

# Convergence Programme for Cornwall and the Isles of Scilly

Operational Programme 2007-13

## Executive Summary

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## Executive Summary

### 1.1 Introduction

The Convergence Programme for Cornwall and the Isles of Scilly will succeed the current Objective One Programme, which has been delivered with great effect by the key stakeholders. A total of €458.1 million has been allocated to the new Programme for 2007-13, which will be complemented by €196 million of Convergence ESF funding to support learning and skills related activities.

This Operational Programme has been produced under the guidance provided by the Post 2006 Co-ordination Group and supported by considerable stakeholder consultation, including Task and Finish Groups, conferences and workshops. The Draft Operational Programme built upon the extensive work carried out to develop Strategy and Action. The final document has been revised in response to the formal twelve week consultation process.

The Programme has four Priorities, as follows:

- Priority Axis 1: Innovation, Research and Development
- Priority Axis 2: Enterprise and Investment
- Priority Axis 3: Transformational infrastructure
- Priority Axis 4: Unlocking the Economic Potential of Place

These Priorities have strong links to the National Strategic Reference Framework (NSRF) priorities of: (i) Promoting Innovation and Knowledge Transfer, (ii) Stimulating Enterprise and Business Development Activity, and (iii) Improving Accessibility and Connectivity. The Lisbon National Reform Plan Priorities have in turn been covered by the NSRF priorities.

Particular linkages can be made with the Community Strategic Guidelines (CSG) of: (i) enhancing the attractiveness of Member States, regions and cities, and (ii) encouraging innovation, entrepreneurship and the growth of the knowledge economy (see page 5 for summary). The CSG priority of 'creating more and better jobs by attracting more people into employment, improving adaptability of workers and enterprises and increasing investment in human capital', will be predominantly addressed through the Convergence Area ESF Framework.

A fuller analysis of the linkages between the Convergence Programme and European and National Policy is provided in the 'Strategy for the Programme' section of the main document.

### 1.2 Socio Economic Analysis

#### Population and Employment

Cornwall and the Isles of Scilly has witnessed substantial population growth in recent years, and are now home to more than 515,000 people. Inward migration has been concentrated among the 30-60 age groups with, until recently, out-migration of younger people. There is a consensus that the population will continue to grow rapidly, with population growth driven largely by people relocating to the area to take advantage of the attractive lifestyle offer.

Employment growth in Cornwall and the Isles of Scilly has also increased substantially in recent years, although employment remains dominated by lower value added service sector or sectors dependent on the public sector and / or with a tendency to offer low paid and part time employment. While some progress has been made, globalisation and the development of a knowledge based economy require a further step change in the economic performance of Cornwall and the Isles of Scilly.

The increase in population and employment has increased GVA, although no progress has been made with regard to GVA per worker, the key measure of productivity. In the State of the Nation 2006, Local Futures report, five of the Cornish districts were ranked among the lowest nationally for productivity,

which encapsulates the scale of the challenge in improving the economic position of Cornwall and the Isles of Scilly. Other research examining the productivity gap between London and the South West identified a lack of capital investment; industrial structure; employment ratio and skills; and travel time to major markets as the factors which accounted for the poor performance.

### Enterprise and Innovation

Cornwall and the Isles of Scilly has a reasonable number of businesses and a relatively healthy start-up rate. The major issue concerns the structure of the business base with many operating in lower value added sectors. The area does contribute to a number of regionally important sectors, including tourism and the environmental technologies.

Cornwall and the Isles of Scilly scores poorly with regard to the level of innovative activity and employment in Knowledge Based Enterprises. The establishment and expansion of the Combined Universities in Cornwall (CUC) is a significant development and presents a number of opportunities to increase both R&D employment and innovative activity. A further boost was provided by the investment in broadband technology, especially in light of the peripheral location of Cornwall and the Isles of Scilly. There is now a need to review what further investment in communications technologies is required in addition to increasing the use of ICT in the day to day operations of business.

### Infrastructure

The Objective One Programme began to address the mismatch in supply and demand for high quality sites and premises in Cornwall and the Isles of Scilly. There remains an unmet demand for high quality accommodation of a range of types and sizes. The recently completed Employment Space Strategic Assessment 2007-17, which was commissioned by the Cornwall and Isles of Scilly Economic Forum and partners concluded that: current provision was a constraint on economic and company growth; there is a need for the public sector to increase the delivery of serviced employment sites; gap funding had a role to play in persuading the private sector to investment given market conditions; and there was a need to ensure an adequate supply of incubation accommodation and workspace in rural areas.

