

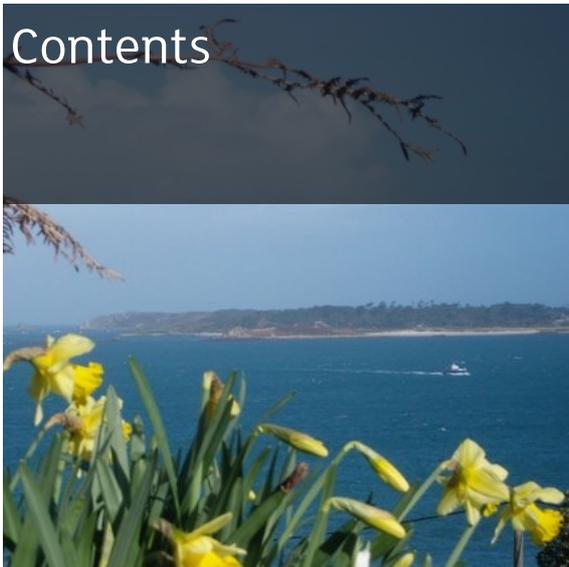
Island Futures



A strategic economic plan
for the Isles of Scilly
May 2014



**A thriving, vibrant community rooted in nature,
ready for change and excited about the future**



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Introduction



The Isles of Scilly, 28 miles off the coast of Lands End, are remarkably beautiful and wild islands that are home to entrepreneurial and resilient communities. With a long history, an independent spirit and rich wildlife, Scilly has attracted adventurers, settlers and holidaymakers for centuries.

In January 2014, Ash Futures, together with Three Dragons, was asked to produce a Strategic Economic Plan for the Isles of Scilly, supported by Housing and Infrastructure Plans. These plans stand alone but are linked. They look at the key priorities for strengthening and diversifying the economy of the islands over the long term, and how these priorities might be delivered. The work has been supported by the Cornwall and Isles of Scilly Local Enterprise Partnership.

We have met with a range of stakeholders and businesses on the islands and key partners off the islands. We have read the many reports, research documents and strategies that have been produced for the Council over the past ten years. These Plans, build on those discussions and the previous reports, setting out clear proposals for housing, infrastructure and economic development. We have not been asked to produce a detailed delivery plan, nor conduct any new primary research.

A key feature of this work is that we are aiming to look at the economy of Scilly in the round. We are not concentrating on one aspect - such as tourism or transport - but looking at all the elements that are needed to produce a strong and resilient economy and sustain it into the future. The future of the economy on the Isles of Scilly, and the environment on which it depends, will be challenging. Within an island community like Scilly, a resilient, self-sufficient and sustainable approach is crucial. The Plans aim to manage the delicate balance between the often competing pressures of maintaining a status quo and encouraging change and development.

It is rarely possible, when setting out new plans, to satisfy the needs and wants of all partners. This is especially the case in the current economic circumstances, where public investment is limited. It is also the case on Scilly where the small size of the population and the economy limits the amount of local investment. Many of the proposals identified within these plans can be delivered with very little funding; instead they require a change in the way things are delivered and perhaps a change of mindset. Some will secure investment from EU programmes or from central government. Other proposals will require a more innovative approach to investment, bringing private, public and community organisations together to develop solutions.

Many of the standard tools for economic development are already in place on Scilly, or are less appropriate given the scale of the islands and their economy. We have therefore concentrated on looking at the most important changes needed to secure a viable and growing economy over the next 10 - 20 years.

We have made use of a range of reports, strategies and plans that have been prepared for the Isles of Scilly during the last ten years. Many of our recommendations reiterate those made in these other documents because they are sensible and the result of very detailed research. The key thing now is that these recommendations get delivered - in order to bring about the changes that Scilly needs to protect its environment, provide for its communities and grow its economy.

I've lived here for four years now and never regretted the decision to move both my family and my company here.

It's not that there are no difficulties - there are. But the compensations are all around. The children have the best environment for growing up and are enjoying the school. Dee and I can pursue our passion for diving every weekend.

As for the accountancy business, I can manage most of my business online, using the excellent broadband connections here. However, I still need to meet new clients and while I mostly use the hub at Southampton, when the weather closes in it can be hugely frustrating.

HARDEEP SINGH
- A POSTCARD FROM THE FUTURE

Context: sun and storms



Over the past 30 or 40 years, the Isles of Scilly have enjoyed relatively benign economic and social conditions. The tourism economy grew rapidly and provided a good living to many people on the islands.

More recently, the islands' economy has suffered a marked decline. Visitor numbers have dropped considerably and farming and fishing have contracted. The effect on the viability of Scilly communities has been significant.

The natural environment is at the heart of what is special about Scilly. That environment has been the mainstay of the islands' economy. The Area of Outstanding Natural Beauty (AONB) Management Strategy highlights:

The Islands possess a diversity of scenery that belies their small scale. Over 6000 years of human occupation has led to the development of lowland heath, enclosed pasture, hedged bulb strips, small harbours and quays, and scattered rural settlement punctuated by tiny townscapes. The sea surrounding Scilly is remarkably clear with translucent azure and turquoise shallows and darker blue and green hues in deep offshore waters. The sea always dominates life, whether giving the Islands a sub-tropical feel on calm summer days or lashing the land in the full force of Atlantic winter storms.

The mild climate has enabled a very successful horticulture industry to develop - supplying early season flowers, largely narcissi, to a mainland market eager for the product. The beauty and ruggedness of the natural environment and relatively benign weather attracted many loyal visitors who returned to the islands year after year, enjoying the raw pleasure to be found there. The success of these sectors supported many jobs and businesses in the wider economy.

Scilly is not unique

Small island economies share several common issues:

- a narrow range of resources which forces specialisation
- relatively small watersheds and threatened supplies of fresh water
- costly public administration and infrastructure, including transport and administration
- limited institutional capacity and domestic markets which are too small to give economies of scale
- high freight costs and reduced competitiveness
- heavy dependence of tourism which can be easily impacted by climate change and financial shocks.

Small Island Economies: vulnerabilities and opportunities. CTA Brussels, 2012

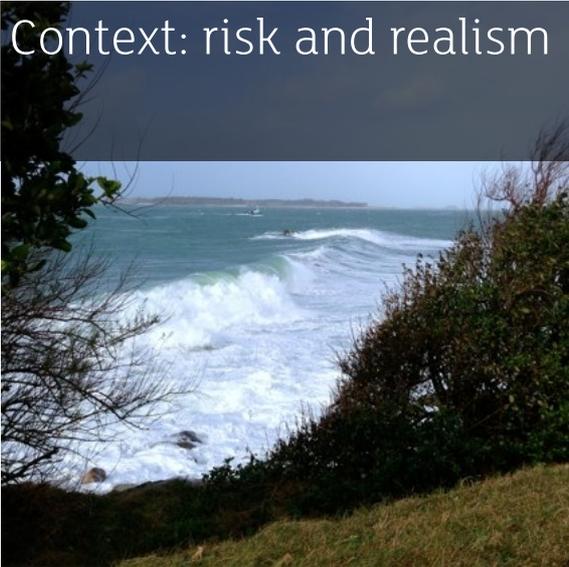
More recently, the Isles of Scilly have benefitted from considerable grant funding (£33 million in the last seven years) through the European Structural Funds and the Common Agricultural Policy. These have enabled a wide range of social, economic and environmental improvements to be made - ranging from new workspace to farm equipment, from community centres to water harvesting.

The economy of the Isles of Scilly is unusual in many ways. It is remarkably self-contained. It is dominated by one or two business sectors. It has high levels of very small businesses. The cost of living is high. These factors make the economy particularly vulnerable to shocks and any downturn in the tourism trade.

The last few years have seen a steady decline in the number of visitors, as well as a financial crisis, a lengthy recession and a rapid change in social norms. As a result, the Scilly economy has suffered, with many businesses seeing reduced trade and some closing altogether. While incomes have remained steady or declined, costs have risen. At the same time, the expectations of visitors have become more sophisticated and more demanding and some local businesses have struggled to change fast enough.

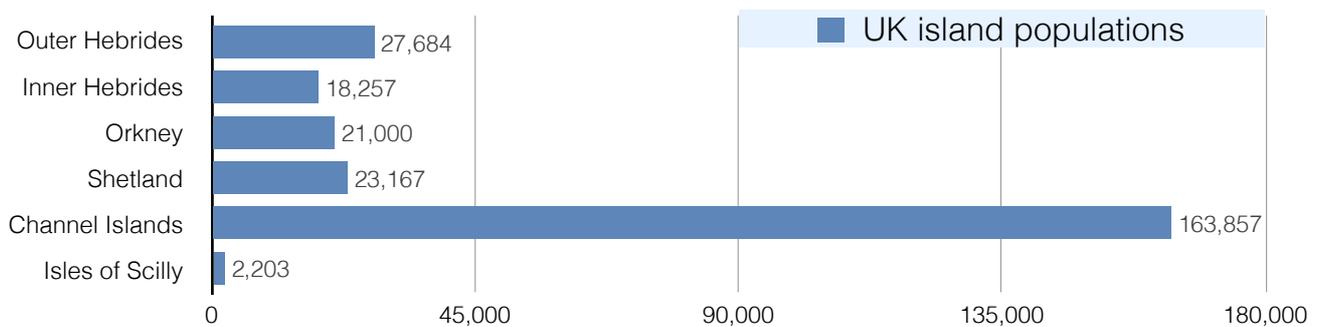
There is a real risk, as costs rise and services reduce, that more visitors will find other destinations and more residents will decide that life is easier on the mainland. And so starts a spiral of decline.

Context: risk and realism



The Isles of Scilly are remote and have a very small resident population. It is important that everyone accepts what this means in terms of service provision, cost of living and the economy.

During our consultations with stakeholders, businesses and the public, we were often told that the cost of transport - for people and freight - was the biggest issue facing the islands. While travelling to the Isles of Scilly is more expensive and less convenient than some other competitor destinations, this is largely because it will never enjoy the economies of scale that go with mass-market destinations.



Yet, given the very small resident population, it is perhaps unsurprising that travel costs are relatively high. Despite being a small group of islands 28 miles out into the Atlantic, Scilly is relatively well served by flights to three different destinations and by boat to Penzance. While it is, of course, sensible to explore possibilities to reduce the cost of travel, it is more important, in our view, to improve reliability and onward links.

