UK Industrial Strategy and Rural Economies: The Cornish opportunity

Notes from discussion session

The following notes were taken during the group discussion session at the Cornwall Council and National Innovation Centre for Rural Enterprise event, held in St John's Hall, Penzance on Thursday 16 January 2025. The notes are grouped by theme.

Cornwall's brand/image

- How can we sell the place to highly tech-skilled people? – use Quality of Life/ build a positive image.

We have a post-Covid opportunity to rethink the benefits of being in a rural location. The non-cash benefits package that firms could offer may be very important: providing housing, allowing remote work, flexible hours, facilitating schools access – 'wrap-around' provision for employees. Local knowledge + trusted relationships are important to enable businesses to do this.

Cornwall is in a unique position to work more collaboratively. The Unitary Authority has transformed how Cornwall can be governed, but there's a disconnect between what government is asking for, and the actual funding received. For small businesses, becoming a Mayoral Combined Authority (MCA) feels regressive – Cornwall needs to understand its brand and communicate that. From a Local Authority point of view – we need confirmation of the future status of the UA in policy / funding priorities. There is a risk that Cornwall might now be being left behind, compared to MCAs, since government has clearly signalled its priority will be to focus on the MCAs.

A platform is needed to streamline messaging about the County. Cornwall has fantastic resources but must avoid opportunities that would extract resources from the county. If Cornwall can provide bespoke opportunities, this can attract young people to Cornwall. It needs to make more of its unique opportunities. To enhance the perception of Cornwall maybe we need to change the vision to include the target sectors of the industrial strategy. But would that risk a loss of identity? We could focus on rural innovation, branding Cornwall to government and to investors and promoting the positives.

Investment / funding

Funding sources should be diversified – with bigger companies encouraged to invest (in a public funding scarcity context). We should plan for those sectors not covered by the

Industrial Strategy. Inward investment will increase wages and improve skills, building healthy business ecosystems, but can also mean local businesses lose their USP/identity. We should look to the private sector to accelerate things in tech metals, rather than rely solely on the public sector. Firms have finite resources and it is very labour-intensive to secure support and funding. Innovate UK is a good and practical funder, for business innovation.

Finance is an ongoing challenge for businesses, particularly start up and scale up funds. Small businesses often struggle to find time to put together a project application e.g. there were very short deadlines for UKSPF. Business support for bid writing is essential. Sources of capital at the higher risk end are too scarce – there are gaps between coming up with a new idea, and final investment decision (FID). Seed Enterprise Investment Scheme (SEIS) and Enterprise Investment Scheme (EIS) eligibility is an issue for SME sectors – these funds also offer nothing for land-based, or those working in alternative fuel sectors.

The Industrial Strategy needs to be backed by grant funds such as UKSPF. A legacy of funding support exists, but we see signs of transition to a context where businesses have to pay for more. Need improved strategies that recognise the contributions of the rural, creating space for success and taking an enabling mentality in policy.

There is a need for **export support** post Brexit – larger firms are better able to manage the process. European markets remain important, for growth via exports.

Cornwall is "Investment ready". Angel networks have been proven valuable – offering remote support, with credible expertise (accredited). Can we find/fund a programme for 'pro-bono' investment expertise? Rural growth fund enhancements beyond finance can be important, too.

Skills, knowledge, education and wellbeing

It is important to invest in your staff – developing talent can be within a business' own control.

Opportunities:

- Recreating a 'cadets' model in other sectors of the economy
- Encouraging more apprenticeships
- connecting secondary schools with the University offer in Cornwall
- Cornwall could be promoting careers in critical minerals

- Rural and urban divides may be blurring, with changes in people's working lifestyles – this can be positive for rural business.

At Truro college – geology student numbers have doubled. In Eden geothermal – people want the work experience, but they can't offer it. Government needs to promote geothermal and increase understanding of its benefits – e.g. less need for the grid – also support animation careers, and support for new skills courses. New green technologies require transferable skills from the oil and gas industry, such as drilling. And they can help retain local skills among the Cornish workforce that currently works away/overseas.

