

A BUSINESS PLAN FOR CORNWALL

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With thanks to everyone who contributed their views via our business survey and to all the organisations who distributed the survey throughout the business community in Cornwall & Isles of Scilly, including:

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|---|-------------------------|
| Town Chambers of Commerce | Export Cornwall |
| Business Cornwall | Get Set for Growth |
| Cornwall Business Partnership | Leading Women |
| Cornwall Development Company | Outset Cornwall |
| Cornwall Digital Meetup Group | Oxford Innovation |
| Cornwall Food & Drink | Social Enterprise Focus |
| Cornwall Innovation | Software Cornwall |
| Cornwall & Isles of Scilly Local Enterprise Partnership | Springboard |
| Cornwall Marine Network | Superfast Cornwall |
| Cornwall Manufacturers Forum | The Hub |
| Cornwall School for Social Entrepreneurs | UK Trade and Investment |
| Creative Skills | Unlocking Potential |
| Digital Peninsula Network | Visit Cornwall |
| EU Convergence Programme for Cornwall & Isles of Scilly | |

CORNWALL'S PLAN FOR GROWTH

Doing business in Cornwall & Scilly is a pleasure. Most business owners and their colleagues have made a positive decision to live and work here. They are happy to share their enthusiasm for enterprise and ideas which will benefit the Duchy as well as push their own business forward.

'A Business Plan for Cornwall' is a snapshot of business opinion in early 2015. It's an important moment as we are between EU funding rounds, in anticipation of the most uncertain General Election in living memory and in the midst of a Devolution debate that has particular resonance for Cornwall & Scilly. We wanted to get some qualitative response to what our business people are feeling. So in February 2015 we commissioned additional independent research to enhance the normal Quarterly Economic Survey with themes from the British Chambers of Commerce's 'A Business Plan for Britain'. This also included further questions about the success of EU funding and past UK Government schemes here.

There have been a number of excellent analyses of Cornwall and Scilly's infrastructure and economic landscape published recently (the Federation of Small Businesses' (FSB) 2014 'Year of Infrastructure' campaign report and Cornwall & Isles of Scilly Local Enterprise Partnership's (LEP) Strategic Economic Plan, for example) therefore we have purposely not restated their findings.

What we have found is intriguing. Concerns about business support, tax and business rates and physical infrastructure are fewer than we expected. In fact, they are completely overshadowed by worries about developing the next generation, youth skills, cultivating our talent, future EU funding and lack of local control over spending plans.

Many respondents referred to 'Brand Cornwall' as something to be proud of and as having real value to what we are all trying to achieve. There is a recent LEP-commissioned report to which we contributed that is a useful reference point in this respect. Yet Cornwall has needed EU funds, UKTI support and Government grants because the predominance of traditionally low paid sectors such as Tourism and Care means that we still lag some way behind in the UK income league table.

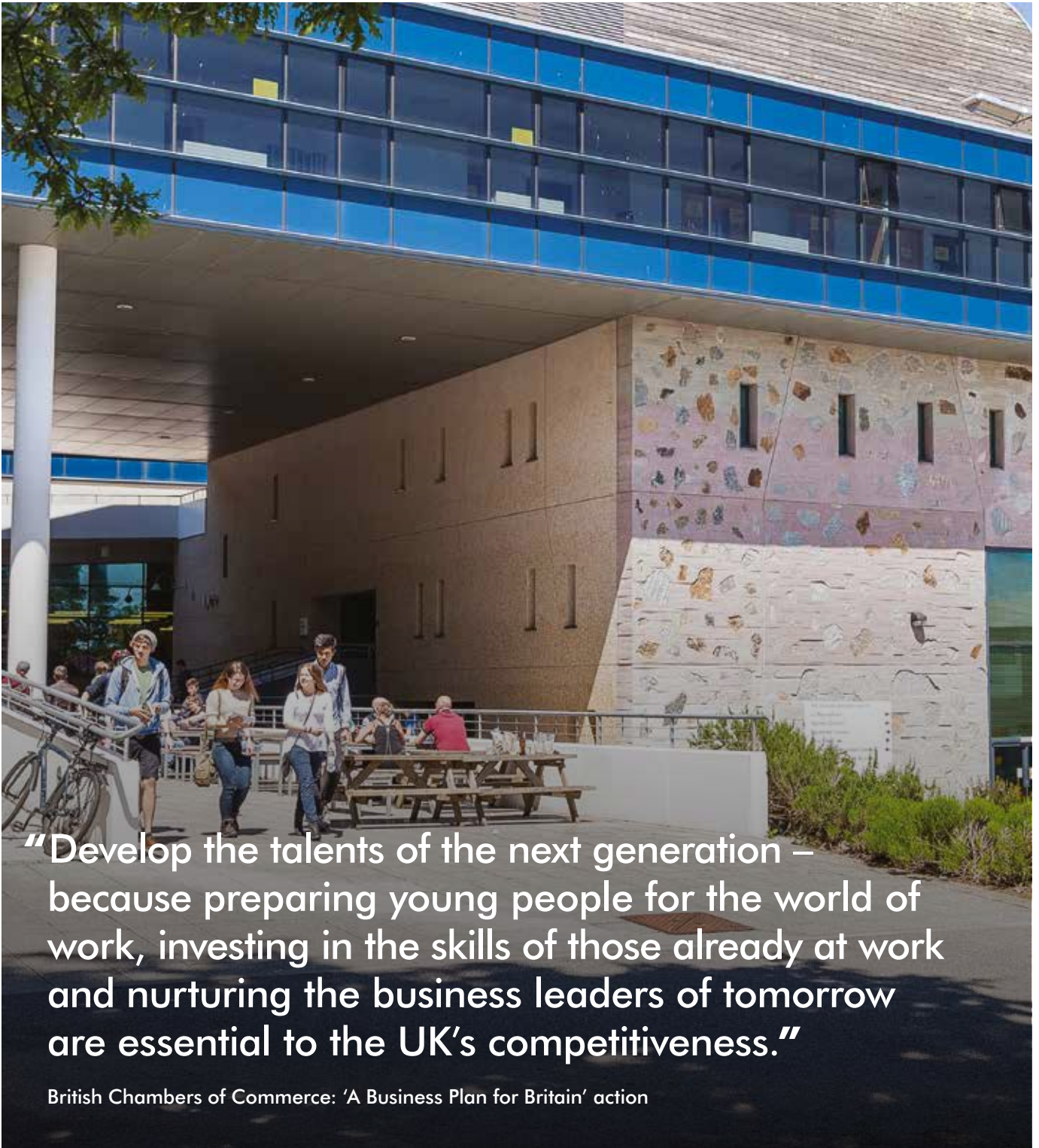
We have taken these research findings and worked with our local knowledge and our roles in organisations that already exist, to make clear and straightforward recommendations to the LEP, Department for Communities and Local Government, Department for Business Innovation and Skills, the European Union and politicians of all stripes.