The continuing high cost of travel suggests that the islands need to look at other factors to improve their economic models and business potential. If Scilly is likely to be a relatively expensive destination, then it must compete using other advantages and in different markets where cost is less of an issue. It should also, perhaps, look to challenge any complacency and improve established practices by playing to the islands' strengths - by providing a unique visitor experience, providing excellent service and value for money.

There are also very strong views about the need to build more houses on Scilly. It is very clear that the islands should not spoil their special and valued environment - an environment at the heart of why people want to live on and visit the islands. Nevertheless, there is a considerable demand for housing from Scilly residents and workers - both for affordable and market housing.

If Scilly is to keep more young people on the islands and attract new people to live and work (replacing those who leave), it needs to make sure that it has sufficient choice of housing to fulfil local needs and future demand. Any new housing should be developed to meet the social and economic needs of Scilly, and managed so that it continues to meet them in the future. Without this, the islands risk depopulation and a further decline in services. We believe that there are existing and potential sites for housing which do not risk spoiling the most environmentally sensitive areas.

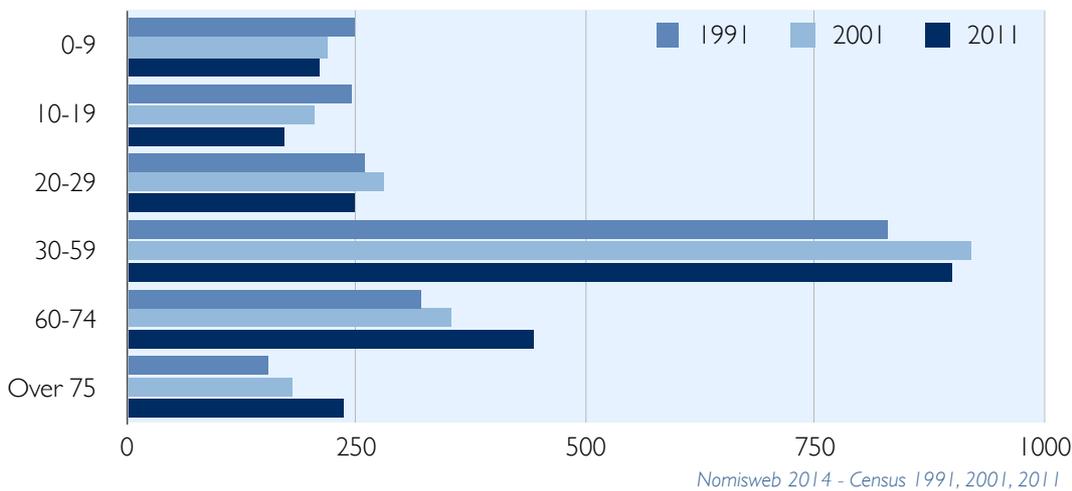
A sustainable future for the Isles of Scilly must embrace the social needs of the residents, the importance of a thriving economy, and the precious natural environment. Without all three being planned for, a viable future for Scilly will be in doubt.

Evidence

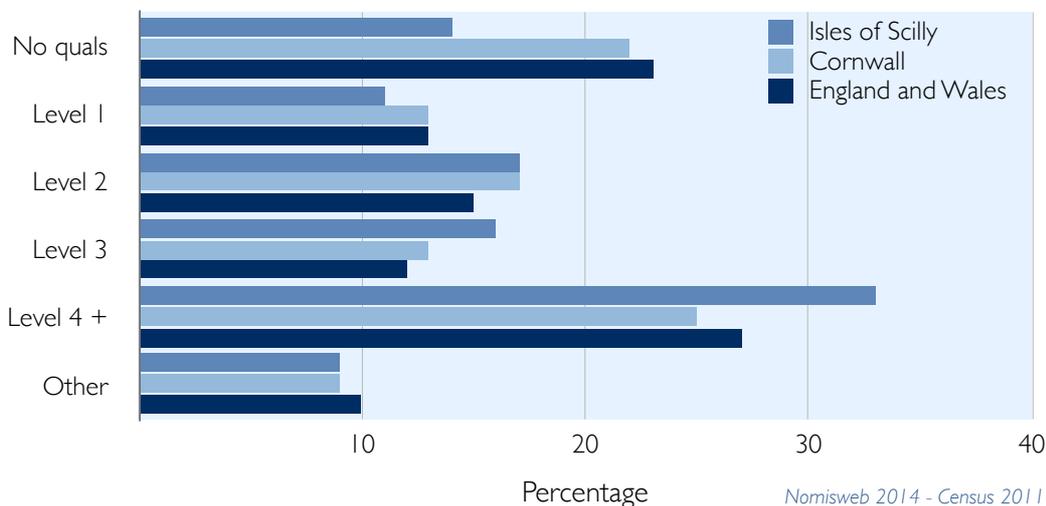


It is important to base plans and proposals on evidence. Our evidence consists of official data, existing surveys and reports, good practice, government policy and the experience of stakeholders.

POPULATION. The population of Scilly has increased steadily between 1991 to 2011 - from 2,052 to 2,203. During this period, the number of older people has increased and the number of younger people and children has fallen.



SKILL LEVELS. The usual resident population on the Isles of Scilly has a higher level of qualifications than either the Cornwall or England and Wales averages. A smaller proportion have no qualifications (14%) than in Cornwall or England and Wales (22% and 23% respectively); and more have level 4 qualifications or above (33% compared to 25% and 27%).



I'm not sure I like the changes, to be honest. We've lived here all our lives (apart from a brief spell in the Army) and the things we enjoy are changing.

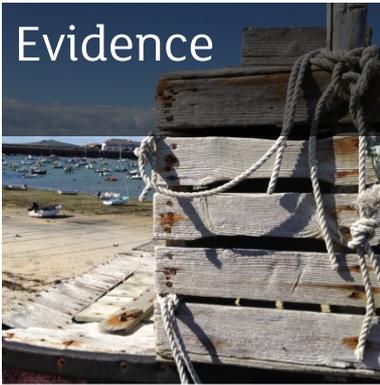
Fighting for survival is part of what we have always done. The family farm has always seen us through, one way or another.

I know change is needed but I really don't like all the solar panels or the new hotels that have sprung up on our island. People used to come for the rugged beauty and the wildlife - but now they want pampering and WiFi and fresh coffee.

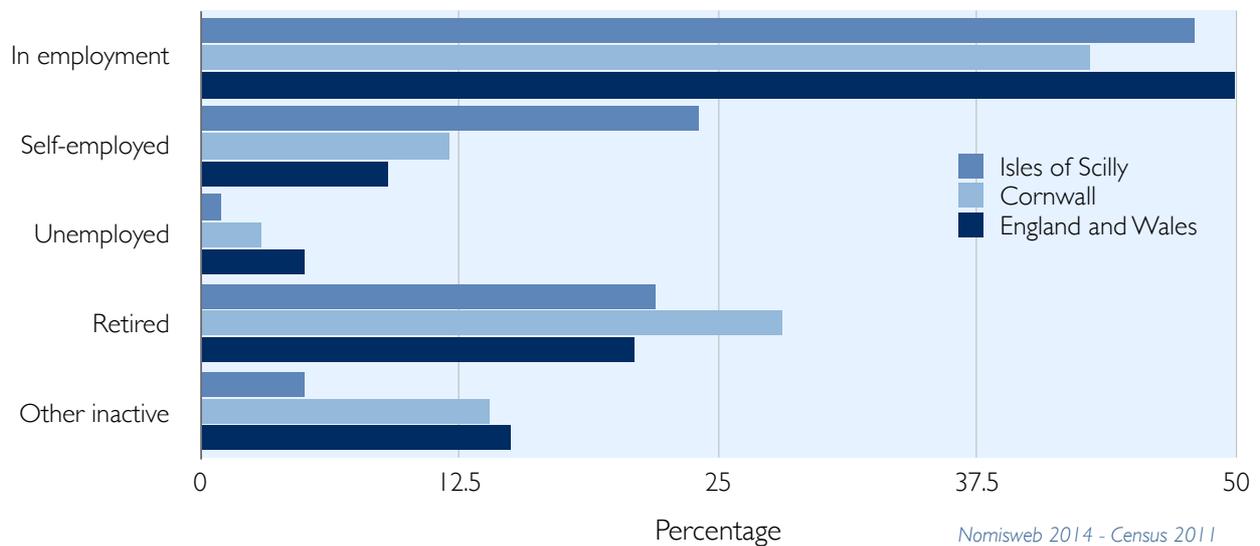
I have to say, though, that the daily all-year boat service has made a difference now that we need to visit the hospital in Truro more often.

We won't move though - this is our home.

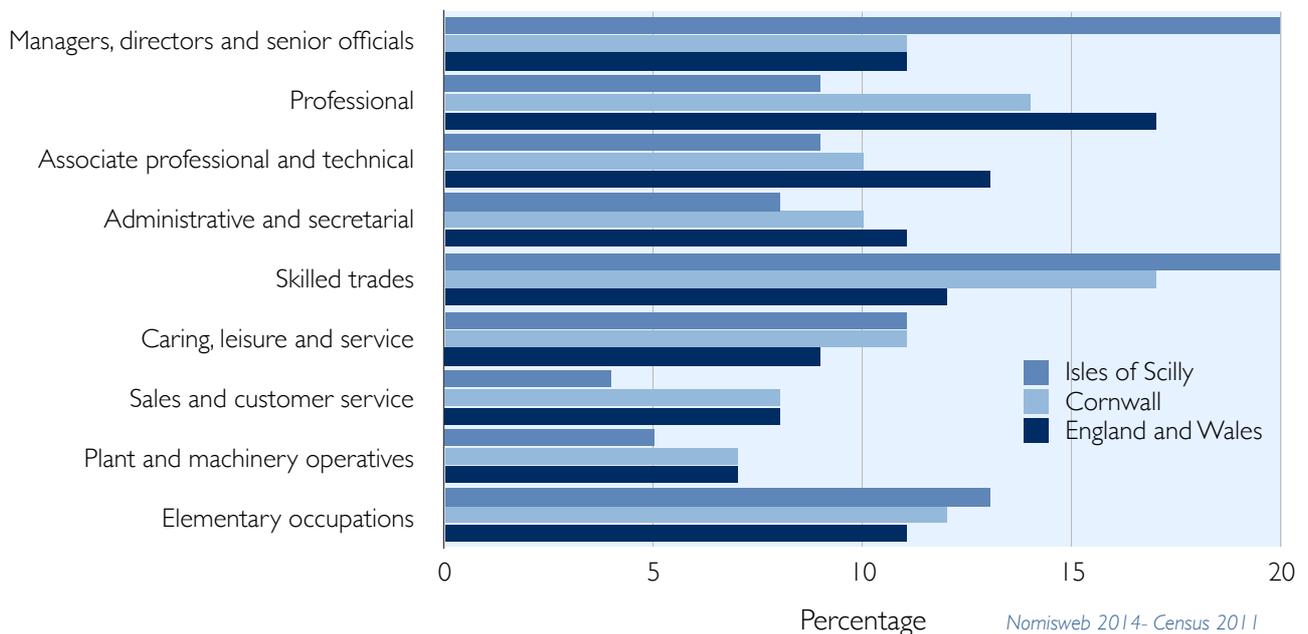
*THE FIELDENS
- A POSTCARD FROM THE FUTURE*



EMPLOYMENT. Of the 1,857 Isles of Scilly residents aged 16 or over, 73% are economically active. This is much higher than the Cornwall or England and Wales average. More people on Scilly are in employment of some sort; 24% are self-employed (which, again, is much higher than Cornwall or E&W); fewer are students, looking after family or long-term sick / disabled.