Recruitment should be straightforward. Careers pathways are provided in schools, Further Education, and Universities.

UK Shared Prosperity Fund – the 16+ requirement misses younger children, and animation.

For businesses, there are constraints to getting around schools. Costs of school visits can be high, etc… it may be possible to use social media and video e.g. TikTok and Instagram – how to utilise these to firms' best advantage? How to maximise the use of AI to help recruitment? There may be a mismatch between the digital community and the skills needed by businesses.

It is important to review what is available in Cornwall to train staff – the baseline. There is a need to recognise certain relevant skills as invaluable, and invest in them; to pay attention to the labour market and supply chains – this may mean changing the narrative around University being the main path into work. There are skills shortages but also workforce (labour) shortages.

There is a need to help businesses demystify the 'skills agenda for business' (the policy) – currently it is too disjointed, and it will sway government departments. We need to rethink: what skills are needed now but also in ten years' time? And we must cover the basics across all sectors.

Developing talent is a long-term problem in a short term financial context – a shared responsibility that belongs to many people – government, schools etc…

Apprenticeship wages need to factor-in the cost of car/transportation, so could be higher in rural or remote locations. Apprenticeships schemes can be difficult to operate in smaller rural businesses and to apply in some sectors e.g. agriculture. This requires

appropriate courses to help fill skills gaps – currently, courses are not always suitable for business needs.

Critical thinking and problem solving – these are lost skills, among current applicants. We need to recognise people development and skills development as different things. It is important to retain creativity in the school system, as well as teaching technical / 'hard' skills.

Training could be more tailored, but this can be difficult due to scale issues – you need a certain number of students to offer viable training courses – possibly there is a need to link with colleges beyond Cornwall to pool resources to offer such provision?

We need to retrain/upskill the population, but employment contracts can be a barrier to that, with fixed job descriptions, etc. The notion of having a second career can be valuable for more mature people – enabling them to reskill or follow a passion/interest.

Green skills and digital skills – there is often good uptake for these courses, but a need to repeat/continue training (CPD).

We need to dispel the perception of some industries as unskilled e.g. agriculture. Can we encourage change in mindsets? – some physical work outside is very beneficial for health and wellbeing. Is social prescribing relevant here, too?

Seasonal worker scheme security (knowing that the scheme will be sustained, year on year) can build a positive dynamic in a rural area from/with a migrant workforce.

How can we motivate the disengaged / non-working? Cornwall has high unemployment, especially in winter – how to tap into it? Some of these challenges have underlying deep social/societal issues which will require social interventions, e.g. working in a sustained way to help the excluded / disengaged people to re-engage. Have we lost some long-term incentives to work, e.g. final salary pensions?

Lots of employment options could be for older people – we should re-think stereotypes about what a worker looks like or what older people are capable of doing well.

This needs good service provision, to facilitate demographic change in the workforce.

Clusters and business support

Business start up support and scale up support are key for e.g. unlocking potential.

- Not all businesses in Cornwall are small. Supporting larger companies too can be valuable e.g. large supply chains.
- Existing businesses mentoring start-ups / angel networks are valued
- Help for businesses that want to scale – is there a strong management approach? Not currently. Mentors, and accelerator funding could be helpful.

Clusters can be crucial to SMEs scaling – e.g. Cornwall marine network. Supporting horizontal and vertical networks, and collaboration across clusters, to add value. Clusters get advantages when looking for funding and support – it is prudent to look into this.

- Business networking opportunities are lacking. Can we share best practice and coach new firms, via stronger networking?
- We need more umbrella organisations, to advocate for their industry/sector.

Paid advice and support must be of a high standard – advisors must understand rural businesses and the shape of offer must be adaptive, and help make sense of what each business' "strategy" means. Business assessment can help to unlock support.

Finding an angle for businesses – what sells? - recognising that government will choose the "winners" so support Cornish businesses to stand out against others – moving beyond "bobbing along" (sticking with the status quo) and developing commercial sustainability.

