issues. One of the key issues will be noise and the affect the Hub itself will have on marine life. Further information can be obtained by contacting Nick Harrington at nick.narrington@southwestrda.org.uk or accessing the website on www.wavehub.co.uk

AM had concerns that other areas were overtaking Cornwall in terms of developing wave power. NHa confirmed that the project goes before the South West RDA Board in April and if approved, the cable will be ordered in August. He advised that there are two other projects underway; is a small scale project in Portugal and another in Scotland. The latter project will not be effective until 2020 due to lack of grid capacity and connectivity.

In responding to a query from CW regarding the co-operation between the CSEP and CUC, NHa advised that the relationships were excellent and that everyone is very helpful and positive. The developers see Cornwall as a positive place to do business. He advised that, unfortunately, as there is not a company in the UK who either make or install the cables, these will have to be procured from either Italy or Germany.

AS added that the recent article, about Cornwall in the 'Observer', was not just about the Wave Hub, but also other successful industries in Cornwall. He stressed the importance of having high aspirations.

PS asked how it can be ensured that young people are involved and prepared for this industry and at what point schools should be involved. NH advised that the Tremough Campus is introducing research in this field and will be generating graduates with knowledge of the sector. BB stressed that young people make decisions about their careers in their mid teens and it is, therefore, important to impact on the young people at the earliest opportunity to inspire them to be the graduates of the future who will live and work in Cornwall. NHa advised that this is not necessarily the remit of the SW RDA. He suggested that, perhaps, partnerships like the CSEP and schools should be working together in order to take the matter forward. AM was anxious that CCC should have an impact on this when the project is in operation. PS advised that there was a great deal of work underway which would support the suggestions around the table. The work could result in a curriculum on sustainable energy being developed in Cornwall for schools. PC added that there was also work going on in this area via the LAA and linking into the preparations for the Convergence programme. BT stressed the importance of partnership working on issues such as this. He referred to the SW RDA members at the meeting and asked that, in view of its economic importance to Cornwall, they pass on the message from this meeting to the SWRDA Board that a positive decision should be taken on the Wave Hub. SB reported that the South West RDA Board had a good record for taking calculated risks and quoted Newquay Cornwall Airport and the serving of the CPO at CPR as positive examples.

JB added that the Wave Hub is also about new business and encouraging new businesses. TS stressed that it was part of a much bigger picture than just the Wave Hub at Hayle. She queried whether or not South West RDA had finalised a business plan. NHa advised that there was a business plan but there was still work to be done on how the power generated could be fed on to the National Grid.

Action: David Wood, Cornwall County Council, to be invited to a future meeting to give an update on 14-19 Strategy Group and prospectus.

5 Imerys Action Team

The Chairman warmly welcomed Phil Mason, Director of Regeneration at Restormel Borough Council and Ashley Shopland, UK Kaolin Operations Director, Imerys. She stated that there were real opportunities in terms of economic development for St Austell and Cornwall with the recent announcements from Imerys.

Phil Mason (PM) updated members on the background to the current situation advising that, on 4 July 2006, Imerys had made an announcement that they were reorganising the kaolin element of the business in order to secure the business for the future. He expressed regret that this re-structuring would, unfortunately, result in the loss of 520 jobs. This job loss, coupled with the imminent job losses at the St Mawgan Royal Air Force Base, amounts to 2190 job losses which is a loss of 1 in 18 jobs in the Restormel area. A map, indicating the concentration of locations where the workers live and their age group, was displayed. ASh stressed that there is a low level of higher end education amongst the people in the concentrated area, although they are highly skilled in specific fields. Wages are currently 27% lower in the area than the UK average.

Economic regeneration is a priority in the Borough and two groups have been established in order to mitigate the potentially severe negative impact of the job losses. One group is for people and the other, land and premises. The members of these groups have visited other areas which have suffered significant job losses in the mining industry.

Resource centres have been established for those facing redundancy. Restormel Borough Council has produced leaflets signposting where advice can be obtained and a skills audit is being undertaken. An agreement has been established with the contractors for the redevelopment of the town centre that they will source their manpower from the local area as many of the skills available are suitable for the work required. A strategy for the clay area is being developed, and this is based on deliverability. The closure of the sites at Imerys produces opportunities to create new business space, taking into account sustainable energy and the natural environment.

The scale of the problem is large, but it also offers huge opportunities. Par and Fowey Docks will also be affected by the cuts. Restormel Borough Council is working in partnership with the Eden Project looking at opportunities for some innovative outcomes to take into account that the clay area is both rural and industrial. St Austell has a positive future, but it will need investment and support.

TS welcomed the approach being taken by Restormel Borough Council. SB added that it was an excellent well-balanced presentation and that how the message should be communicated wider was important, particularly in terms of inward investment. He advised that major retailers have not been put off coming to the area and it is important to remain positive.

Ashley Shopland (ASh) thanked the partnership for the opportunity to come and give his report on the current situation. He advised that, as a Cornish person who understands the implications of the redundancies, he is trying hard to create some optimism in the industry. The company will still employ 1300 people after the restructure.