This document is the result – and also the starting point. We thank all those businesses that contributed and hope that this will inspire others to add their voices to this ongoing debate. Your Chamber of Commerce is honoured to drive actions and to speak with a clear voice on your behalf over the forthcoming crucial years for Cornwall & Scilly. Please do let us have your views.



Kim Conchie
Chief Executive, Cornwall Chamber of Commerce

SKILLS & EMPLOYMENT



“Develop the talents of the next generation – because preparing young people for the world of work, investing in the skills of those already at work and nurturing the business leaders of tomorrow are essential to the UK’s competitiveness.”

British Chambers of Commerce: ‘A Business Plan for Britain’ action

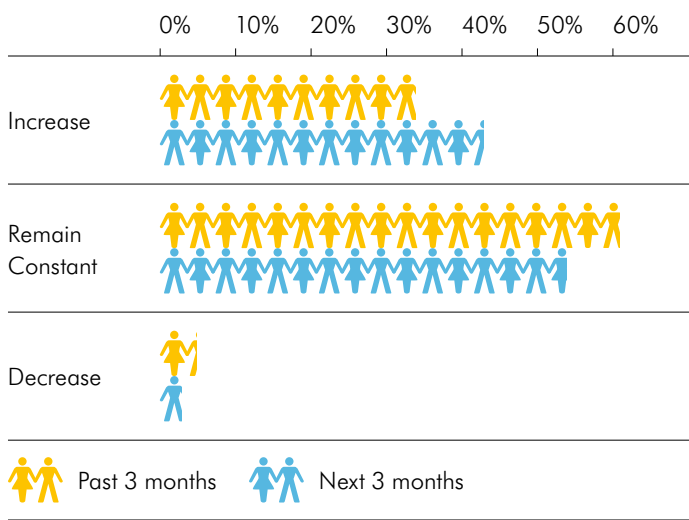
Businesses in Cornwall and Scilly identified this action from the British Chambers of Commerce’s (BCC) ‘A Business Plan for Britain’ as highly relevant, wanting to see better understanding between those involved in education and training, and employers.

Cornwall has world-class educational facilities and there is much to celebrate. Many companies praised the “fantastic” support offered by EU funded initiatives which help businesses develop and find talent.

However, with almost 60% of respondents reporting difficulties in finding suitable staff, opinion is divided on how well Cornwall & Scilly is equipped to meet and develop the sort of skills businesses are looking for. Hard-to-fill vacancies include technical positions, particularly in engineering and IT, sales and managerial jobs. Employers often find that the young people who start work with them lack basic knowledge, commercial awareness and soft skills, such as communication and customer care.

Steps must be taken by both education and business to ensure that these shortfalls are overcome. This is particularly important if we are to take advantage of the positive outlook for job growth. A third of the companies surveyed have increased their workforce in the past three months, mainly filling technical and managerial positions, with more job creation planned in the months ahead.

Changes in workforce



Recruitment

For which categories of employee have you tried to recruit?



52%

Professional/Managerial



40%

Skilled Manual/Technical



17%

Semi/Unskilled



34%

Clerical

CORNWALL CHAMBER OF COMMERCE CALLS FOR:

- **Forging long term practical links between business and education:** schools must become more open to interacting with businesses. Businesses must play a greater role in ensuring young people are ready for the workplace. This will address skills shortages and better prepare young people for the realities of adulthood, raising aspirations and, with support for programmes such as Young Enterprise, fostering entrepreneurial thinking.
- **Raising the profile of Apprenticeships** by promoting the value of vocational outcomes to schools, parents and employers.
- **Prioritising specialist training programmes for highly skilled and knowledge-based industries** such as engineering and IT. This should combine with raising awareness among primary and secondary school students of the opportunities available to them in these sectors.
- **Introducing an employers’ seal of approval for courses that organisations consider of particular merit.** These would include courses which equip individuals to respond innovatively to challenges and support business productivity in the county.
- **Promoting Cornwall & Scilly as an excellent location** for high-skill, high-value businesses and experienced business people.

UK & EXPORT TRADE



“Grow Britain’s global trade potential – because building international networks, investing in our export skills base and removing barriers to trade will support UK businesses to take on the world.”

British Chambers of Commerce: ‘A Business Plan for Britain’ action

It is well documented that companies which export, grow faster than those that do not. Businesses here in Cornwall & Scilly have, in the last six months, experienced growth in both their export and UK sales and orders.

Export Sales & Orders – over the past 3 months



While almost 9 out of 10 of the companies consulted recognise that growing global trade is important, export accounts for only 19% of business conducted in the Duchy. With a long history of exporting our people, produce and expertise to the rest of the world, there is clearly much potential for Cornish businesses to exploit overseas markets. A proactive approach to maximising existing links with countries such as Australia, Canada and Mexico must go hand in hand with the development of new international partnerships.

Support for those looking to export is considered adequate but it is generally recognised that more can be done. It would seem that a “think export,” “think global” mindset is not yet engrained in our business psyche.