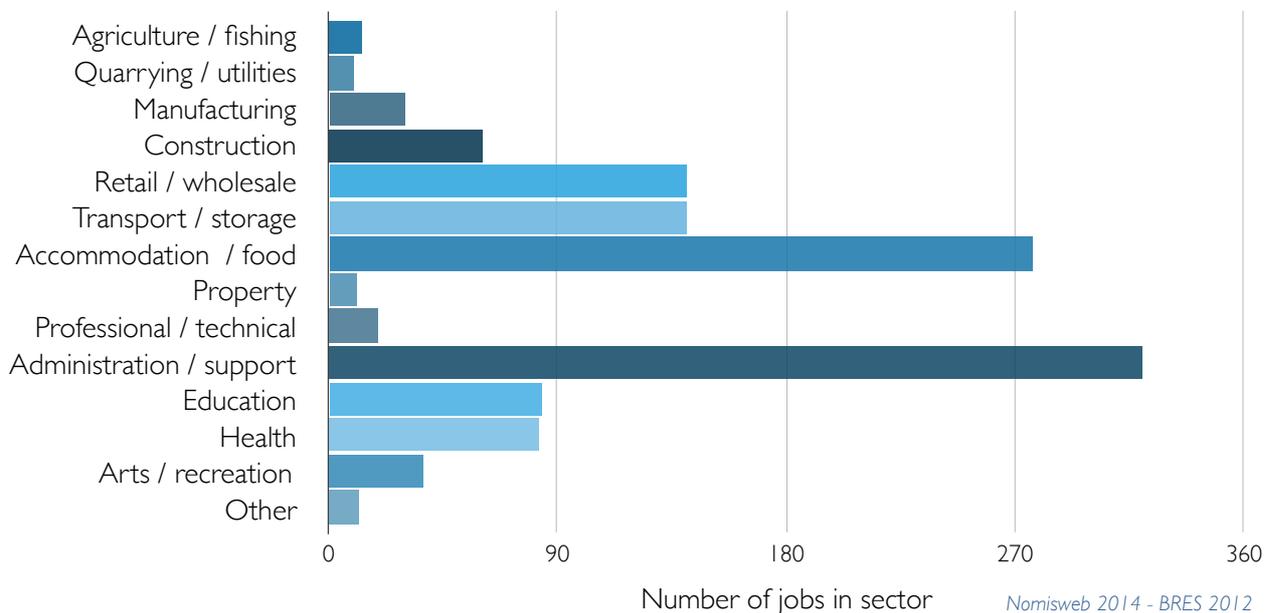


OCCUPATION. People aged 16 or over in employment on the Isles of Scilly are more likely to be managers/ directors/senior officials or in skilled trades than in Cornwall or England and Wales, and less likely to be in professional, technical or administrative / secretarial occupations.



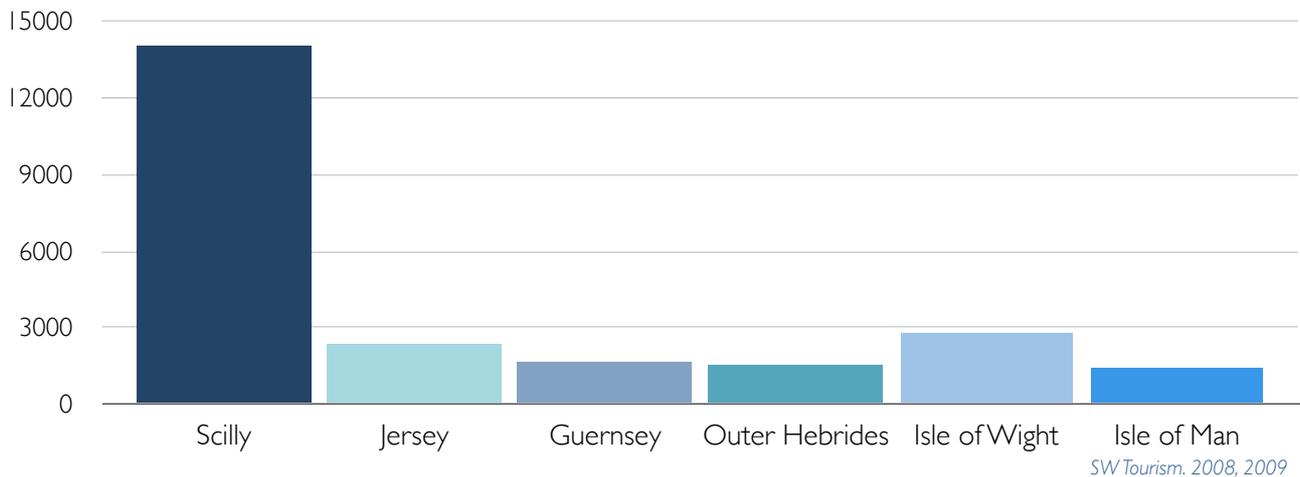


BUSINESS SECTORS. Looking at employment by sector, the largest sectors (26% and 22% respectively) are administration and support services, with 320 jobs in 2012; and accommodation and food services, with 277 jobs in 2012. However, this sector has fallen in numbers since 2009 when it had 312 jobs. The other main sectors are wholesale and retail trade and transport and storage, both with 11% of jobs).



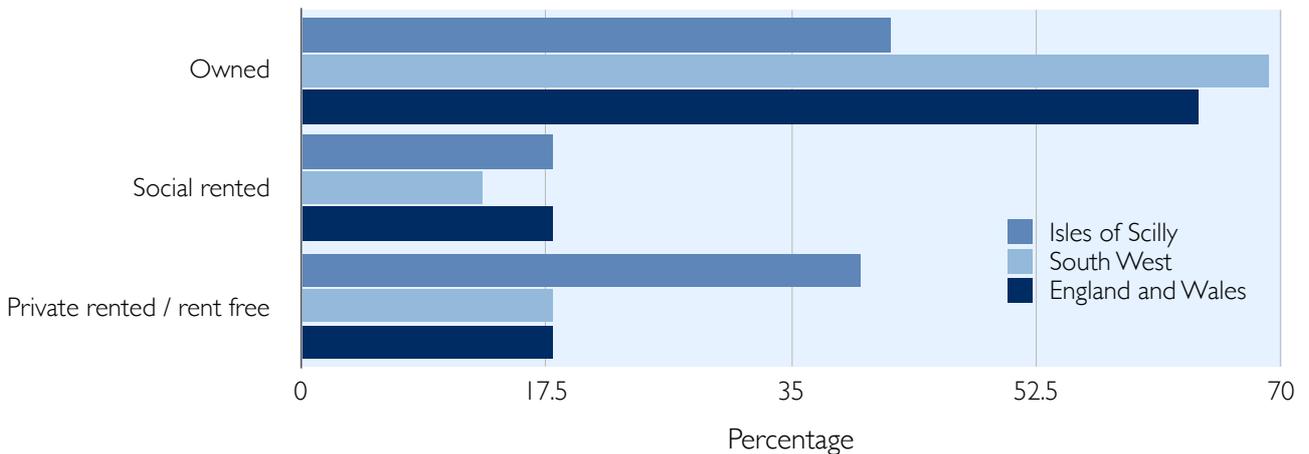
IMPORTANCE OF TOURISM. Nevertheless, tourism remains very significant to the islands' economy. In 2008, visitors spent £29.5 million on the Isles of Scilly - so any decrease in overall visitor numbers and their spending has a disproportionate impact on the Scilly economy.

Tourism spend per head of population (£)



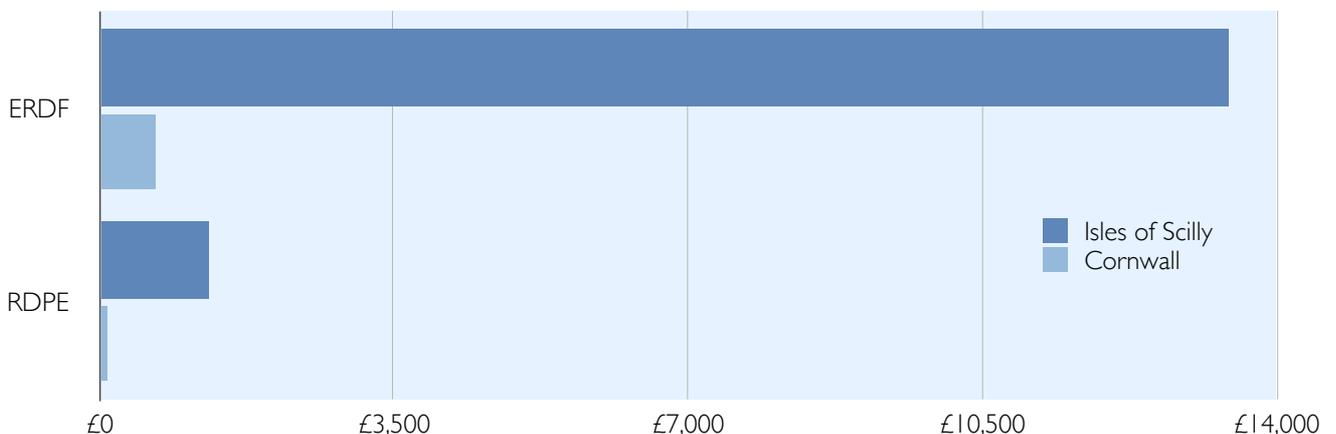


HOUSING STOCK. There are 989 households on the Isles of Scilly, of which 412 are owned / shared ownership accommodation, 187 are social rented accommodation and 390 are privately rented / rent free. Households on the Isles of Scilly are much more likely to be in privately rented accommodation than in Cornwall or England and Wales, and less likely to own their own dwelling. There are 195 second homes and 190 ‘other properties’ - assumed to be holiday lets and time shares.