The investment in broadband technology has been a significant boost to Cornwall and the Isles of Scilly, given its peripheral location. It is important that local businesses are able to access the latest broadband and related technologies if they are to remain competitive in the future. There is a need to review the infrastructure provision in Cornwall and the Isles of Scilly in the medium term to determine the extent to which further investment is needed.

An assessment of infrastructure and its economic impacts in Cornwall<sup>1</sup> identified that the pressure on the capacity of the existing transport network generated by continued growth in GVA and employment will be a key challenge. Connectivity within Cornwall and the Isles of Scilly will be essential to create the right conditions for further growth.

The development and retention of Newquay Cornwall Airport is a critical element in the strategy to reconnect the economy and Cornwall. Research suggests that the Airport can generate substantial direct and indirect benefits which are integral to Cornwall and the Isles of Scilly as a business and investment destination. Concerning other forms of transport; the growth in population and economic activity will place increasing pressure on the transport infrastructure.

### Skills

Some 40% of the workforce has low levels of qualifications and are consequently vulnerable to labour market changes. Evidence suggests that there is a clear relationship between the level of qualifications held and employment. The shift towards a more knowledge based economy will place demand for level 3 and 4 qualifications and raising the attainment of those coming through the statutory education system will have a direct impact on the skills and qualifications available to employers.

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<sup>1</sup> Assessment of Strategic Transport Infrastructure in Cornwall – The Economic Impacts, 2007, Mott MacDonald for Cornwall County Council

The Leitch Review sets out a major change for the UK economy in terms of transforming the skills profile of the workforce. While a part of this agenda will be taken forward through skills and learning support, there is a need to ensure that there is sufficient capacity to deliver higher level skills training and higher education support.

#### Environment

The environment of Cornwall and the Isles of Scilly plays a key role in the economic and social well-being of the area and, with further population and business growth anticipated, there will be a range of issues e.g. Brownfield vs. Greenfield, to be tackled to meet the aspirations and challenges of sustainable development. Environmental concerns will ensure that the issues surrounding sustainability are maintained as a policy making priority. Perceptions of the sub-region's 'quality of life' will also assist in attracting business investments and workers to the sub-region. Coupled with the Cornish Areas of Outstanding Natural Beauty (AONBs) and Coastline, this acts as a major asset of the sub-region moving forwards.

#### Culture and Creativity

In addition to the outstanding natural and managed environment, Cornwall and the Isles of Scilly has a distinctive cultural offer reflecting, for example its World Heritage Mining Landscape and artistic legacy, which have associations with quality of life in the area and contribute to its tourism and investment offer. This strong sense of identity, allied with the outstanding natural environment has resulted in a very strong brand, although this has primarily been used to attract visitors. There is potential to use these assets both to attract new investment and support the development of local businesses and activities.

### 1.3 SWOT Analysis

The strengths of Cornwall and the Isles of Scilly include its long term assets, such as the quality of life and culture of enterprise, as well as more recent developments such as the Combined Universities in Cornwall (CUC). Some of the weaknesses are more fundamental and entrenched, focussed on the under-performance of the business base and limitations with regard to human capital. These reflect the profile of the business base and limited markets, primarily a consequence of the peripherality of the economy from major national and international markets.

Opportunities are based around a forward looking agenda, in Cornwall and the Isles of Scilly and globally, and take account of the internationalisation of trade and the opportunity (and need) to connect with the global economy through competitive businesses and a highly skilled workforce. The area's threats are also forward looking, relating to historic weaknesses and the challenges of globalisation and climate change. The SWOT highlights the importance of skills and higher education, and the Convergence ESF Framework has a major role to play in the transformation of the economy.