Any meaningful change has to start with a clear understanding of Cornwall & Scilly’s current export landscape – the number of companies engaged in exporting and the value of their overseas trade. This analysis can be adopted as a benchmark, with any increases becoming a Key Performance Indicator for future export support programmes. Rigorous monitoring of actual business transacted, not just facilitated, is going to be important in ensuring that initiatives deliver real impact.

Maintaining and updating transport and communications infrastructure will also improve the environment and future prospects of domestic and international trade.

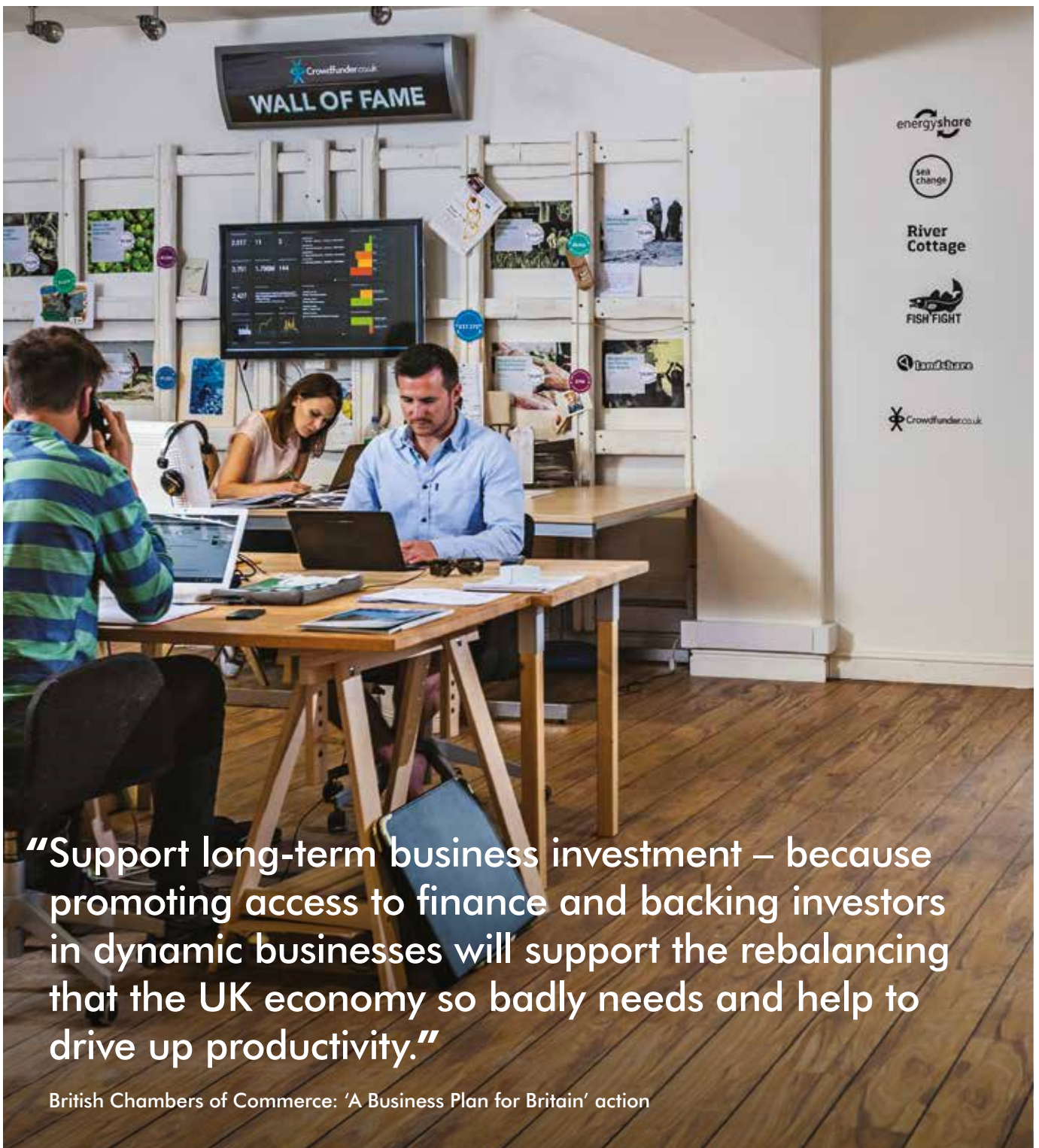
CORNWALL CHAMBER OF COMMERCE CALLS FOR:

- **Research to identify international markets that offer the best match and highest returns** for Cornish businesses. Findings would be publicised to ensure widespread awareness of opportunities.
- **Help for businesses with export potential to access trade missions**, garner introductions to international markets and customers, and attend and host international trade events.
- **Creating and promoting an interlinked business support environment** optimised to deal with upturns in national and international trade.
- **Introducing collaborative marketing activities between groups of businesses**, match funded by the public sector and the LEP.
- **Adopting a wholesale “think global” mindset**; from young people learning languages and skills fit for an international marketplace, to help with regulations and documentation.
- **Promoting and developing ‘Brand Cornwall’.**
- **Building on Cornwall & Scilly’s enviable position as a UK market leader in the Leisure and Tourism industry** with a well-managed and maintained civic infrastructure that demonstrates commitment to customer services.
- **Businesses to actively pursue export opportunities** with the assistance of more easily accessible UKTI data and insight.

“ We are world leaders in several industrial sectors and I think that more emphasis should be put on these extraordinary successes.”

Survey response

BUSINESS INVESTMENT



“Support long-term business investment – because promoting access to finance and backing investors in dynamic businesses will support the rebalancing that the UK economy so badly needs and help to drive up productivity.”

British Chambers of Commerce: 'A Business Plan for Britain' action

The current picture shows that companies in Cornwall & Scilly are enjoying a period where the outlook for cashflow and investment is positive. Confirming the importance placed on nurturing talent, only 4% of companies report plans to decrease training initiatives.

The general consensus among the business community is that the availability of short-term development grants is adequate and valuable, but access to long-term investment remains a relative weakness. In fact, our businesses feel that we are in danger of becoming “business grant chasers”.