Rural innovation hubs are valued for helping businesses find commonalities, sharing resources, non-competing best practice, accessing help with HR, technical, operations. Is there funding now, for hubs? Some still happens, small scale, best for micro-businesses, not so much SMEs.

There is a danger of scepticism in what leadership can do. Churn can help. Where to go for leadership training?

There can be challenges linking businesses and getting commitment to collaborating - rural businesses may be very diverse, so needs won't match so easily. A lot of small businesses are not members of any body – how do their voices get heard? Membership organisations can help, but you do have to pay.

Consultancy – making money in Cornwall is hard, many people expect it for free. BS' half-hearted consultancy exists – systems for scaling up need to be more practical and high quality. A Non exec director network in Cornwall should be set up.

Scale-up – requires support for acquiring funding, what you need to do to take next steps, practical issues of planning, consulting from all over (remote workers), few firms, and influencing grid improvements. Can we get good case studies of saplings growing into mature trees? What interventions work best? Share best practice.

Infrastructure

Challenges getting connected to National Grid – the Industrial Strategy needs to prioritise grid connections. Need to keep pressure on both National Grid and national government, particularly in face of ridiculously long connection dates (14 years). National Grid are reactive rather than proactive, with no anticipation of the supply/demands (wait for applications to come in). Grid connections might be auctioned – does this leave connections in the hands of big industries? Cornish businesses are connecting in via Devon and Wales.

Energy and environmental services are key sectors for Cornwall. Government should recognise heat mains/networks as a utility.

We need to fix the foundations. Government has pushed back opening up of infrastructure until 2028 – which is negative in terms of attracting young people.

Post-Covid, people moved to Cornwall but it wasn't very workable due to weak internet infrastructure. Superfast means employees can live in Cornwall but work for the city of London. In the short term, even we don't need workers onsite, we could headquarter in Cornwall but outsource the workforce.

Lack of warehousing or premises to scale is often an issue.

Planning

Should have a role unlocking opportunity and overcoming the biggest barrier to growth – the approach needs to be business friendly.

Policy could give more powers to councils e.g. compulsory purchase powers to speed up the process. There could be enforcement of planning permission to build affordable housing (currently this is the last to be built, or the developers do not deliver and there are no consequences) + more s.106 housebuilding with compensatory funds. We need the right houses in the right place. Social/council housing is important – maybe change to a 'right to buy and invest'. We should look at how we can reverse engineer the number of

houses and barn conversions going into holiday lets – the market is saturated and houses lie empty.

We need to overcome silos between planning teams and their colleagues e.g. economic teams – any consultants employed should have an understanding of the local context. Need more systems thinking across CC departments: joined up, for better linkage between land-based + energy sector planning to get win-wins. There is inter-sectoral location linkage potential – e.g. geothermal to greenhouses, housing and industry to heat/power buildings.

Regulation – planning should be updated to meet transition needs – this implies more flexibility, even in protected landscapes – it can be done! We also need long-term funding for planning – with spend definition flexibility.

Energy

Grid upgrades – including micro-grids and smart-grids, will require software solutions and capital infrastructure. There is a need to reassess the cost and governance of power.

Develop battery storage capacity / locally owned grids. Local solutions may help address grid capacity issues (whilst national grid completes any upgrades) - for sustainability, these local solutions must pay for themselves. Tractors as batteries another solution – microgeneration leads to higher value methane. Need advisors for companies on renewable energy options. Possibly needs organisation at group level, but business-led.

Needs to be linked to the industrial strategy, government strategy to underwrite the risks e.g. for geothermal projects and government to support pilots and take risks on ideas. Productivity challenge/transition may require more energy – not just for powering but to bring organisational and benefits for the nation (supermarkets).

Let's make Cornwall self-sufficient in energy – forget about selling it. Built on Cornwall's culture of knowledge sharing. We can't wait for National Grid. West Cornwall will have nothing until second phase of Celtic Sea. Lots of investors worldwide are looking at alternative energies – how to attract them?

FLOW (floating offshore wind project) – port infrastructure is needed to support the development of FLOW.