Strengths		Weaknesses	
1	Strong and long established enterprise culture	1	Peripherality and poor external connectivity
2	Some strong sectoral performance	2	Low level of innovation, product and process development
3	Emerging niche specialist companies and sectors	3	Low levels of business investment contributing to low productivity
4	HEI / Knowledge Base - Combined Universities in Cornwall, Peninsula Medical School	4	Structural bias towards low-value added and seasonal economic activity
5	Broadband take up and awareness	5	Limited higher value added service sector economy, and consequent lack of graduate and higher skilled jobs
6	Strong Cornwall brand, increasingly linked to quality	6	Social, economic and environmental conditions in Camborne, Pool, and Redruth
7	Wide recognition of quality of life and a strong cultural identity	7	Comparatively weaker skills base of the workforce and persistent recruitment and skills shortages
8	Outstanding coastal, natural, and managed environment, including the Isles of Scilly	8	High levels of worklessness and pockets of severe deprivation
9	More positive external image increasingly based on quality	9	Poor transport connectivity between key centres, including public transport
		10	Limited provision and quality of business premises (property market failure)
Opportunities		Threats	
1	The potential for SMEs in certain sectors to take advantage of growing markets	1	Globalisation of trade, and potential effect on certain sectors, such as manufacturing
2	Opportunities arising from more widespread broadband and ICT adoption and application resulting in new business opportunities	2	Climate change and the need for transition to a low carbon economy, as reflected in the Stern Review.
3	Capitalising on Newquay Cornwall Airport and its catalytic effect	3	Increasing energy prices and uncertainty of supply
4	Responding to business and product opportunities arising from concerns about and responses to climate change	4	Competitive pressures on and restructuring of industries such as china clay, agriculture, fishing, and tourism
5	Exploiting new and growing tourism markets based on quality	5	South East growth attracts higher skilled and highly qualified people
6	Opportunities around HEI growth and potential for spin out companies and business collaboration	6	Outdated infrastructure constrains growth
7	Increasing markets and opportunities in the creative and cultural industries		
8	Increasing interest in regional and distinctive brands		

## 1.4 Policy Context: Summary

European Policy (Revised Lisbon Agenda and Community Strategic Guidelines)	UK policy (Lisbon National Reform Programme and National Strategic Reference Framework)	Programme Actions
<b>Knowledge and Innovation</b>		
Increase and improve investment in RTD	Promoting Productivity and Growth: Science, Innovation and Knowledge Transfer	Priority 1: specialist infrastructure for innovation including: a network of innovation centres and specialist research centres, with incubation and out reach services. Other activities will link companies to University and HEI expertise; also includes proof of concept funding.
Facilitate innovation and promote entrepreneurship	Promoting Productivity and Growth: Enterprise and Successful Business : Science, Innovation and Knowledge Transfer : Building Sustainable Communities	Priority 2. Support will be provided to encourage high growth new starts and accelerating growth of existing businesses. Support will also be provided for encouraging an enterprise culture with a focus on young people. Priority 4 will support new centres/ business accommodation which will accelerate business growth.
Promote the information society for all		Priority 2. Will provide support for increasing the take-up and exploitation of ICT and broadband. Priority 3: Will provide the next generation of ICT infrastructure, with bandwidth equivalent to any UK city.
Improve access to finance	Promoting Productivity and Growth: Enterprise and Successful Business : Investment	Priority 2 will aim to increase investment of the private sector through assisting SMEs to develop investor ready proposals and promoting and marketing the area as an investment location for high value added businesses.
<b>An attractive area in which to invest and work</b>		
Expand and improve transport infrastructures	Promoting Productivity and Growth: Building Sustainable Communities	Priority 3 will consider Newquay Cornwall Airport as a transport asset and a catalyst for economic growth. Priority 4 may provide local transport packages to realise the economic potential of key locations.
To strengthen the synergies between environmental protection and growth.	Promoting Productivity and Growth: Sustainable development, production and consumption Building Sustainable Communities	Priority 1 and 2 will support an environmental technologies and renewable energy initiative to develop a major new industry. Priority 2 will include also support for improving businesses environmental performance. Priority 4 will help to ensure that growth takes place in sustainable locations.
Address Europe's intensive use of traditional energy sources	Promoting Productivity and Growth: Sustainable development, production and consumption.	Priority 1 and 2 will support an environmental technologies and renewable energy initiative to develop a new industry. Priority 2 will include also support for improving businesses environmental performance.
Attract and retain more people in employment and modernise social protection systems	Employment Opportunity for All: Extending Working Lives	Convergence ESF Framework will support activities to enhance access to employment and inclusion in the labour market of unemployed, under-employed and inactive people and to prevent unemployment for people under threat of redundancy.
Improve adaptability of workers and enterprises and the flexibility of the labour market	Skills & Employment Opportunity for All: Developing a Skilled and Adaptable Workforce	Convergence ESF Framework will improve the skills of the local workforce through working with employers to raise skills, increase the number of people in higher education, promote lifelong learning and reform vocational routes for 14-19 year olds.
Increase investment in human capital through better education and skills	Promoting Productivity and Growth: Skills & Employment Opportunity for All: Equipping People to Realise their Potential and Developing a Skilled & Adaptable Workforce	Convergence ESF Framework will stimulate demand for learning at all levels. Some of the additional demand will arise from business development activities stimulated by Priorities 1 and 2. Priority 1 and Priority 3 will provide new research and innovation centres through CUC and other research centres. This will increase the supply of post graduates.