GRANT SUPPORT. The Isles of Scilly have benefitted from very high levels of financial support from both the UK Government and from the European Union. These grants have enabled a wide range of improvements to be made to the islands’ infrastructure; support to its businesses; and new education, health and housing facilities.

European funding per head (2007 - 2014)



The purpose and impact of ERDF. UK Parliament 2014

Evidence - SWOT



The SWOT (Strengths, Weaknesses, Opportunities, Threats) below provides an objective view of the islands' economy. The proposals within this Strategic Economic Plan take account of this analysis.

STRENGTHS

- Rich and varied wildlife
- Wild and remote natural environment
- Exceptional heritage
- Tranquility
- Loyal visitors
- Extensive tourism offer
- Some renowned events
- Excellent local community services
- High levels of public investment, given population size
- Low crime levels / high public safety

WEAKNESSES

- Poor choice of housing
- Lack of affordable housing
- Dominance of tourism-based economy
- Seasonal employment
- High cost of living
- Small population size
- Additional travel and freight costs
- Lack of resilient, year-round, transport
- Underinvestment in some infrastructure
- No post-16 schooling
- Culture of dependency
- Poor public realm and lack of signage
- Variable quality of tourism offer
- Archaic booking and payment systems

OPPORTUNITIES

- New (final) round of EU funding
- New leadership
- Increased self-sufficiency
- Alternative models of funding affordable housing
- Strong sustainability offer
- Improved water and waste infrastructure
- High-speed broadband
- Greater community involvement
- General improvement in the transport offer
- Stronger Islands' Partnership
- Place to pilot new ideas

THREATS

- Decreasing visitor numbers
- Increasing competition from other destinations
- Cost of new developments and improvements
- Reducing public and private investment
- Reducing services
- Possible depopulation
- Frequency and intensity of storms
- Impacts of climate change
- Application of new legislation

Vision for the Future



The future is full of opportunities as well as challenges. Meeting the challenges and embracing the opportunities requires courage, leadership, risk-taking and a strong community spirit. Given the pace and scale of change in the wider world, there is a real need for the islands to come together and agree what sort of future is needed.

The future of Scilly is in the hands of the islanders. While there may be support and encouragement from elsewhere, essentially it is for the islands to determine and then deliver the future that they want. Given the exposed and remote position of Scilly and the small population, it may never be possible to have the level of services that are enjoyed on the mainland. However, Scilly has much deeper and more precious qualities that will underpin the success of the islands' economy.

Making sure that the future is a bright one requires change. That change needs to bring about much closer and more supportive communities who will work together to create a shared future. That change needs to be focussed on the needs of the next and future generations and how they can survive and thrive. That change needs to be open to the ideas, investment and critical mass that new residents can bring - adding to the rich mix that is the Isles of Scilly.

VISION: A thriving, vibrant community rooted in nature, ready for change and excited about the future.

The coming decades will test us all like never before, whether through climate change, acidification of the seas and changing ocean currents, huge increases in the global population, depletion of key resources including fossil fuels, or the shift in economic and political influence to the East. The Isles of Scilly will be affected by these changes. The important thing is to understand what these things will mean for the islands and then to adapt and evolve to find new opportunities and to plan for change.

When planning for the future, there needs to be a much clearer strategy. For too long, development has happened in a piecemeal fashion. Reacting to immediate pressures or opportunities, improvements have been made. However, without the benefit of a clear, long-term strategy, there has been no unifying plan to make sure that different initiatives are joined up and are all helping to deliver in an integrated way.

Scilly is special. Looking forward, the trick will be finding the right balance between preservation and development. Without a successful economy, it is hard to see how Scilly can continue to support viable communities. Creating a successful economy will require businesses to become more productive, continually adapting to new challenges, and to develop new opportunities. It will also require residents to recognise that their future is completely linked with a strong economy and they need to support change where it is necessary.

There is a bright future for Scilly - but only if everyone comes together to fight for that future.

Since we had that Community Conference back in 2015, the difference has been amazing.

We now feel much more part of the community and we are much more active in doing things to improve the islands. Rachel is always out on the beach clean-ups and is a champion recycler. I seem to have become a leading light in the community farming group - quite by accident.

But it is great to feel that more of the land is being used to grow fruit and veg. The Duchy's shared polytunnel scheme has really helped and we have enough home-grown food for several months of the year.

SALLY AND RACHEL (daughter)
- A POSTCARD FROM THE FUTURE

Aims and Objectives



An economic strategy needs to take account of a number of issues: enterprise, skills development, investment opportunities, innovation, infrastructure and environment. Above all, it needs to help develop a more productive economy - one that is efficient, competitive and fair.

For the Isles of Scilly, its location is the source of most of its success - and many of its problems. Its remoteness, and the challenges linked with that, mean that the islands are vulnerable and risk a spiral of decline. Without sufficient number of people living there and without sufficient numbers of people visiting, the provision of basic services to sustain the population is threatened. Although the population increased slightly between 2001 and 2011 (more slowly than Cornwall or England and Wales), there is some anecdotal evidence that more residents are moving to the mainland.

Bringing more wealth and more value to the islands is important because this is how vital services will be protected and improved - thus encouraging more people to stay and more people to visit. This can be achieved by increasing the number of people coming to Scilly, by increasing the amount that they spend, by starting new businesses that create wealth within the community and by reducing the costs of living.

The main aim of this Strategy is “to grow the economy” - not just for its own sake, but to help maintain the conditions for healthy communities and healthy businesses on the islands.

We were devastated to leave St Mary's back in 2016. It had provided a home for us and our kids for almost 30 years - and a business for 20.

In the end we felt we had to move. Our business costs were rising, especially our rent, we wanted to be closer to our grandchildren and we were getting fed up with the constant negativity.

Scilly has so much going for it but it needs everyone to stop blaming and start taking responsibility for their shared future.

HELEN AND GARETH
- A POSTCARD FROM THE FUTURE

AIM: to grow the economy in order to protect the future viability of Scilly and its communities.

A growing economy will not happen without change: a change in the physical surroundings, a change in the attitude of businesses, and a change in the local communities. These changes have to be managed with sensitivity so that the essential nature of Scilly is not lost. However, protecting the past is no way to plan for the future.

Developing a stronger economy is everyone's business - especially in a small and contained community such as Scilly. It cannot be left to the Council, or the Duchy, or the bigger businesses; everyone has a responsibility for a shared future. Individuals have a responsibility to develop skills for changing workplaces. Businesses have a responsibility to continually innovate and improve their offer. The community has a responsibility to come together to tackle the challenges of the future. And the Council and the Duchy have a responsibility to provide leadership without being paternalistic.

Given the location of the Isles of Scilly, **an efficient, reliable, year-round transport service is paramount.** This provides the lifeline for businesses, visitors and residents alike and should develop to provide easier links to key markets beyond Cornwall. Tourism will always be the largest part of the economy - and so it is especially **important that the tourism sector is ready to continually improve its offer**, responding to

Aims and Objectives



This strategic plan proposes a simple set of objectives which addresses the critical issues for the islands' economy. While each is important in itself, the links are equally important and will help to deliver a step change for the Scilly economy.

the needs of visitors. If at all possible, **Scilly should encourage new businesses in new sectors** to set up and move to the islands. Most obviously, there is potential to use new super-fast broadband connections to support a range of digital businesses. There is enormous potential on Scilly to **create added value from businesses working together** to share costs and capital equipment. More collaboration, such as with the recently established Farmers and Growers Initiative, will benefit individual businesses and the wider economy. Looking ahead, there would be real benefit from **making the islands more resilient and more self-sufficient** - especially in food and energy. This would help mitigate future shocks and reduce costs for local communities. Underpinning many of these objectives is the need to promote the islands' economy and market the offer to visitors, investors and politicians. **A strong Scilly brand overall would enhance all the individual marketing efforts** and create a sense of the islands working together for a common future.

Supporting those objectives are a set of 'essential conditions'. These are important components of any economy and need to be in place to help deliver growth. **Getting the housing market right must be a priority** - as a way to help local people into affordable housing, to attract key workers and provide more choice. **The basic infrastructure that provides energy, water, sewage and waste treatment needs a radical overhaul** to make it fit for the 21st Century and support new developments. In order to help businesses to grow and become more productive, there needs to be **enough land and property for the changing needs of businesses** on the islands; there needs to be a system of **business support across a range of issues**; and there needs to be a **programme of skills development and training** to ensure that the workforce has suitable skills - now and in the future. Above all, **the special environment on Scilly needs protecting and enhancing** so that it can continue to underpin the way of life and the economy of the Isles of Scilly.



OBJECTIVES

To secure resilient, gear-round transport services to Cornwall and further afield

To improve the quality and value of the tourism offer

To promote the Isles of Scilly more effectively

To diversify the economy

To create more collaborative opportunities for the islands' businesses

To make the islands more self-sufficient and more resilient to future changes

Essential Conditions



At the core of any economic development is an essential set of conditions which need to be in place for businesses and the economy to flourish.

It may seem that housing and sewage and nature are unconnected from either individual businesses or the wider economy. They are, in fact, absolutely central. Without an effective housing market, there will not be enough homes for business owners or their staff. Without a properly functioning infrastructure, there will not be sufficient scope for new development or growth. Without the wild, yet accessible, environment, there will be little future for tourism. All of these things are important for local communities as well, providing the essential set of conditions that makes modern living on Scilly possible and desirable.