Many advocated measuring economic success by the number of start-ups that go on to expand and prosper. It is these very companies – smaller, younger and higher-growth – that find it hard to access much-needed financial support over the mid and longer term.

In order to grow a more competitive private sector, Cornwall & Scilly needs to concentrate on developing sources of long-term investment. Programmes such as Coaching for High Growth and Growth Accelerator were singled out as instrumental in providing support for companies preparing for investment.

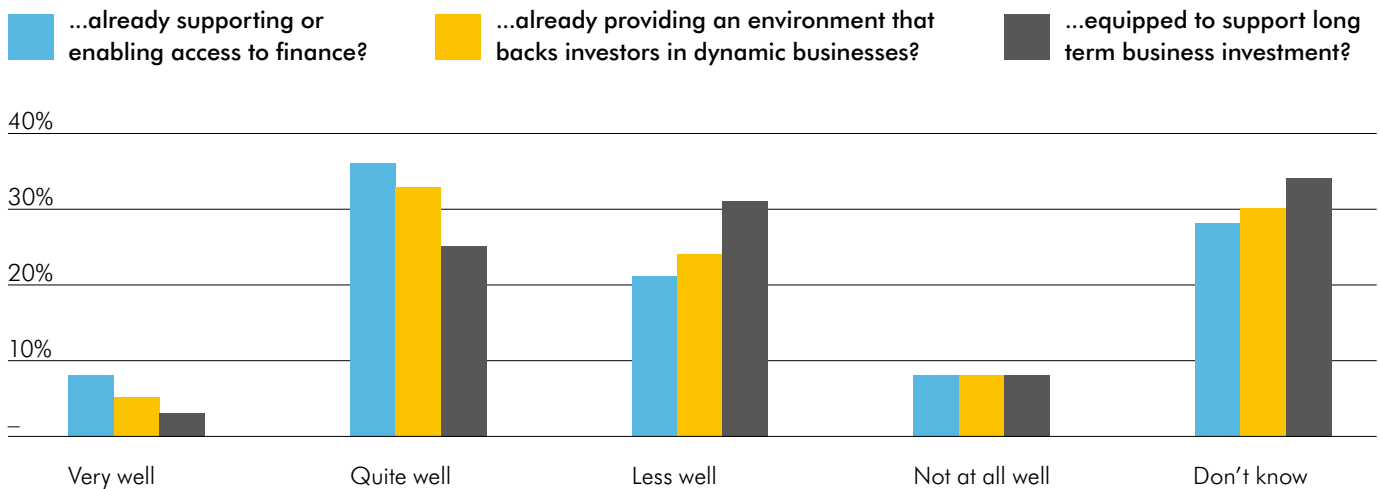
CORNWALL CHAMBER OF COMMERCE CALLS FOR:

- **The establishment of a crowdfunding investment hub.** This would provide appropriate validation of new business ideas linked to public and private investment.
- **Creating a funded programme which makes loans, mezzanine and/or equity funding easily accessible** up to the maximum allowed (25% of allocated funds).
- **Setting up a one-stop-shop for business investment support,** led by business and with a commercial approach to risk and compliance.
- **Improved financial training provision,** via finance houses, to ensure that small business owners are well prepared for investment.
- **Creating a network of smaller private investors.**

“ Making businesses more investable is important – really sound business ideas in strong markets can always find money.”

Survey response

The business investment environment – how well is Cornwall & Isles of Scilly:



BUSINESS FINANCES



“Drive down business costs and taxes – because simplifying the UK tax system and reducing the taxes firms pay even before they generate a profit, will boost competitiveness, investment and jobs.”

British Chambers of Commerce: ‘A Business Plan for Britain’ action

Although businesses in Cornwall & Scilly mirrored the national call for simplifying costs and taxes, the question of lowering taxes prompted a mixed reaction.

Bucking the national trend, our business community did not endorse lowering taxes at any price. It seems that business people here favour an approach with a strong sense of social responsibility and fairness. Reflecting views that cropped up around the question of devolution, there was significant support for the idea of business tax receipts being collected and spent locally.

Our region is well provided for in terms of tax advice professionals. But, rather worryingly, 36% of businesses lack the necessary knowledge to be able to say, one way or another, whether they are meeting their tax obligations as efficiently as possible.

With almost two-thirds of companies expecting prices to remain constant over the next three months, projections for turnover and profitability are overwhelmingly positive. 74% believe turnover will increase and 68% expect profitability to be on an upward trend over the next 12 months.

In order to deliver on this promising outlook, businesses need a guarantee that they can readily access advice and are going to be supported by a cost-competitive environment.

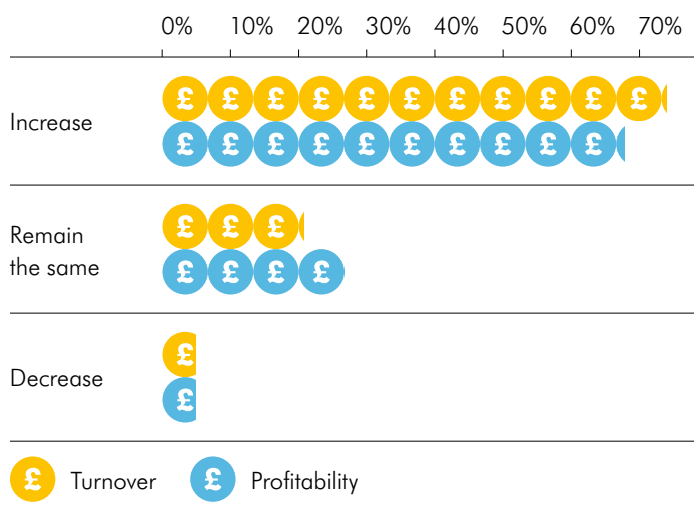
CORNWALL CHAMBER OF COMMERCE CALLS FOR:

- **Devolving control over business rates and how they are spent.**
- **Increasing the availability of affordable business premises**, reducing the amount of bureaucracy involved around accessing them and enabling businesses to spread the costs of moving.
- **Making our towns one of the key solutions for generating economic activity** and influencing local government.
- **Promoting the establishment of strong communication and consultation channels between businesses and the LEP.** This will make it easier for the business community to have greater influence on how the economic development budget is spent.
- **A comprehensive signposting and information service for businesses.**

“Simplifying the complexity of all the tax codes would make it cheaper for small businesses to be compliant.”