## 1.5 Strategy for the Programme

The strategy for the Convergence Programme has been agreed after an extensive development process, which started with the early work of the Cornwall and Isles of Scilly Economic Forum in developing Strategy and Action 2007-21, the long-term economic development strategy for the area. The process for identifying Convergence priorities involved the establishment of seven initial task and finish groups responsible for developing the focus on the priorities within the context of the ERDF funding; how cross cutting themes might be incorporated; any spatial priorities; what the delivery arrangements might look like; how Convergence funding could add value; and what further action was necessary.

Following the work of the task and finish groups, a regional consultation event was held to obtain input from key stakeholders with regard to the overall direction of the Programme and the draft operational programme went out to consultation for a 12 week period ending on the 12th February 2007. Further task and finish groups were held to refine priorities based on the findings from the consultation.

The evidence suggests there is a need to accelerate the re-structuring process, and in particular to create jobs in new, higher skilled sectors of the economy where there are long term growth prospects. Linked to this, is the need to capitalise on areas where Cornwall and the Isles of Scilly has a comparative advantage and/or can create the conditions for growth sectors and businesses to flourish. A need was identified to focus on the types of jobs and new starts supported, as much as the numbers, with a need to support businesses using knowledge to produce higher value added goods and services.

Furthermore the evidence suggests that improving productivity is an important objective across all sectors, not just growth or priority sectors. Fundamental to improving productivity is innovation, the development of ideas and use of creativity, knowledge and skills.

The key challenges for the new strategy are:

- Accelerating the growth of those sectors and businesses characterised by high value added products and services and developing networks and alliances which build a self sustaining economic momentum to allow for continued growth in the medium and long term.
- Improving productivity levels across the business base.
- Building business capability to innovate and use knowledge.
- Addressing the effects of peripherality, including the investment and take-up of digital technologies.
- Addressing the effects of peripherality, re-connecting people and business to national and international opportunities.
- Securing economic growth in a responsible manner.

There are three major opportunities which will be influential in re-shaping the economy. These are:

- A significant group of small, highly innovative companies with the potential to grow, across all sectors, and at a scale which is relevant to the economy.
- The success of the Combined Universities in Cornwall and the potential of digital infrastructure to provide new economic opportunities.
- Global trade, knowledge networks and the changing dynamics of collaborative ventures and accessing markets.

Other important opportunities include a number of strategically important investments, some of which are well advanced, and others are at the development stage. In a number of cases, the potential impact on the wider economy is considerable.

The Programme objective is:

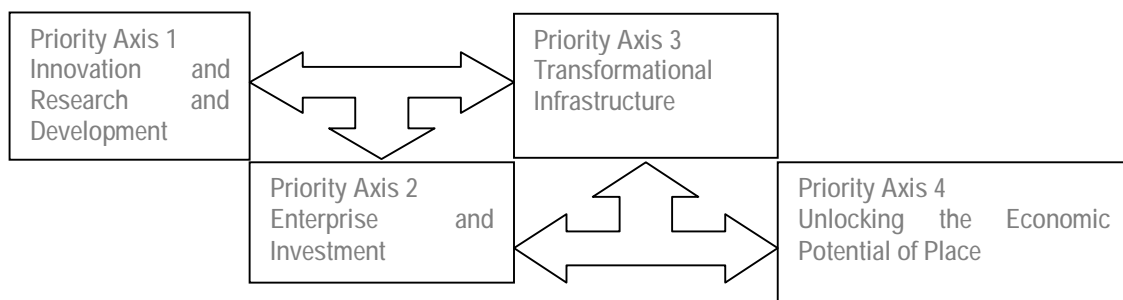
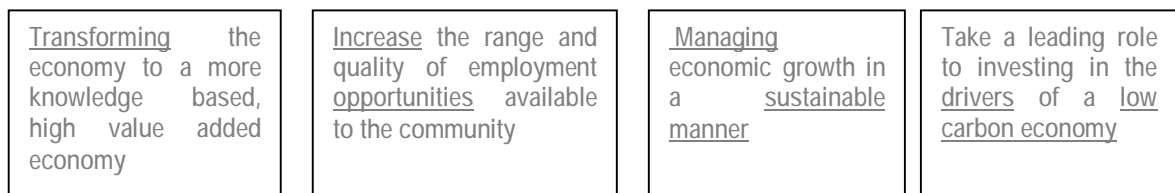
*To establish the momentum for transforming the economy to a high value added economy where knowledge, environment and quality of life underpin sustainable economic growth.*