The research facility based on Par Moor Road employs 100 people who are dedicated to research, development and technology. A decision has been made to position the research department as a global Centre of Excellence. Work is being undertaken with the University of Exeter and research into the Cyphochilus beetle, which has a highly unusual brilliant white

shell, has been published in the leading journal Science (19 January). The strong people base in Cornwall will keep the research centre located in the county.

ASh advised that the company has communicated the worst possible job loss scenario. They have found, following consultation with the unions that the numbers have, in fact, been reduced. Of the redundancies to be made, 400 will be voluntary. The remaining 190 compulsory redundancies (including the Devon operation) would be notified in the following two weeks. The redundancy policy has been developed in conjunction with the unions. He advised that an unofficial ballot for strike action would be taking place at the same time.

In response to a query from BB, regarding the reduction of the industry, ASH advised that the volume of production will be 0.25million tonnes lower than it is today. There are two main sections to the business and the paper element is more competitive to produce in Brazil. It would not be financially viable for a company to start up in this area of business due to the globally competitive nature of the business now.

There had been some mis-information in circulation following the announcements regarding ports. Less than 100,000 tonnes of china clay are exported through the port at Par and 1.25million tonnes are exported via Fowey as this harbour can take larger ships. There is no space to expand at Fowey harbour to accommodate for the fact that 90% of all china clay products produced in Cornwall is exported out of the UK. If the aggregate business can be expanded, then it will be possible to ship it out through Par. 95% of the recent dualling of the A30 has been made with local secondary aggregate which is something to be commended.

In response to a question, ASH advised that Imerys were investing £30million in Cornwall on an operational platform to secure its position for the future. AM requested reassurance that Imerys would continue to work with the community, and was advised that, wanting the best possible outcome, the company was in no hurry to sell the land and properties. He confirmed that Imerys is working with consultants on the best way to help support the community.

NC congratulated Imerys on the intelligent approach to managing the realities of the extraction industry. He noted that it was likely that there would be further reductions in the industry and stated that, alongside 'Strategy and Action', there is a need to question which sectors would be absorbing the extraction decline. ASH added that there is a continued need to adapt to global markets.

AE thanked the Economic Forum for its invitation to ASH and PM to give an update on what is happening in Restormel. AS added that there are models elsewhere to show how the transition from mining can work successfully over time. TS thanked ASH and PM for their presentations and gave ASH her best wishes in the redundancy discussions over the forthcoming weeks.

6 Sites and Premises Strategy Update

Dave Roberts (DR), Development Manager for SW RDA updated the members on the progress of the Employment Space Strategy which had been commissioned by Cornwall and Isles of Scilly Economic Forum via the Sites and Premises Group. This piece of work had been part funded by the SW RDA, CCC and District Councils. The objective is to contribute to sustainable prosperity in Cornwall and Isles of Scilly by ensuring the appropriate supply of employment space that:

- fully meets the changing needs of businesses
- helps to transform the economy into one that is high value added and knowledge-based
- provides employment opportunities for all

The approach is being led by the Sites and Premises Group and some of the findings to date relating to supply are as follows:-

- There is significant additional net demand across Cornwall and Isles of Scilly for office and light industrial/warehousing, in particular for small freehold units
- up to 400,000 sq m/160 hectares will be required over the next ten years
- Of this, offices 45%, general industry 15%, light industrial/warehousing 40%
- The identification of replacement demand from existing businesses
- Strategic assets or “growth poles” can be catalysts for additional high value added growth
- The quality of design/environment and transport infrastructure will affect demand
- There is significant demand from developers for serviced sites

In terms of supply, the key points are:

- Shortage of quality employment space, particularly small/flexible offices and light industrial workshops
- Below average property vacancy rates
- Limited delivery of floor space outside the main towns
- Little incubation and quality grow-on space
- Much existing stock is of poor quality with limited scope for refurbishment or re-use
- Significant level of employment land allocated but much is severely constrained for delivery
- Current property values do not generally meet costs resulting in a continuing requirement for public sector support

Although the final draft of the strategy will be circulated shortly, the findings to date have been fed into ‘Strategy and Action’, the Operational Programme document for Convergence and the Local Development Frameworks. The Private Sector is broadly supportive of the content of the documents.

NC asked DR to elaborate on how demand should feed supply and why the supply is not meeting the demands. DR advised that there were barriers to supply, which included markets willingness and ability to pay higher rents to push up the property value. TS added that, to date, there has been a latent demand which has not always been obvious. The example in Caradon relating to over-allocation worked, but this may not work in all areas. It is important that higher value rents are met for quality business space. SB stressed that it is within the role of Public Sector investment to provide high quality space which drives up rents which then makes it feasible for the Private Sector to invest.