We propose that there are six 'essential conditions' that are fundamental to the future of the islands and the viability of the economy. These six things are the foundations on which the broader economy and the Objectives proposed in this Plan are based.

ESSENTIAL CONDITIONS

Ensure good access to a wide range of business support

Provide training for local people and workers to improve skill levels and adaptability

Deliver a new set of housing policies to address affordability, staff accommodation and market choice

Improve the water, waste and sewage infrastructure so that it is sustainable into the future

Make sure that there is a range of land and property for new and expanding businesses

Manage the environment to maintain and provide that special ingredient that is key to the economy

BUSINESS SUPPORT. Businesses are at the heart of wealth creation. Whether a new enterprise or an established business looking to grow and explore new markets, they can benefit from advice and support. **Every business on Scilly should be offered the opportunity of a business needs assessment** - to identify areas for improvement and development. This should be backed up **a programme of business advice** - both in generic areas such as leadership, management, marketing and finance and in more specialised areas particular to the individual business. The results of this investment should be a more dynamic, efficient and productive private sector.

The recently submitted European Strategic Investment Framework Strategy (SIFS) for Cornwall and the Isles of Scilly identifies a wide range of advice and training initiatives for businesses and provides access to financial support - which can all be delivered on Scilly as well as the mainland.

The new Community Led Local Development (CLLD) approach, which is replacing the Isles of Scilly Local Action Group (LAG), will support **local approaches to business support and economic development**. For instance:

- *Supporting businesses to increase resilience, competitiveness and to grow and diversify*
- *Unlocking the potential of businesses at a local level*
- *Supporting supply chain collaboration and joint actions*
- *Adding value to business products*
- *Local business development around products*
- *Supporting training to fulfil needs, skills development and leadership development*

Essential Conditions



SKILLS AND TRAINING. There is a shared responsibility for training. It rests with the individual, whose employment future it supports. It rests with businesses, who are provided with the skilled workforce they need. It rests with the Council and wider community who are trying to develop a successful and viable economy on Scilly.

It is important not just to deliver training for the immediate needs of a business, but also for the future needs of the company and its staff. As technology, customer expectations, laws and regulations change, people need to keep up with and even ahead of the changes so that they can contribute to the changing needs of their businesses. The competition elsewhere will not be standing still - and nor can Scilly.

Given that there is no post-16 education on the islands, we would advocate **developing a strong partnership with Cornwall's FE and tertiary colleges or other providers**, to deliver a wide range of technical, administrative, enterprise, service and digital skills on the islands in ways that are accessible to businesses and their staff. The adult education centre at Carn Gwavel has excellent training facilities, as do some of the community centres on the off-islands.

PROPERTY. In any economy, and especially a more closed one like Scilly, **it is important to have a range of suitable business premises and land for development**. As new businesses start up or move to the area and as existing businesses grow, the need for tailored and quality business space is key. If, through lack of suitable property or restrictive planning conditions, businesses are prevented from developing, this will have a detrimental effect on the economy of the islands. Of course, on Scilly, any new development needs to be balanced with the need to preserve the environmental quality of the area.

For very small businesses, **managed workspace can be a useful first step and is an essential part of the mix**. There are plans for such a centre at Porthmellon and fine example is near completion on St Agnes. Naturally, any **new business premises should have the fastest broadband connections** to ensure a competitive edge - especially for knowledge-intensive firms. They should also be **built to the highest environmental and energy standards**, both to demonstrate the islands' commitment to their environment and to reduce running costs.

ENVIRONMENT. The Isles of Scilly has an extraordinary rich and varied natural environment. It is designated as an Area of Outstanding Natural Beauty (AONB). Much of the land is designated for its environmental quality, its wildlife and its heritage. To a large extent, it is the wild and rugged scenery, extensive beaches and varied wildlife that attracts so many people to live on and visit these islands.

Any development must be planned very carefully so as not to diminish the nature and character of Scilly, on which its communities and economy depend. Nevertheless, some development will be necessary to secure a viable economy going forward. We would suggest that **early discussions are had to ensure that new developments are sensitive to their surroundings and built to the highest environmental standards**.

Equally, **there are improvements that should be made to the interpretation of, and access to, key sites of wildlife and nature interest**. By creating more signed nature trails and making access easier, by explaining the local habitats and heritage better, and by creating covered visitor centres, more people will enjoy the natural environment and contribute to its upkeep.

Essential Conditions



HOUSING. The housing market on the islands is very like that found in other beautiful and remote parts of the country, where the opportunities for new development are few. The large percentage of second homes limits the sales market and prices are very high, while affordable rented homes rarely become available and demand from local people is fierce. Added to this is a relatively strong private rented sector (led by Duchy properties) and an ageing population with a range of housing needs, from mainstream housing through to housing with extra care. Missing from the market is mid-priced housing - either low-value sale or rent, or some form of equity share.

When employers recruit key workers from outside the islands or a new entrepreneur wants to set up a local business, the lack of accessible and aspirational housing at an affordable price can easily act as a deterrent. There is a small stock of key worker housing (available to tightly defined categories of workers). Ownership of key worker housing is fragmented and availability is on an ad hoc basis.

Current Local Plan policies allow for some affordable properties for sale, e.g. as self-build homes or for key workers but the overriding presumption is that new housing will be social housing. While this aspiration is understandable, it is increasingly difficult to deliver: public subsidy for social housing is reducing and only schemes offering best value for money get funded. In other areas facing similar situations (e.g. national parks), this issue is being addressed by **allowing the minimum level of market housing needed to provide essential cross-subsidy**. Where new market housing is allowed, there are **mechanisms to limit sales to purchasers that meet certain criteria** (e.g. have employment in the area). It is not a perfect solution but reduces the chances of the properties immediately being taken up as second homes. A further innovation would be to introduce equity share market housing.

The Local Plan pre-dates the National Planning Policy Framework which places an emphasis on taking a whole-market approach, both in assessing housing need and planning for the future. There is an opportunity now for the islands to **review how housing is planned for, what the priorities are in terms of needs to be met and how new housing is funded**.

Overall, in the linked Housing Growth Plan, we are suggesting that **between 60 and 90 new homes should be the target for delivery by 2020**. This would provide for local demand and population changes and support some economic growth. It would mean a modest increase to recent housebuilding rates but, importantly, new housing should be **concentrated in a very small number of schemes that can deliver a mix of tenures and types of housing** (with an emphasis on smaller flats and houses). The mix should include **a limited element of local need market housing** to support sustainable economic growth and to provide cross-subsidy for the affordable homes. The new approach to housing will need to bring together a number of partners and a unified approach from within the council.

KEY ACTIONS

Plan for 90 - 120 new homes over ten years (60 - 90 by 2020), mainly on St Mary's

Key sites to be brought forward as single packages of housing, properly master-planned

Small scale, windfall sites should be developed mainly to meet local needs

Use market housing development to deliver affordable housing through cross subsidy

Develop a planning framework for some market housing - with controls to minimise second homes

Housing review to identify trends for smaller households and need for family accommodation

Council and other large employers to develop their own key worker housing

Review housing needs of the elderly, including care provision

Essential Conditions



INFRASTRUCTURE. Infrastructure is critically important to the economic vitality of the islands. It will enable appropriate growth and will help sustain life on Scilly going forward. There needs to be investment in a set of infrastructure measures to support the current and future population, businesses and visitors to the Isles of Scilly. Some of these investments respond to historic deficiencies in the quality, scale or scope of services provided, and others provide the opportunity for the islands to develop. The responsibility for investment in infrastructure is broad – the public sector such as the council, government agencies and other bodies have some roles, as do land owners and private organisations such as power companies and transport providers.

Many islands have common challenges

A recent report from KPMG looked at the challenges of island economies and their infrastructure.

It concludes that:

- there is a significant gap between the real infrastructure need and the availability of financing to meet that needs
- strategies for infrastructure development tend to be short term and with limited definition
- the majority of infrastructure projects have not been scoped or executed well

Island Economies and their infrastructure: an outlook 2010 and beyond. KPMG, 2010

Accompanying this strategy is an Infrastructure Plan, which reviews the infrastructure currently serving the islands and the projects required to serve future needs. Some of the requirements stem from applying national quality standards to services on the islands, while others have more of a role in allowing the economy to grow, facilitating more housing and providing for sustainable communities.

There is a real **opportunity to plan for and coordinate the range of construction projects** considered for infrastructure, housing and commercial development. If carefully scheduled, they could provide better opportunities for procurement savings, reduced freight costs, better management of local capacity and the potential for apprenticeships and skills training.

In due course, changes to the policies and strategies of service providers and the introduction of new technology will have implications for infrastructure requirements and their costs. The ability for the public sector to fund infrastructure is also likely to vary over time and there will be **a need for partnership working to deliver the facilities required.**

KEY ACTIONS

Address highways and public realm (such as traffic concerns in Hugh Town)

Develop further air services and capacity

Secure water supplies on the off-islands

Provide short- and longer-term solutions for sewerage in Hugh Town

Renew the key primary and backup energy infrastructure

Facilitate new renewable energy projects

Offer long-term solutions for recycling and waste disposal

Make full use of the new superfast broadband for economic and community benefits

Improve flood defences to protect homes and businesses

Objectives - transport



TO SECURE RESILIENT, FLEXIBLE TRANSPORT SERVICES TO CORNWALL AND FURTHER AFIELD

There is little doubt that transport to and from Scilly remains a significant challenge to a successful economy on the islands. While there are no silver bullets, there are a number of things that could be done to offer real improvements.

Given the size of the Isles of Scilly, there is a limit to the amount of public funds that can realistically be spent on improving the transport infrastructure. The current plans to resurface the runways at St Mary's and Lands End, upgrade the GPS landing systems and improve the terminal facilities will have some impact and will create a more reliable and effective service provision year-round. In recent years, there have been upgrades to St Mary's Quay (with more to come) and those on the off-islands, which have created more resilient options for off-island and mainland travel for local people and visitors alike.