Successfully developing a high value added, high skilled economy is a major challenge which will need long term commitment from all of the key stakeholders. The effects of peripherality are profound, and overcoming the constraints of distance from markets cannot be under-estimated. The Convergence Programme can, however, establish a momentum of change which will need to continue for many years after the Programme has concluded.

It is on this basis that four operational objectives have been set. These are:

1. Transforming the economy to a more knowledge based, high value added economy with a broader range of sectors, and a reduced dependence on low paid jobs;
2. Increasing the range and quality of employment opportunities available to the community;
3. Managing economic growth in a sustainable manner; and
4. Take a leading role in investing in the drivers of a low carbon economy, including increased carbon literacy, overcoming market failure, and accelerating technological change.

Four Priorities have been developed to address the operational objectives and make progress towards the long term aim outlined for the programme.



These priorities will be supported by the Convergence ESF Framework where priorities and actions include upskilling the workforce, developing research and higher levels skills and promoting graduate employment in smaller and medium sized companies. The ESF Framework will also increase the pool of labour though targeted support at the unemployed and economically inactive and work with young people not in education, employment or training.

## 1.6 Priority Axes

### Priority Axis 1: Innovation and Research and Development

The aim of this Priority is to enable Cornwall and the Isles of Scilly to compete as a centre for creativity, innovation and research and development. It has a key role to play in identifying and supporting those areas where specialist areas of expertise and knowledge can be established, capable of attracting investment and talented people, building upon the already established business and sectoral strengths.

The strategic objectives are to:

- 1) Increase the intellectual capital through investments in the knowledge infrastructure and research capacity in higher education; increasing and where necessary supporting business investment in research and development and increasing HE/business collaboration;
- 2) Improve the productivity of companies through increasing the rate of innovation and the economic benefits arising from the pull through and exploitation of knowledge (research and development and other intellectual assets) including product and process improvements. Building understanding of drivers of innovation and using these to lever increased innovative behaviour by companies; and
- 3) Increase the number of high value added and innovative new start businesses.

Supported Activities	Indicative Range of Funding Allocation
Stimulating research and development to focus in building intellectual capital	20% - 40%
Supporting ideas, innovation and knowledge, linking companies to universities	15% - 30%
Innovation and Incubation	20% - 35%
Growth of the Environmental goods and services sector (including environmental technologies and renewables)	10% - 25%
<b>Total Budget (EU plus National)</b>	<b>€140.017m</b>

### Priority Axis 2: Enterprise and Investment

The aim of this Priority is to re-structure the economy to one with a higher proportion of high value added business, under-pinned by more productive enterprises across the business base. This Priority has a key role to play in addressing the low earnings, low skilled nature of the economy. The strategic objectives are to:

- 1) Increase the proportion of businesses and employment in high value added business activities;
- 2) Increase the quality of new starts through further developing the enterprise culture and supporting high growth and high value added new starts;
- 3) Increase the productivity of business through the provision of high quality support services in key areas including internationalisation and investment support; and
- 4) Increase the scale of investment and re-investment by the private sector in Cornwall and the Isles of Scilly.

Supported Activities	Indicative Range of Funding Allocation
New Enterprise	10%-15%
High Growth Companies	15%-20%
Targeted Business Support	20%-30%
Business Infrastructure	30%-45%
Growth of the environmental goods and services sector (including environmental technologies and renewable)	10%-15%
<b>Total Budget (EU plus National)</b>	<b>€184.515m</b>

### Priority 3: Transformational Infrastructure

Developing a limited number of major investments for transformational infrastructure is now critical in developing a platform which will allow for a step change in economic performance. These developments are focussed on improving connectivity between local businesses and national and international knowledge and trading networks and new markets. The strategic objective of this Priority is to:

Accelerate the growth of the knowledge based economy through the development of transformational infrastructure while securing sustainable economic growth.