A discussion ensued regarding the supply of quality construction workers within Cornwall. TS added that the Objective One Programme had started to drive increased confidence within investors in the construction industry. NC reported that the average hourly rate in the industry has doubled in the last five years and increased Health and Safety legislation has increased costs. DR reported that property values are increasing and the cost/value gap is reducing. If the Public Sector starts working to overcome barriers, the Private Sector is ready to deliver. TS stressed that there has been excellent partnership working between the Public and Private Sectors in the development of the Employment Space Strategy.

7 European Programme Update

PM suggested that this item be a major item on the Agenda for the next meeting. He thanked the Partnership for the responses he had received to the consultation of the Operational Programme and confirmed that fifty nine had been received. The first draft was not thought to be ambitious enough. It needs to make more of the environmental opportunities and needs agenda and to make a greater recognition of the contribution which culture can make, although, he stressed that this is not in the Lisbon Agenda. The European Commission is challenging the inclusion of Newquay Cornwall Airport, but a great deal of

support for the Airport has been demonstrated in Cornwall. He advised that Richard Fish and DP are going to Europe to make the business and environmental case for the Airport.

PM further confirmed that the intervention rate of 75/25 is being raised further with National Government.

BB asked for comment regarding the fact that marketing and branding are not included in the Operational Programme, PM advised that this issue had come through in the consultation and will be considered in the light of the final version of Strategy and Action. In response to a query raised by NB regarding retention of experienced staff in the interim period between Objective One and the commencement of Convergence, PM advised that this is a new programme which may require new skills but added that investment in people and capacity are being looked at. There is work ongoing which will feed into how the programme is to be delivered.

At the next meeting PM will produce a full paper with key points which will include details on commissioning.

Action: European funds to be a substantial item on the next agenda.

The matter of retaining skills and staff until the start of the Convergence Programmes was reiterated and PM advised that a bi-lateral discussion should be held outside of the meeting. NB asked for guidance as to when training could begin for the new processes. TS formalised the request that details are made available as soon as is possible, PM advised that he would do his best to get some details circulated by the end of the financial year.

TS thanked PM for the tremendous amount of work which is being undertaken in respect of the forthcoming European Programmes.

8 Strategy and Action

LH reminded the group of the outcome of the single issue meeting of the Cornwall and Isles of Scilly Economic Forum confirming that 'Strategy and Action' was signed off subject to the reconciliation between the document and the evaluation from the London School of Economics. She acknowledged that the subsequent reconciliation report, also sourced from the LSE, is an excellent piece of work which makes some very valuable points which need to be taken into account in order to ensure that the 'Strategy and Action' document is as good as possible. The report also provides some useful pointers for follow up at later stages – both in terms of producing an Action Plan, and in maintaining, developing and when next reviewing the Evidence Base.

At the Executive Group meeting, the Secretariat had recommended that a detailed report should be produced to respond to each of the points made in the evaluation with recommendations for a series of options to the members of the Economic Forum as to whether a) amendments should be made to the strategy to address it; b) the point could be addressed at a later stage in strategy monitoring/delivery; c) the point does not accurately reflect the local context and on reflection, the Strategy should not be amended. The members agreed that this would provide a good way forward. It was also agreed that this should not mean a re-structuring of the document or the objectives, that none of the objectives or actions currently included in the Strategy (as a result of significant consultation) should be removed but that they could be amended and actions added to include or strengthen areas where the evaluation has recommended improvement.

Members had had the opportunity to comment and consider the response, which was developed by the Secretariat and the Chairman of the Economic Forum.

A discussion took place regarding the issue of housing and it was agreed that it should not be included within the Strategy as a separate section.

In response to the question as to whether the culture aspect should be strengthened, it was agreed that this should be taken forward as appropriate.

Following discussion regarding the ageing population, it was agreed that a new objective be written to include the fact that the population of Cornwall is getting older and that it is important to make the most of the skills of the older population.

All other recommendations in the report from the Secretariat and Chairman were agreed.

TS requested that final agreement of the amendments be delegated to the Chairman, this was agreed.

Prioritisation

LH advised that 70% of the members had responded to the prioritisation questionnaire which had been a transparent process. The questions posed to the members had been predicated on how many priorities should be focused upon and whether they were a true reflection of the evidence. Members had also been asked for ideas on how the final priorities should be marketed.

TS stressed that 'Strategy and Action' was wider than the Convergence Programmes.

It was agreed that ten priorities was a good number to allow for focused lobbying. However, it was agreed that the list would need to be well balanced. BT proposed that some of the points, not already included in the chosen ten priorities, be amalgamated, where possible, into the ten leading priorities. Final approval of this process was delegated to the members of the original small working group.

9 Any Other Business

NR clarified the issue concerning the election of Chairman. He reminded members that the election had previously been postponed from May to September in order to accommodate District Council elections. It was the recommendation of the Secretariat, which was accepted by those present, that all future elections be held in September. Notice was given that the Constitution should be amended to reflect this decision.

The Chairman thanked the members for their attendance.

The meeting closed at 1pm.

10 Date of Next Meetings

23 May 2007 10.30am	Council Chambers, NCH
5 September 2007 10.00am	Trelawney Room, NCH
28 November 2007 10.30am	Tbc