In the medium term, the most important new developments are about making the trip to the Isles of Scilly easier. It is vital that a robust 'hub' is created at Exeter, Southampton or Bristol in order to make onward connections simpler and quicker. It is vital that work is done with other transport providers to ensure that the scheduling works as well as possible for inbound and outbound passengers. This would make a considerable difference to those travelling from beyond the South West of England. It is vital that the off season transport options are extended and made more reliable. This would allow many more businesses and residents to plan journeys and would help to expand the tourism offer into the shoulder season and the winter. Realistically, **it is unlikely that transport costs will reduce substantially.** The limited size of the market, especially in the off season, and the high fixed costs are likely to keep fares relatively high.

Other improvements need to take account of the needs of residents and the expectations of customers - for Sunday travel, for through-ticketing options, for more comfortable planes and boats, and for better customer service at St Mary's, Penzance and Newquay.

In the longer term, we believe that more work should be done to examine the potential for onward routes to London and other key centres, keeping under review the potential need to lengthen the runway on St Mary's. However, any exploration of new routes and new air service needs to ensure that there is not cherry-picking of key customers within a short season - as this could threaten the viability of any year-round service. However, there may be potential for new providers when current provision is unable to meet demand or over-stretched.

KEY ACTIONS

Improve links and schedules with mainland transport providers, including through ticketing

Develop Exeter and Southampton as main 'hub' airports for onward services to London and other centres

Ensure Sunday flights - at least during the season

Explore potential for better quality planes

Continue to identify potential funding for new transport options

Finish current improvements at St Mary's Airport and continue to upgrade airport facilities

Encourage more use of air taxis and heli-charters

Explore the option of a limited winter boat service

Ensure better and more coordinated off-island links throughout the year

Improve traffic management and parking in Hugh Town, and public transport on St Mary's

Objectives - transport



The benefits of better links to the mainland are plain. They would support the visitor economy, Scilly-based companies, local people and potential investors. However, there also need to be improvements to on-island and inter-island travel.

A detailed report in 2011, by WSP, identified a number of potential improvements to transport provision on St Mary's and between the islands. In particular, it highlighted the potential to encourage more walking, cycling and public transport year round; the need to reduce on-street parking in Hugh Town; and better coordinated use of inter-island boats in the off season. Measures to support year-round provision, such as a 'round-robin' bus on St Mary's and a wider range of regular inter-island boat schedules, would bring real benefits to businesses, workers, schoolchildren and residents. Our own business survey has shown that the lack of off-island transport during the winter is a barrier to growth - and to extending the tourist season.

The opportunities to deliver some of these more local improvements need to be carefully planned, using other developments to reduce costs and using the procurement and regulatory powers of the Council and the Duchy to incentivise change. In particular, the Council's use of boat transport is considerable throughout the year. If better coordinated, the Council could ensure better value for its own spending and a more open service to allow other residents to use the same boats - thus extending the options for off-island travel at reasonable cost.

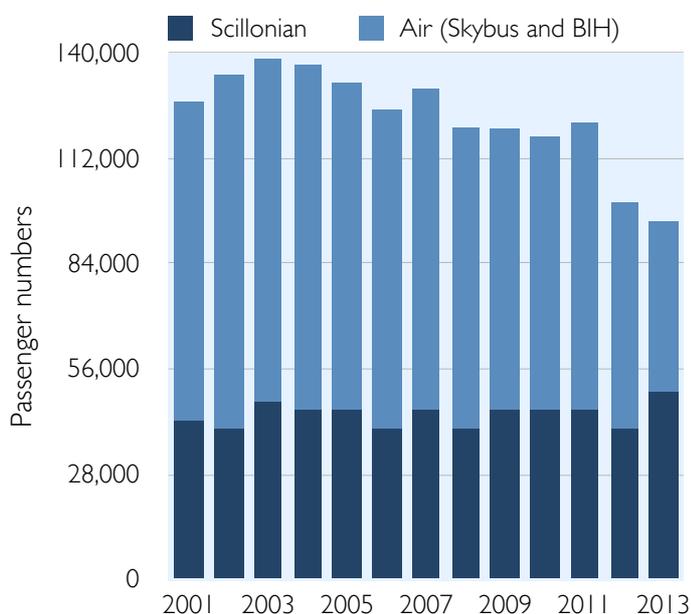
Hindsight is a wonderful thing.

I was annoyed when the Council decided to impose conditions on my boating licence in 2017. It was my business and I wanted to run it my way.

In time, though, I realised that the changes were needed. If I work more flexibly with other boatmen, the visitors get a much better deal and as a result I have seen my overall business increase.

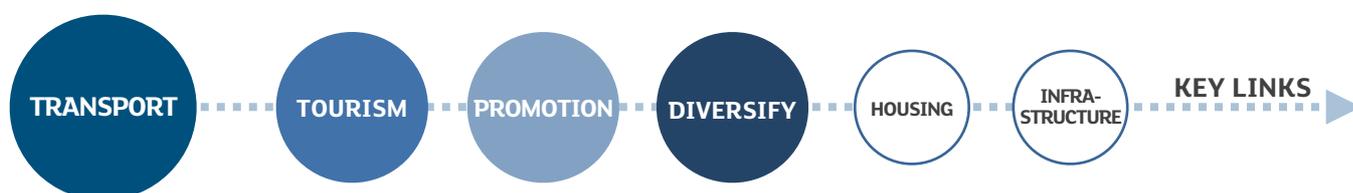
Scilly is too small a place to 'go it alone'.

TOM GRANT
- A POSTCARD FROM THE FUTURE



Incoming passenger numbers have fallen from almost 140,000 in 2003 to just over 95,000 in 2013.

Note: In addition, there are around 11,000-12,000 cruise visitors per year since 2010 and around 2,500 yachts visiting per year. We estimate resident and associated local business travel (including contract workers etc) accounts for some 18,000 passengers annually.



Objectives - tourism



TO IMPROVE THE QUALITY AND VALUE OF THE TOURISM OFFER

Tourism is the bedrock of the Scilly economy. Almost all businesses on the islands are affected by the visitor economy and, in turn, have a contribution to make. Over the past ten years, the tourism sector on Scilly has seen a significant decline. Visitor numbers have dropped, competition from more exotic locations has increased and transport options have become more limited.

The response from all businesses on Scilly connected with tourism needs to be an uplift in service provision - with a relentless and continuing focus on meeting and exceeding visitor expectations. As the recent Blue Sail report states:

“Up to now, Scilly has depended on a very high level of returners. But the generation that became Scilly’s ‘loyal devotees’ is ageing. The visitors who must replace them are much more widely travelled than previous generations. They have higher-quality expectations. They are much harder to please. And the world is their oyster. So they are much less likely to be loyal – and Scilly will need to attract more first-time visitors than before.

These days – for the same price or less than a break on Scilly – people can get a holiday with guaranteed sunshine and exotic experiences plus high levels of hospitality and service.”

Although visitor surveys show a high level of satisfaction with the overall experience of staying on Scilly, there are a number of issues that are continually raised. These include: lack of acceptance of credit cards; poor coordination for booking different holiday elements; some poor service and lack of choice especially in the food sector; poor signage, public realm and traffic management in Hugh Town; limited choice of activities especially in wet weather; lack of travel options on a Sunday; few opportunities out of season; and travel to and from the islands.

It remains important to increase the value of tourism to the wider economy on Scilly. As well as the improvements suggested above, the Council and the Islands’ Partnership should work with tourism businesses to increase overall numbers of visitors, to encourage visitors to spend more and to extend the season.

If a key aim is to increase the amount that visitors spend on Scilly, then it is a shared responsibility of tourism businesses to make the necessary changes that will support more spending. Firstly, there need to be things for visitors to spend their money on - that they want to buy. More wet-weather activities; more cafés and restaurants open throughout the week and into the evenings; more galleries selling local arts and crafts. Having to pay cash makes people aware of the cost of everything, whereas using credit cards encourages people to spend more.

KEY ACTIONS

Improved quality - at all price points

Unified website to make all aspects of holiday booking easier

Ensure more tourism businesses take credit and debit cards

Make sustainable, low-carbon and local sourcing standard in all businesses

Support the development of new upmarket accommodation

Establish a Study Centre to bring in students year-round

Develop more activities for visitors - especially for wet weather

Improve public realm and signage

Offer a wide range of training and support to improve tourism businesses

Encourage more Sunday and year-round opening



Objectives - tourism

Improving the provision for visitors must be a key component of any new promotional and marketing campaigns - making sure that the experience matches the promise. However, the improvements will have real benefits for local people and local businesses too.

Delivering these changes will provide many benefits to the tourism sector as well as to residents and the wider economy. Many of these key actions have already been put in place since the Blue Sail report. It is crucial, however, that the other recommendations are delivered - and quickly. Consideration should be given by the Council to using its regulatory and planning powers to incentivise higher-quality, visitor-focused changes.

It is important to recognise that, just as Scilly is always likely to be more expensive (due to the costs of travel and freight), so it is likely that it will be higher earners and higher spenders who will make the choice to visit the islands. We believe that it is important to develop new, upmarket hotel accommodation together with a new Study Centre to take account of new opportunities in the marketplace and changes in the types of visitor coming to Scilly. Any developments that might attract relatively wealthy new visitors, on a year-round basis, and encourage more spending within the local economy are critical to improving the overall economy. Additional visitor spend will help to maintain and develop the existing base of essential services. Many businesses on the islands can benefit - from shops to galleries, from food suppliers to restaurants and from boatmen to local builders.

Similarly, a different set of housing policies - which provide more opportunities for key worker accommodation, more homes at affordable rents for local people and more choice for homes for rent and sale on the open market - are critical for any plans to develop and grow the economy. This will help local people as well as local tourism businesses - especially as they seek to recruit permanent and seasonal staff.

Tourism is just one (though a very important) part of the overall economy on Scilly. All the elements are connected and cannot operate in isolation. Given that the tourism economy is so sensitive to changing visitor trends and competition from elsewhere, the need for the overall experience to meet and exceed expectations is critical. A visitor will remember the worst experiences from a visit - so everyone has a shared responsibility to ensure that quality and value remain high and to ensure that visitors' experiences are positive ones.

SCOTTISH ISLANDS - Improving Tourism

Orkney Tourism Group was established in 2005 with the aim of sustaining and developing tourism on the island.

The group is particularly aware of the importance of market intelligence as a driver and uses regular local visitor surveys to identify factors that are important for the growth of Orkney tourism and to guide future policy.