These new developments are inextricably linked to Priorities 1 and 2, and efforts to develop a more innovative, productive and outward facing business community.

Supported Activities	Indicative Range of Funding Allocation
Newquay Cornwall Airport – conversion from a military to civilian operation to establish a commercially viable airport for Cornwall and the Isles of Scilly;	20% - 40%
Digital infrastructure – developing a future proof solution that allows much higher speeds and bandwidths	30% - 50%
Knowledge infrastructure – providing further investment in the CUC.	30% - 50%
<b>Total Budget (EU plus National)</b>	<b>€157.520m</b>

### Priority 4: Unlocking the Economic Potential of Place

The strategic objective is to develop in a sustainable manner, the capacity of key towns and locations to accommodate new investment critical to the development of a knowledge based and higher value added economy.

The recent work on key towns and future business space needs highlights the distributed nature of employment and the scale of opportunity in many other key towns and rural areas. The Convergence Programme will support the modernisation of the business infrastructure in locations with the potential to secure significant new investment and which can add to the process of transforming the economy. This will be done on a planned and phased basis, taking account of future demand.

Given the forecast population and employment growth over the next ten and twenty years, and the importance of the environment and quality of life of key settlements, it is important that investment in towns and locations is managed in a sustainable manner. Locations subject to major regeneration changes and requiring long term and significant support to address specific economic challenges are: Camborne, Pool, and Redruth; and St. Austell and the Clay Country. Other locations require more limited and specific interventions to unlock significant opportunities. In these areas actions will be focussed on managing economic growth in a planned and sustainable manner. The focus of this strand will be the areas of Truro, Falmouth/Penryn, Newquay, Bodmin and Penzance/Isles of Scilly.

Supported Activities	Indicative Range of Funding Allocation
Integrated Place Regeneration	40%-60%
Realising Place Potential	40%-60%
<b>Total Budget (EU plus National)</b>	<b>€163.361m</b>

## 1.7 Cross Cutting Themes

### Environment

The quality of the environment is one of the unique assets of Cornwall and the Isles of Scilly, generating considerable benefits for residents and providing a major draw to the area for tourists, economic migrants and businesses. In addition to the challenges presented by the need to conserve these environmental assets there is the need to address environmental issues such as climate change, resource depletion and waste management. Both, however, also present potential economic opportunities in particular driven by the growing demand for more environmentally smart goods and services and to meet the challenge posed by global climate change - the need for a lower carbon economy.

In line with the Government's sustainable development strategy, the Convergence Programme will address the Environment Cross Cutting Theme through recognising:

- § The potential impact of economic regeneration on the environment; and
- § The potential economic benefit that the environment can bring.

The Convergence Programme will both build on the foundations created by the delivery of the Objective One programme and reflect on the region's aim to demonstrate that economic growth can be secured within environmental limits to bring prosperity to the region. These aims will be achieved through:

- § Embedding the sustainable use and management of resources, including water, waste and energy into all types of business development and support;
- § Exploiting the research and development potential of the Combined Universities in Cornwall partnership to trigger eco-innovation, particularly for a lower carbon economy; and
- § Growing of the environmental goods and services sector.

The Convergence Programme will invest therefore in a portfolio of projects that will include the reduction of greenhouse gas emissions compared with conventional approaches and projects with the potential for the technological change necessary for a low carbon economy.

### Equality and Diversity

For Cornwall and the Isles of Scilly to achieve the economic growth targets proposed, all members of society need to be able to contribute their potential. The challenge for the Programme is to ensure that all members of society are able to benefit from and access the support proposed under this Programme. Many of the proposed activities are tightly focused on developing a knowledge based economy; however there is a risk with some of these activities that under-represented groups will be indirectly discriminated against. For instance, where priority strands target sectors that are traditionally male dominated, it is important to identify how women or other under-represented groups will be able to benefit.

In light of these issues, the objectives for the Programme will be to:

- § Increase the take-up of quality training and employment by under-represented target groups;
- § Increase the number of people in under-represented groups accessing training and employment;
- § Ensure that business support is inclusive and responsive to the needs of all communities and under-represented groups;
- § Increase the participation of people from under-represented groups in the management and implementation structures of the programme; and
- § Increase the number of people under-represented groups owning their own business.