Survey response

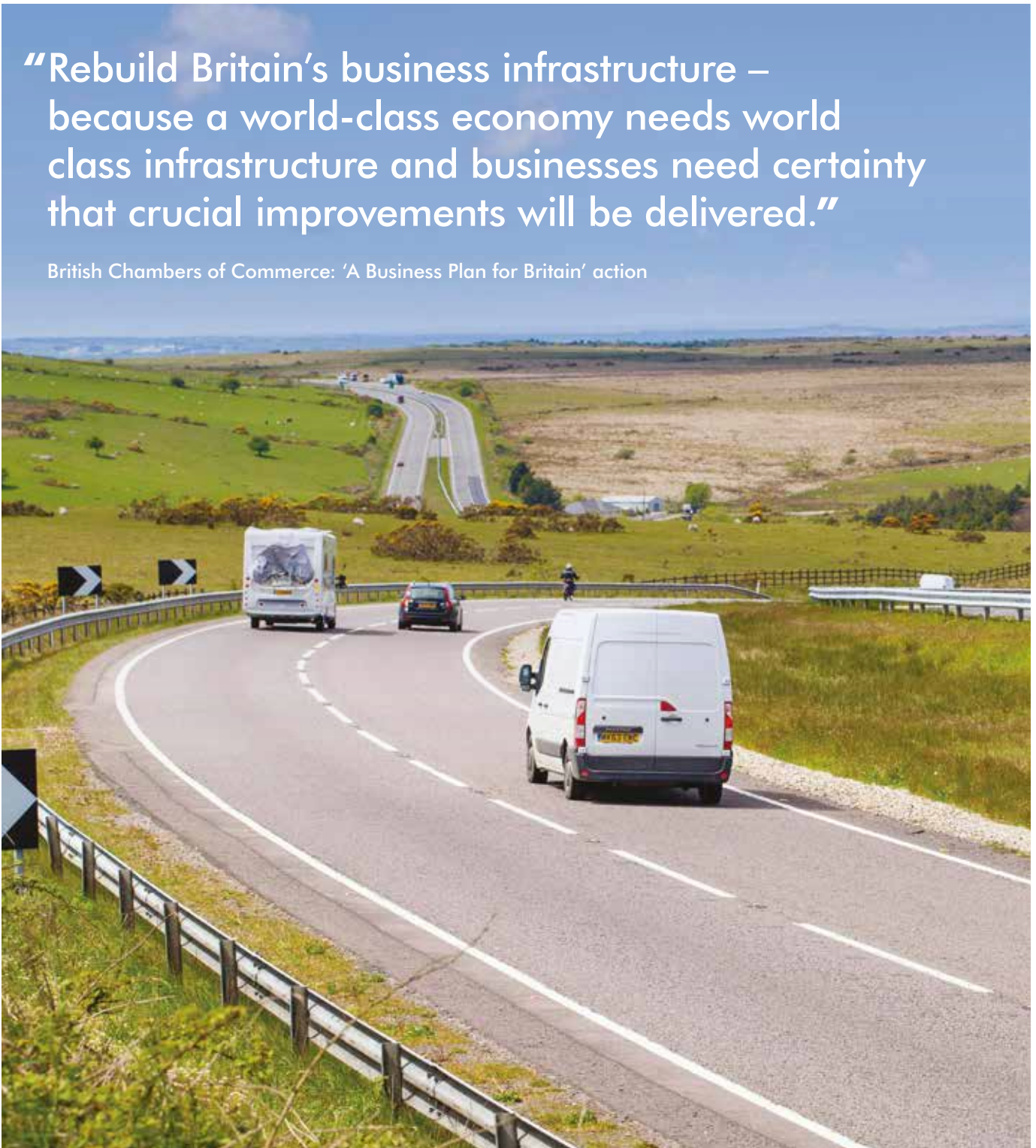
Turnover & Profitability – Expectation over the next 12 months



INFRASTRUCTURE

“Rebuild Britain’s business infrastructure – because a world-class economy needs world class infrastructure and businesses need certainty that crucial improvements will be delivered.”

British Chambers of Commerce: ‘A Business Plan for Britain’ action



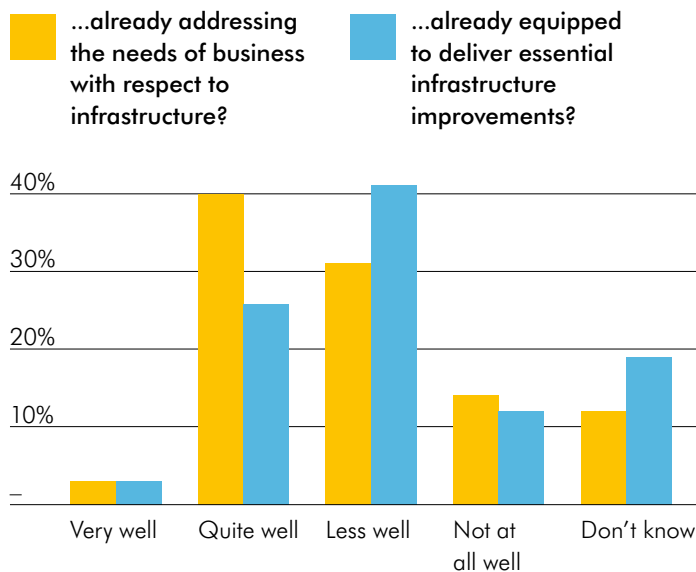
Nine out of ten businesses strongly supported this BCC action. It has particular resonance in our region due to Cornwall & Scilly's geographical position. Findings in this consultation supported the conclusions of the FSB's 2014 'Year of Infrastructure' campaign report.