Four short surveys are carried out each season, themed around shopping, eating out, transport and things to see and do. As well as gathering quantitative information, the surveys also provide vital feedback on the quality of the visitor experience.

For example, the 'out and about' survey identified that visitors were struggling to find their way round the island. As a result, the group joined forces with Orkney Islands Council to set up a working group to look at, and improve, signposting on the island.

An annual 'Seasonal Review', carried out with businesses, provides comparator information that enables the group to benchmark how the season has been. Data from both surveys is shared with industry at the annual Orkney Tourism Conference.

The information gathered from the surveys enables the group to successfully identify product and service gaps in Orkney's tourism offer, and to develop new initiatives to better meet visitor needs and expectations. They are focusing on improving quality across their offer alongside training and support for tourism providers. They are linking their offer to the practical projects building a low carbon, sustainable future for the Orkney Islands.

<http://www.discover-orkney.co.uk>





Objectives - promotion

TO PROMOTE THE ISLES OF SCILLY MORE EFFECTIVELY

The islands are remote; many people on the mainland don't even know where they are. Although there have been many marketing campaigns in recent years, the islands lack a single, coherent brand that states clearly what Scilly represents - now and in the future.

This Strategic Economic Plan demonstrates the need to both improve the tourism offer and market that offer more effectively. Similarly, the need to diversify the economy and attract investment and entrepreneurs to Scilly requires effective marketing of Scilly as a whole. Ideally, there should be a single, unified brand under which more specific marketing can be delivered.

The Islands' Partnership, which was only established recently, has already begun a range of initiatives to improve public relations and marketing. These should be continued and extended. In order to be most effective, there is a need to identify and understand the different segments of the market and to target clear messages at those segments using all relevant media. There could be considerable benefits from further integrating the marketing efforts of the major players in the tourism economy - such as the Steamship Company, Duchy, Tresco Estate, Islands' Partnership and the Council.

In order to keep the profile of Scilly high and create more interest for visitors, we feel that the islands could devise and run three or four more major events per year. Working alongside any marketing campaigns, we would suggest that there needs to be a properly managed lobbying plan that will help government understand the unique challenges (especially transport) faced by the Isles of Scilly.

SCOTTISH ISLANDS - Promoting Marine Tourism

Marine tourism plays an important role in one of Scotland's key growth industries, with an annual economic impact of more than £100m. Thousands of visitors to the Highlands and Islands every year take part in activities ranging from marine wildlife and sightseeing tours to yacht sailings, inland cruising and water skiing.

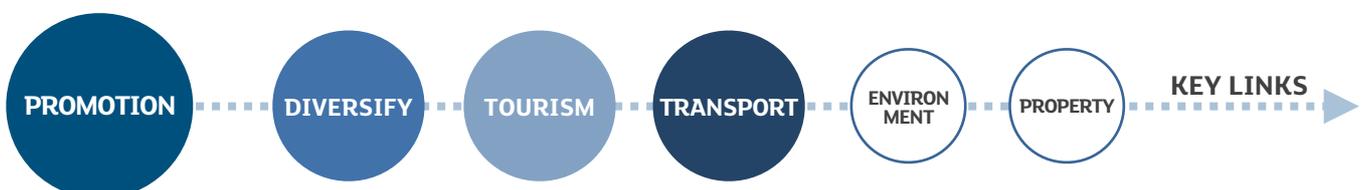
Most businesses in the sector are small, but the popularity of marine tourism is growing, creating opportunities for the west coast in particular. Highlands and Islands Enterprise (HIE) is investing in infrastructure improvements and enabling joint marketing to help small operators achieve individual and sectoral growth. Harbour dredging, new pontoons and other facilities at locations including Mallaig, Lochaline and Loch Fyne also benefited from ERDF support through the SailWest programme.

HIE are a leading example of how economic development agencies can support this growing sector of island economies.

<http://www.hie.co.uk/growth-sectors/tourism/our-focus.html>

KEY ACTIONS

- Create a strong overall brand for all activities on the Isles of Scilly
- Develop a number of sub-brands to promote tourism, food, creative products and business locations
- Build a marketing campaign using established and new media outlets
- Establish a clear, long-term lobbying campaign to Westminster and Brussels
- Increase the number and range of events on Scilly
- Exploit high-profile Scilly 'supporters'
- Agree a single set of strong messages to be used across general and specific PR and marketing activities



Objectives - diversification



TO DIVERSIFY THE ECONOMY

While tourism remains such a dominant part of the overall economy of Scilly, there are dangers associated with any decline or rapid change in the tourism market. It is important, therefore, that the Isles of Scilly try to encourage a wider range of businesses - and so spread the risk.

Given the islands' location, climate and physical environment, there are limited options for diversifying the economy. It would be inappropriate to encourage any development that threatened the unique natural heritage. Equally, many businesses could not operate viably if they needed to transport bulky goods on and off the islands.

It is most likely that successful new businesses will be trading in services or in high-value / low-bulk goods. The roll-out of superfast broadband on Scilly, and the broadband take-up project, could enable a range of Internet-dependent businesses to relocate to the Isles of Scilly - but only if other factors are in place. New entrepreneurs, who might provide a better range of higher-paid jobs, will have expectations which are not well provided for on Scilly. These would include reliable, year-round transport to key markets; a better choice of quality housing for rent and purchase; good quality office space in prime locations; the ability to recruit skilled and adaptable staff; and good business support services.

Attracting such businesses will not be easy, given the competition. The Council and the Islands' Partnership will need to manage a marketing and inward investment campaign to target and attract suitable entrepreneurs. It may be necessary to incentivise, and de-risk, any relocations by providing business rate reductions, low rents and other support for the first few years. We suggest that the Isles of Scilly should aim for between five and ten high-value, knowledge-based businesses to locate to the islands in the next ten years which, hopefully, will create additional skilled jobs.

There may be opportunities on Scilly to further develop the horticulture and fishing sectors by encouraging added-value processing of low-bulk, niche products - such as perfumes, essential oils and homeopathic remedies. Similarly, processing facilities for locally-caught fish and seafood could offer new opportunities to export to the mainland, as well as supply to local tourism and retail outlets.

KEY ACTIONS

Complete superfast broadband roll-out and ensure reach to all island businesses

Ensure provision of suitable workspace and land; complete an employment land review

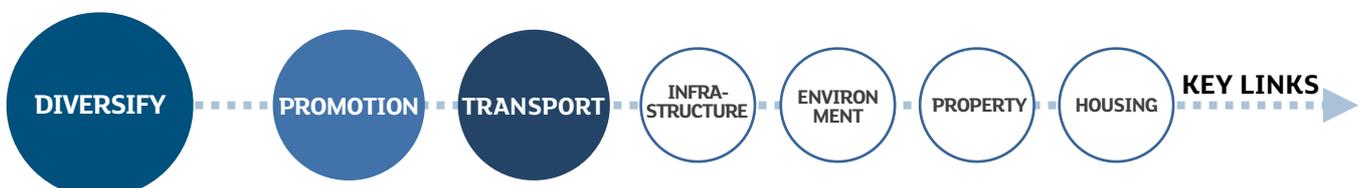
Build IT and other skills in the workforce

Offer training to local residents to develop new skills

Provide more choice in the housing market - for rent and sale

Run a campaign to attract suitable businesses to Scilly

Explore use of incentives to support potential new investors and businesses





Objectives - collaboration

TO CREATE MORE COLLABORATIVE OPPORTUNITIES FOR THE ISLANDS' BUSINESSES

In such a small and remote economy as Scilly, the potential benefits of businesses working together are considerable. Yet, these opportunities are rarely grasped and service improvements, cost savings and efficiencies are lost.

In order to grow the economy, Scilly needs to add value, reduce costs, create new products and find new customers and markets. Given the fact that Scilly remains a relatively expensive place to visit, potential visitors expect that every aspect of contact with the islands and its businesses will be made as easy as possible - from booking to travel and local information.

As others have suggested before, it would benefit the overall visitor offer if the process for booking and taking inter-island boat trips was up to date, transparent and better integrated. Some individual examples, using new technology, have improved matters - but much more needs to be done across the whole of the boating sector. This would not only improve the service to visitors (and residents) but would increase efficiency and create more value for those businesses.

Similarly, there is a range of opportunities that could create more collaboration between farmers, growers and fishermen. Shared equipment, shared processing facilities and shared marketing should deliver a better service to customers, greatly reduce costs and help to open up new sales opportunities.

Opportunities should be created to use community enterprises to deliver local services - putting more ownership and control in the hands of the community - and so demonstrate the value of working together.

SCOTTISH ISLANDS - a Food Consortium

A Taste of Arran, formed in 2001, focuses on the growing interest in locally sourced food and drink, and brings together 11 premier food and drink producers from the Isle of Arran.

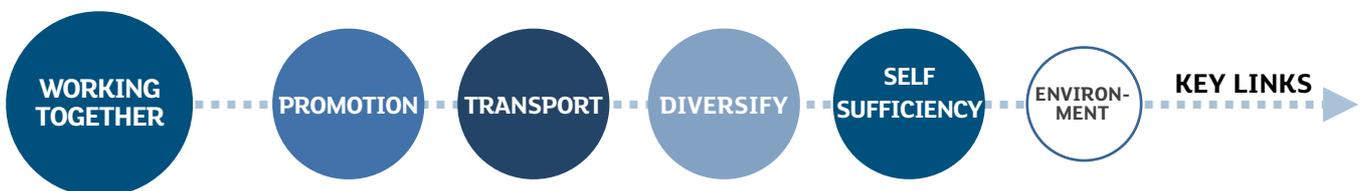
Working together, the consortium has created a single point for sales, marketing and distribution of food and drink produced on the island. This pooling of resources has also increased purchasing power, driving down costs so that products can be offered at competitive prices.

As a result, Taste of Arran produce can now be found in restaurants and retailers around the country, but the brand is particularly strong on the island itself. Seasonal produce is found on local restaurant menus, gifts can be picked up in the many shops on the island, and tours of Taste of Arran producers are available.