## 1.8 Financial Allocations

The allocations by Priority are summarised below.

Summary Financial Table (€m)			
	ERDF	National	Total
1 Innovation and Research & Development	105.013	35.004	140.017
2 Enterprise and Investment	130.011	54.504	184.515
3 Transformational Infrastructure	105.013	52.507	157.520
4 Unlocking the Economic Potential of Place	100.017	63.344	163.361
Technical Assistance	18.003	6.000	24.003
<b>Total Convergence</b>	<b>458.057</b>	<b>211.359</b>	<b>669.416</b>

The total annual ERDF allocation is outlined below.

Year by source for the programme in €m

Year	ERDF	Total
Total 2007	61.614	90.045
Total 2008	62.847	91.845
Total 2009	64.103	93.682
Total 2010	65.385	95.556
Total 2011	66.693	97.467
Total 2012	68.027	99.416
Total 2013	69.388	101.405
<b>Grand Total 2007-2013</b>	<b>458.057</b>	<b>669.416</b>

### 1.10 Co-ordination

ERDF is one of four Funds which will operate in the South West during the period 2007-2013. The other Funds are:

- § European Agricultural Fund for Rural Development (EAFRD)
- § European Fisheries Fund (EFF)
- § European Social Fund (ESF)

There is also a Competitiveness ERDF Operational Programme (2007-2013) for the rest of the South West, also with a strong innovation and enterprise theme.

EAFRD has an important role to play in the rural economy, as does, in a more modest manner, the Fisheries support with regard to coastal communities. The Convergence ESF Framework will invest circa €196m of ESF support in to addressing worklessness, workforce development, and higher level skills and higher education. The success of the ERDF Programme is clearly linked to the skills and higher education interventions being supported through ESF.

## Programme Added Value

The Convergence Operational Programme has a significant budget, although given the ambition set out in the aim of the Programme there is a need to ensure that the maximum benefit is derived from the proposed Priorities. The implementation phase will take place in the context of clear expectations as regard contribution to the Programme's objectives. In summary, aims and operational objectives will be met by:

Programme Aim	Impact
To establish the momentum for transforming the economy to a high value added economy where knowledge, environment and quality of life underpin sustainable economic growth.	By creating 11,000 net additional new jobs and £386.2m of net additional value added, weighted towards high value jobs, equivalent to a five percentage point increase in employment.
Operational Objectives	Impact
Transforming the economy to a more knowledge based, high value added economy with a broader range of sectors, and a reduced dependence on low paid jobs.	By creating 8,000 net additional new jobs and £280m of net additional value added in knowledge based and/or higher value added sectors.
Increasing the range of employment opportunities available to the community;	By creating 11,000 net additional jobs across a range of sectors and occupations.
Managing economic growth in a sustainable manner.	By supporting over 250,000m <sup>2</sup> of new accommodation in sustainable locations, and developing knowledge networks and digitally connected communities.
Take a leading role in investing in the drivers of a low carbon economy	By assisting 630 enterprises involved in the provision of environmental goods and services (including environmental technologies and renewable energy) and over 1,260 net additional jobs in these companies; and assisting 1,400 companies to be more resource efficient.

## Community Added Value

The quantum of monies made available to a UK Convergence region inevitably means that there will be significant added value from ERDF support. Both the scale of investments and the range of eligible activities and investments will lead to a major impact across the region. This is covered in the preceding section on Programme Added Value. The wider Community Added Value is less driven by impact and deals with broader and sometimes intangible benefits arising from Community support. These are:

- § The opportunity to develop a knowledge based economy, in a peripheral region, where limited benefits of scale and concentration require new approaches to connectivity, networking and collaboration.
- § The opportunity to focus on environmental goods and services enterprises and build a new sector based on knowledge and expertise able to trade nationally and internationally.
- § The potential to re-connect Cornwall and the Isles of Scilly to the wider international and global community, through better physical and digital connectivity, the further development of centres of expertise and the development of a significant trading community involving business, academics and institutions.

Other Community Added Value benefits will emerge around the development of international knowledge networks as new centres of excellence are established and through Regions for Economic Change. The Community Added Value is considerable, touching every community and business in a direct or indirect manner. It is crucial to raise the confidence of the wider community and allowing stakeholders to develop a European exemplar of a peripheral and rural region securing transformational change.