SMEs want access to clean power, so we need to enable localised infrastructure and scaled tech e.g. methane, H2 – for electricity and other uses.

Transport

Must be integrated, with strategic planning (mid-Cornwall metric). Need to Increase per capita spend, improve capacity and frequency of buses and trains. Big city commuting times are long and difficult. Rural can be better – can we do better to help with low-cost transport options? (cycles don't take you far enough). Need more efficient and humane trains to move rural <-> urban. Transport must provide better access to learning.

Active travel – support e.g. cycle to work. E-bike rental (reliability issues?) Explore opportunities with self-driving cars – recognise need for cars in rural areas.

Offer direct services to cities in which people who have left Cornwall now live – encourage return of skilled workers to fill roles in key sectors (inc. Health and wellbeing sector).

Need long-term funding for transport – spend definition flexibility.

Housing

This is a major issue that prevents delivery of industrial strategy objectives. There is much uncertainty in rental market (AirBnBs). We need a transition strategy in housing - new ways to build/construct houses that are carbon neutral and climate resilient. Need joined up thinking across departments.

Housing must be taken up by the right people – supply alone won't work (given demand) so ring-fence, or maybe local government helps businesses get involved in housing projects – community-led. Social schemes alongside business innovation have a strong tradition in this country, historically (Rowntree etc…) it remains a valid model, today.

Could offer more incentives to support downsizing and more interventions to shake up the market – place-based housing. Unlocking housing supply – new developments for downsizers in addition to first time buyers. Review second home/AirBnB taxes / reform of council tax. (This issue will require a lot of time to fix – will not happen overnight). Returning graduates need transition housing – think about homes, not houses - retaining young people. Having to stay living with parents may be an issue discouraging young people from staying/working in Cornwall – and slows down development of independence.

Rethink town centres: turn former shops into houses – this can revitalise local town centres, and enable continued work with creative economy and community halls – recognise multicultural needs.

Housing strategy needs a better understanding of local situations e.g. rental – there is not always one preferred model.

Tourism

Linking tourism to the UK industrial strategy – supporting the food and farming industry, advertising/brand Cornwall. Defining tourism and its diversity of sub-sectors – wedding industry, food and drink tourism. Branding Cornwall and use tourism to promote our industries. A platform that showcases the Cornwall opportunities for tourists to find out about them. Currently the sector is highly seasonal, low wages, limited skill development, and may be causing shortages for other industries.

"Rebrand" as public engagement (or visitor economy) for other key sectors in Cornwall – telling the narratives of existing industries. Developing Cornwall as a location for business events – attendees can then stay to see other things.

Agrifood

Needs to be recognised in the industrial strategy. Adding value – finding new niches e.g. fossil-fuel free Cornwall, biopharma, vertical farms, more agri-tech innovation centres. Should recognise the sector as the solution to other problems e.g. net zero. Encourage investment from big ag. Also, remember fishing! Diversification may be important.

There is potential to raise awareness of the sector – getting people more excited about food and understanding where it comes from. The Food and drink industry: we talk a lot about scaling up, need to consider quality. How can we encourage customers to produce and process more, locally – pay them more?

Energy sources e.g. geothermal (see Iceland). Are soil conditions an issue? Phytome considers the growing environment.

Creative industries

Creative industries in Cornwall need to be involved in promoting Cornwall's economic opportunities. Creating good stories around crafts in practice e.g. piece work can be good money, flexible hours, quality bonus.

Implementing change in policy

There is a Government/industrial strategy need to support and promote industries.

It feels like there are silos within central government when producing strategies – barriers between ministries need to be broken down. Must make central government more pro-business – more access to MPs/councillors would help in identifying and resolving issues. Disconnect between MPs and central government – must empower our MPs to be heard. More pressure on central government and Local Authorities is needed to get decisions made. There are limits to Cornwall Council's powers, in central government – we often end up playing to central government's priorities.

Defra should champion Cornwall and rural areas to other government departments: Rural proofing duty. Core stakeholder groups should be encouraged to bring messages up to Defra. Need to find ways to build on resources that central government recognise.