Companies are yet to be convinced that the requirements for improved infrastructure will be met, with only 29% positive about future delivery of projects. Three-quarters would like to make more use of air travel for longer journeys and 62% see congestion on roads as a problem that leads to financial loss for their businesses.

While there is much anecdotal praise for Cornwall's three Innovation Centres (in Truro, Penryn and Pool), there is a stated shortage of grow-on premises, work hubs and flexible, affordable space that can take advantage of existing infrastructure. Well over a third of businesses struggle to get their needs for suitable premises met locally.

Looking to the future – better and less geographically variable transport and digital communication networks are vital to ensure that financial and business support interventions have the best chance of success.

Addressing the infrastructure needs of business – how well is Cornwall & Isles of Scilly:



“ Cornwall and the Isles of Scilly have a long tradition of innovation, and business support measures need to be put in place to enable businesses to develop this activity. We already have three very successful, world class Innovation Centres in Cornwall and ‘grow-on space’ needs to be provided to allow the businesses being developed in them to expand.”

Survey response

CORNWALL CHAMBER OF COMMERCE CALLS FOR:

- **Increased provision of grow-on business space.** This would be achieved, in part, by encouraging the private sector to invest in premises and incentivising companies and landlords to work together on more flexible terms.
- **Improving the speed and reliability of the main road and rail routes in and out of Cornwall.**
- **Continuing investment in superfast broadband,** ensuring it reaches the last 5% of non-connected businesses. This should be accompanied by practical “how-to” support for the region’s businesses helping them capitalise on the current competitive advantage they have over the rest of the country.
- **Future-proofing Cornwall & Scilly’s communication infrastructure** through ongoing investment in hyperfast broadband via a fibre data ring connecting business clusters.
- **Creating collaborative marketing activities between Newquay Cornwall Airport, First Great Western and Cornwall & Scilly’s tourism businesses** to attract greater visitor numbers.

EUROPE

“Deliver a new settlement for Britain in Europe – because making the economic opportunities of the European trading bloc work for business and ensuring clear safeguards for Britain against unwanted further integration, will be critical for our future success.”

British Chambers of Commerce: 'A Business Plan for Britain' action



Companies in Cornwall & Isles of Scilly are very positive about being in Europe. 82% believe that withdrawal from the EU would have a negative impact on business and only 3% think that exit would be a good thing. Over half of Cornwall & Scilly's businesses support remaining in the Union with certain powers being transferred from Brussels, back to Westminster.

However, endorsement of the BCC's action in this area is significantly lower among our businesses, as compared to the relevance they accord to other priorities. Survey findings also revealed a lack of knowledge about the specifics of EU support.

For example, although close to two-thirds of businesses think that the EU Convergence programme has been effective, a quarter feel unable to comment because they don't have

a full understanding of the issues. This figure grows to almost half of those consulted, when asked about whether they are familiar with the priorities for the next round of EU investment in 2015-20.

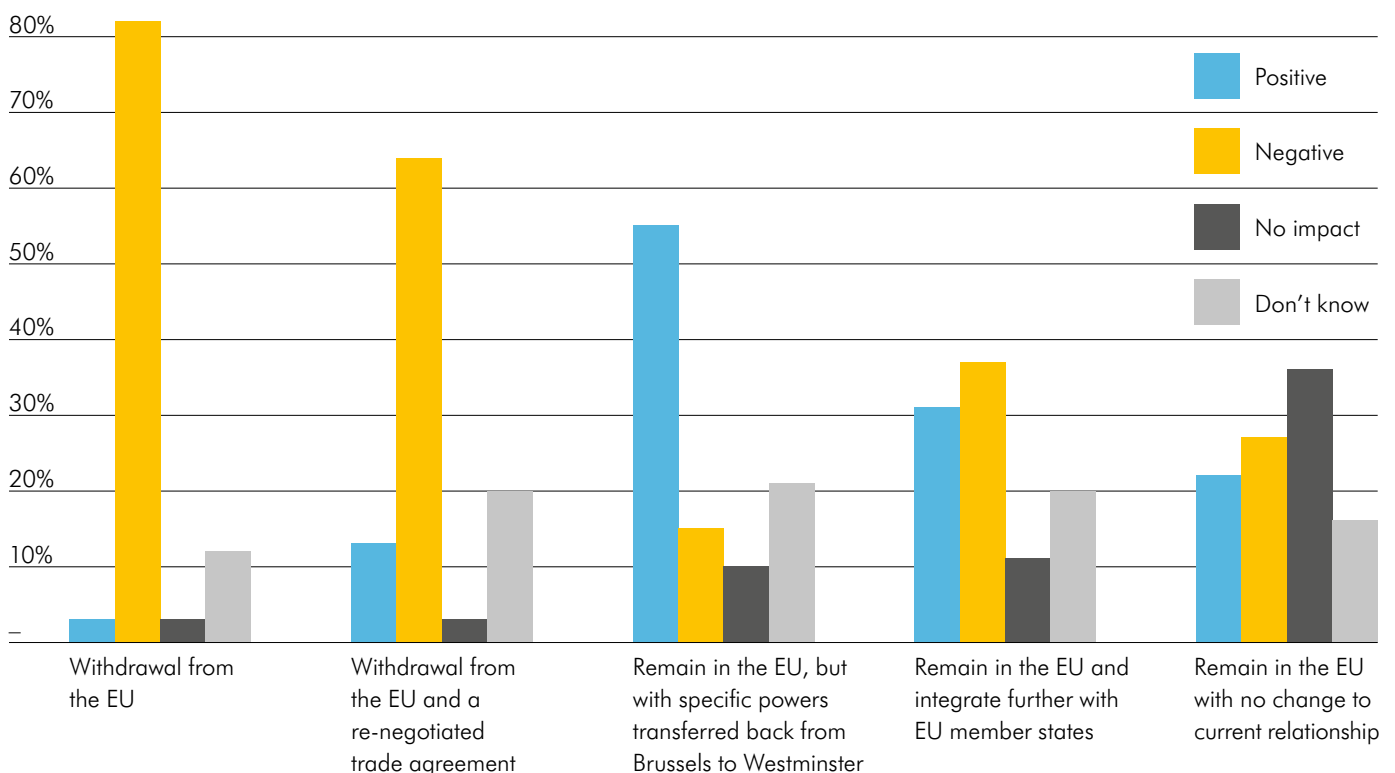
There is also significant concern being voiced about the imminent EU funding gap. Convergence funding comes to an end this year and there is still uncertainty about when the next round of EU investment will start. Many high-growth businesses in our survey have benefitted from the "invaluable" support of EU funded programmes and initiatives, and warn of economic slowdown and a negative impact on business confidence.

Improving understanding and communication around the EU's role in Cornwall & Scilly will enable a greater number of businesses to exploit assistance more effectively.

CORNWALL CHAMBER OF COMMERCE CALLS FOR:

- **Businesses to become more forthright and open about the benefits of the free market** and the impact it has on wider society.
- **The UK Government to stop "gold-plating" EU legislation.** This causes a "can't-do" attitude in Britain, at odds with that of our economic competitors.
- **Adopting a more open and consultative approach to EU programme development across all phases,** including planning. This will ensure that programmes are fine-tuned to meet business needs.
- **Simplifying the red tape** around accessing EU funding initiatives.
- **Improving the communication and public reporting around EU programmes** through accessible, user-friendly language and content.

Impact of EU changes



LOCAL FOCUS



“Place business at the heart of local growth – because ensuring business growth takes centre stage in local decision-making and procurement will boost the economies of our cities, towns and counties.”

British Chambers of Commerce: 'A Business Plan for Britain' action

This BCC action has Cornish businesses echoing some of the responses given around the issues of Infrastructure and Skills & Employment. Although there is generally a high level of support for the initiative, many are keen to point out that commerce and economic development should not happen at the expense of environment and community.



“ Need to get local Chambers working well and to be vibrant. Make them feel they have a voice that is listened to – ensuring those at far reaches of the County don’t feel alienated by Truro centralisation.”

“ I don’t think that business should be at the heart of local growth, our environment and community should be. It should be about business sustainability, not constant growth.”

Survey responses

The very geography of Cornwall & Isles of Scilly prompted some companies to make a call for getting even more grass-roots local: building area-specific networks that would work alongside those that cover the whole of Cornwall. These, it is believed, would dilute what is sometimes seen as a Truro-centric focus and extend opportunity to all corners of the county. It would also foster a more resilient local business ecology.

Business people in Cornwall & Scilly have demonstrated that they excel at coming together and growing vibrant industry-specific support networks. Examples of best practice that were singled out in the survey findings included Cornwall Food & Drink which is an important driver of ‘Brand Cornwall’ and the Cornwall Marine Network.

CORNWALL CHAMBER OF COMMERCE CALLS FOR:

- **Making the most of existing business networks to drive information and opportunities** throughout Cornwall & Scilly. This should go hand in hand with rebalancing business decision-making so that there is genuine parity between public bodies and the private sector.
- **Improving ways in which local business needs are established and fine-tuning the resulting support** to meet specific local economy requirements.
- **Creating a uniform, county-wide strategy for town centre parking** to increase footfall and spend.
- **Increasing levels of collaboration across industry sectors**, via forums, development of local supply chains and a rigorous understanding of the environmental impact of incoming supplies.
- **Establishing a logistics hub to manage products leaving Cornwall & Scilly.**

“ Business support should be adaptive rather than prescribed and constrained.”

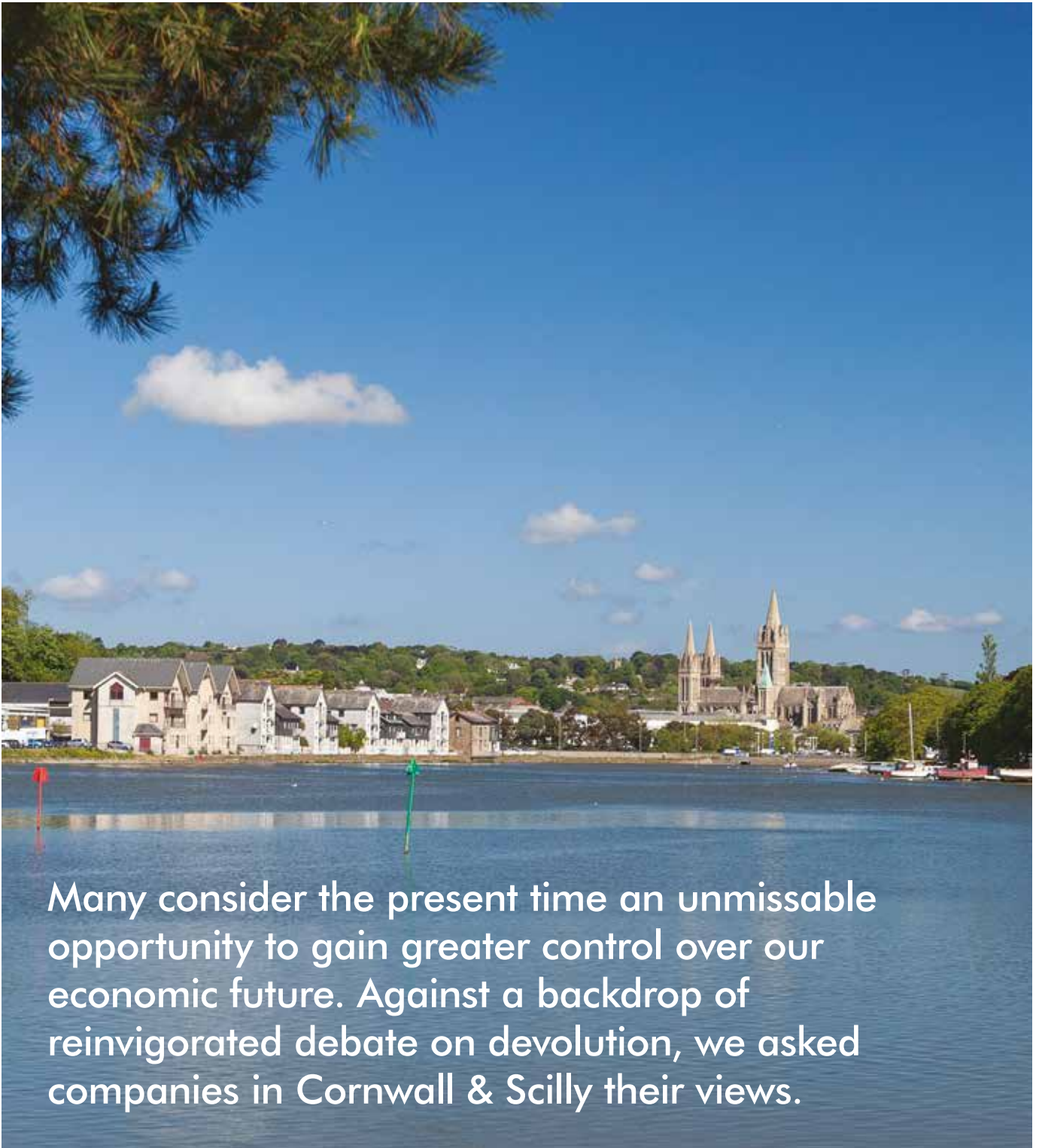
“ Would like to see better appreciation that car parking is really important in places where there is a small rural population and therefore public transport will always be limited.”

“ Without a resilient local ecology of business there is no local economy.”

Survey responses

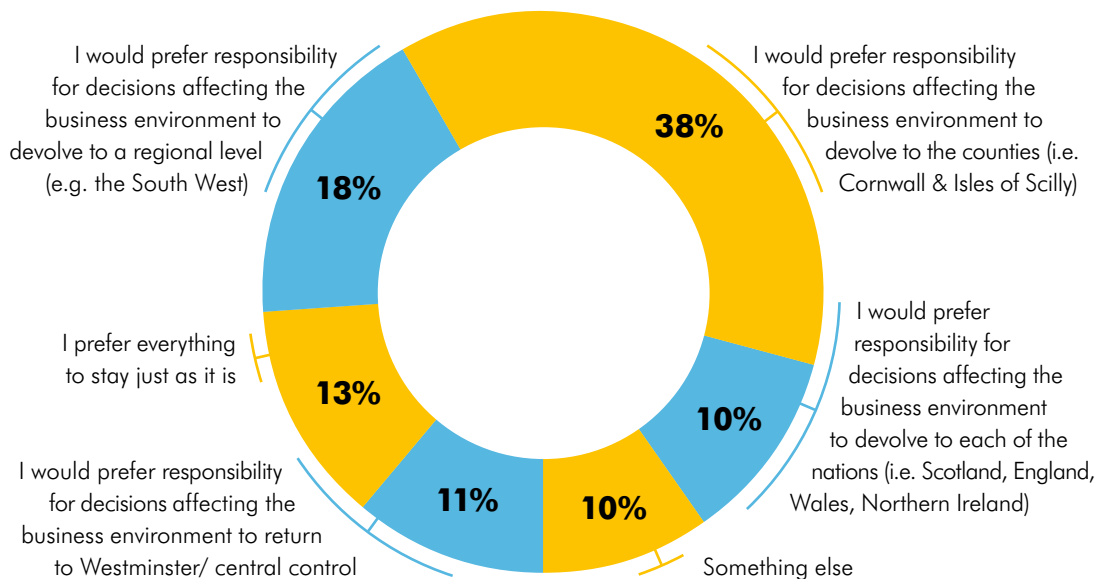


DEVOLUTION



Many consider the present time an unmissable opportunity to gain greater control over our economic future. Against a backdrop of reinvigorated debate on devolution, we asked companies in Cornwall & Scilly their views.

With consideration to your business in Cornwall, which best describes your current position in the devolution debate?



The process of devolution in the UK has always been dynamic and asymmetrical, with individual settlements for Scotland, Wales and Northern Ireland.

The next five years will see further major shifts in how the UK is governed. With increasingly more power being transferred away from Westminster to Scotland, there will be renewed pressure for England’s cities and regions to look at adopting some form of devolution.

Many consider this to present an unmissable opportunity to gain greater control over our economic future. Against a backdrop of reinvigorated debate on the issue, we asked companies in Cornwall & Scilly their views.

There is clearly some appetite in our region for increased devolution. The majority of businesses said they believed that they understood the issues around the debate nationwide fairly well, although less so, when applied to Cornwall & Scilly specifically. The potential effects of devolution were viewed particularly positively when related to the impact on business rates, transport investment, housing and adult skills.

Significantly, over a third of companies believed that their business tax rates would rise if they were to be set locally, but many saw this as no bad thing. Supporting other findings in our survey, 49% of the Cornish business community would be open to higher taxation if it meant that more of it was retained and spent in Cornwall & Isles of Scilly.

The picture was less clear when we tackled the subject of what the local devolved body would look like. Few favour having an elected Mayor and there is then an even split (a third each) between power resting with the existing local government/agencies, the LEP and the formation of a new body.

It seems that we are currently a long way off something such as the Combined Authority model that has achieved devolution in Manchester. If there is to be any progress on this in Cornwall & Scilly, there has to be a united view on mobilising support for this movement.

CORNWALL CHAMBER OF COMMERCE CALLS FOR:

- **Developing clarity about the exact form devolution will take.**
- **Establishing a Cornwall & Scilly leaders group.** This would undertake further research involving public, business and community/social organisations, and compile a clear list of elements to be devolved.
- **Organising locally to pick up and progress the agreed model for devolution** – a model in which we, and the national government, have confidence.

“ It is wonderful that issues surrounding identity, empowerment and devolution are finally being talked about seriously by the business community. Thank you! Kernow Bys Vyken! ”

CORNWALL CHAMBER OF COMMERCE

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