<http://www.taste-of-arran.co.uk>

KEY ACTIONS

- Demonstrate the value of better collaboration - to individual businesses and the overall economy
- Support processing facilities for farmers, growers and fishermen
- Encourage shared use of equipment and facilities
- Support joint marketing and sales campaigns
- Put in place better facilities for the booking and efficient use of inter-island boats
- Create incentives for collaboration
- Encourage new community-owned enterprises to deliver services
- Explore potential of community ownership of assets



Objectives - self-sufficiency



TO MAKE THE ISLANDS MORE SELF-SUFFICIENT AND MORE RESILIENT TO FUTURE CHANGES

In a place as remote and exposed as Scilly, making sure that there is enough food, water and energy is a major issue. As the cost of providing basic services rises and as the impacts of climate change can be felt more and more, the islands should look at becoming as self-sufficient as possible.

Climate change is already happening. The effects can be seen around the world in reduced crop yields, the acidification of the oceans, retreating glaciers and polar sea ice, rising sea levels and more extreme weather. Scilly has always been exposed to storms, but these are likely to become more frequent and more severe - bringing risk of flooding, damage to buildings and livelihoods and pollution of drinking water.

SCOTTISH ISLANDS - Eigg Electric

Eigg Electric is a community owned company which provides electricity for all island residents from the renewable sources of water, sun, and wind. It is part of a wider Island Going Green initiative on Eigg - which has seen a tree planting scheme, more local growing, community composting, a community bus, a trial of electric cars and home insulation.

There is no connection to the mainland electricity supply. Nevertheless, the company has moved from running a series of generators to producing almost all power from renewable sources. They laid their own grid and built a control building (which houses a small backup generator).

As they only generate a limited amount of power, the islanders have agreed to set a limit for the amount of electricity each household can consume at any one time - just 5Kws.

<http://islandsgoinggreen.org/about/eigg-electric/>

There is considerable potential for Scilly to become more resilient and self-reliant. This would not only help to protect the islands against damage to infrastructure and transport delays, it would also help to reduce costs and create better community engagement.

Most buildings on Scilly could support solar PV and solar thermal arrays. New technologies are less visually intrusive, would help to reduce reliance on mainland power and could substantially reduce local energy costs. Supporting this should be a programme of energy efficiency and insulation measures - reducing both energy demand and costs. At community scale, there is potential for small solar farms, tidal stream (underwater turbines) installations and some wave power. Further ahead, it may be worth investigating the potential of geothermal and ocean thermal technologies and their relevance to Scilly. All these proposals could be developed without compromising the environmental quality and serenity of the islands. They would also provide employment and business opportunities during the construction, installation and servicing phases.

KEY ACTIONS

Develop a programme of energy efficiency in domestic and commercial buildings

Encourage the delivery of domestic- and community-scale renewable energy

Investigate the potential of community ownership models for energy

Encourage more year-round food production

Support community-based growing initiatives

Use waste and local products to reduce the need for imported fertiliser

Plan and implement sustainable flood protection measures

Protect natural water sources and provide alternatives

Continually update a register of future risks

Invest in the renewal of the subsea power cable, to ensure energy security



Objectives - self-sufficiency

Smart systems can provide more resilience and more local control - for energy, information, transport and health.

Better waste management processes could support waste-to-energy plants, more recycling and increased composting of food waste. This in turn could be fed into the land used for farming and growing. Incentives to bring more of the land back into productive use should be explored. By creating more efficient farming, and with greater use of polytunnels, much more food could be grown for local consumption and for use within the tourism sector. More community growing should be encouraged - providing more fruit, vegetables, eggs and firewood for local people - reducing costs and dependance on imported goods.

Measures to protect water supplies on all the islands should be developed and maintained. New, smaller and more efficient desalination plants, as planned in the current Duchy project, could provide backup in case of seawater contamination into local aquifers or increase in overall demand. Plans for reducing the impact of flooding and storms should be drawn up and delivered.

SCOTTISH ISLANDS - Social Enterprise

Established in 1996, the Mull and Iona Community Trust works on projects ranging from community broadband, island ferry services, energy advice, renewables and business development to credit unions, social projects and practical environmental improvement projects.

An Roth Enterprise Centre has been a major success, creating a landmark building to bring state-of-the-art business facilities to the beautiful Isle of Mull. It's a versatile venue for flexible workspace, meetings, training and hot-desking. The Trust's work on improving connectivity to the island and this project has attracted new investment in the island.

Like all other successful island initiatives, their strategy is working together to unlock the potential of the islands. They strive to work in partnership with other community groups, local government, national government and non-governmental organisations to maximise the benefits for all residents and visitors alike.

<http://www.mict.co.uk/index.php/>

As a fairly closed economy, Scilly could become a test bed for smart energy systems. A smart energy system is a key part of creating a 'smart' place - where energy, communications and data combine to allow a much more intelligent use of resources. In terms of energy, this could provide a local energy market and more local control and ownership of the system - with many householders becoming producers as well as consumers.

As the Chair of the Council of the Isles of Scilly wrote in her foreword to Cornwall and the Isles of Scilly Smart Energy Plan:

Smart grid technology and high-performance telecommunications will help to make the islands energy self-sufficient. This added resilience and flexibility will enable our local businesses to conquer new markets.

As more local assets are built and more collaborative approaches are delivered, consideration should be given to creating community organisations and structures that can own, manage and control shared assets. There are a range of possible options that would support this approach, such as Community Interest Companies (CIC), companies limited by guarantee (often with charitable status) and Community Benefit Societies (CBS). It is also possible to set up a local Energy Services Company (ESCO) to manage any community-owned power generation assets.





Maintaining services and a buoyant economy in such a small and isolated community as Scilly will always be an enormous challenge. It requires sensitive yet dynamic leadership alongside a supportive and determined population.

Scilly needs informed and inspirational leadership - particularly as the islands are facing a challenging future.

Leadership comes in many forms and in unexpected places. Clearly, on Scilly, there are hugely important and influential organisations - the Council, the Duchy of Cornwall, the Steamship Company, the Islands' Partnership and others. There are also businesses and individuals within the wider community, with knowledge and experience, who command respect from their neighbours and peers.

Thus the leadership of the Isles of Scilly operates both formally and informally. It rests with individuals, with organisations and with the community as a whole. Real leadership also has to be a shared endeavour - with everyone taking a responsibility for the islands' future, and avoiding blame.

The Council is a major player on Scilly. It employs many staff, is responsible for a very wide range of services, and creates the policies that govern the way the islands will operate into the future. There is a recognition within the Council that the way in which it represents the community and the way in which it delivers services needs to change - moving from being mainly a deliverer of services to being more enabling and supportive of other forms of delivery (including community enterprise). Seeing these changes through will, in itself, take strong leadership. Elected politicians, who give their time freely for the benefit of the whole community, have to balance the need to represent their constituents' views with the need to take a strong lead on difficult issues. It is easy to criticise or blame politicians, but they generally act in the best interests of Scilly as a whole - and their leadership role is a particularly sensitive one.

The Duchy of Cornwall, as the major landowner on Scilly, has considerable influence over both the day-to-day operation of farms, businesses and households and the strategic future of the islands. In recent years, it has become more active in developing the islands' economy and in supporting new initiatives.

While the majority of businesses on the islands are very small, there are several significant companies that have a major role to play in creating a sustainable and growing economy. As larger businesses, they can help create positive change and support the needs of the wider economy through increasing local purchasing, local contracting and local employment. Their scale and influence gives them a leadership role in planning for the islands' future economy.

In a small and remote community such as Scilly, the importance of community engagement is critical. While there are well-established community organisations - on individual islands as well across Scilly as a whole - there is no overarching body that can reflect the needs of different community groups and different interest groups.

SCOTTISH ISLANDS - Community Action

Westray Development Trust (WDT) was established in 1998 with a remit to address some of the socio-economic factors that were causing population decline. The first development plan, *Turning the Tide*, (published in 1999) paved the way for a number of successful projects that bolstered community confidence and created substantial interest in the island's regeneration.

Attracting an Island wide membership, the Trust has given a voice to the community in charting the best course for their island. Investment in their own wind turbine generates a significant fund each year that the Trust uses to support community projects and business loans for enterprising islanders.

Orkney Islands Council and the Westray Development Trust see themselves as partners, with distinct roles and both working for the health and wellbeing of this island community.

The Westray Development Trust was started from an island conference they organised in 1997 that brought their community together with partner organisations and inspirational examples from elsewhere.

<http://westraydevelopmenttrust.co.uk>



The hard part of economic development is delivery. Turning a complex set of ideas into reality requires considerable experience, skill and determination.

We believe that **establishing a Community Trust would provide a useful conduit for shared activity and could act as an umbrella body for any new social enterprises or community asset companies.** Community Development Trusts have been hugely influential in many other communities - creating and managing a range of initiatives as well as becoming a focus for community leadership.

Those organisations that have the capacity and capability to deliver change and influence the future direction of the islands need **a formal and transparent mechanism to meet, plan and help make things happen.** A small body could represent the range of interests on Scilly - ensuring that action can be widely supported and effectively delivered. This 'Futures Action Group' might consist of:

Council x 2 Community Trust x 2 Duchy of Cornwall x 1 CLLD Board x 1
 Islands' Partnership x 2 Wildlife Trust x 1 Major businesses x 2

We believe that **this group should be supported by a senior officer responsible for effective and timely delivery of agreed changes.** This officer should be dedicated to the task and should report directly to the Futures Action Group.

The islands have had considerable advice over the past ten years. While some proposals have been implemented, many have not - for want of finance, time, expertise or prioritisation. The need to act across a number of areas is now urgent. **The Council and other organisations will need to ensure that they can draw on suitable expertise, whether in house or on contract,** to deliver multiple complex projects - many within the next six years.

There is real scope for the Council (and others) to use their regulation and planning powers, their procurement and other incentives, to help support change in the economy. We would advocate **establishing a local purchasing initiative** to source as much as possible from on Scilly and to negotiate for bulk discounts on goods and services that need to be brought in.

Planning for the future is complex. There are several factors that will influence how Scilly develops: political, economic, social, technological, legal and environmental. It is important to make sure that the whole community can play an active part in thinking about these issues and how they might affect their shared future. We would suggest that **a 'Community Futures' event is organised** as soon as possible - with participation from across the islands. This would start an ongoing debate about change, would bring in outside experience to inform discussions and would provide a unique opportunity to celebrate, connect and consider a shared future.

KEY ACTIONS

Support the establishment of an islands-wide community body

Set up a 'Futures Action Group' to drive forward planned changes and development

Move the Council from being a deliverer of services to being an enabler

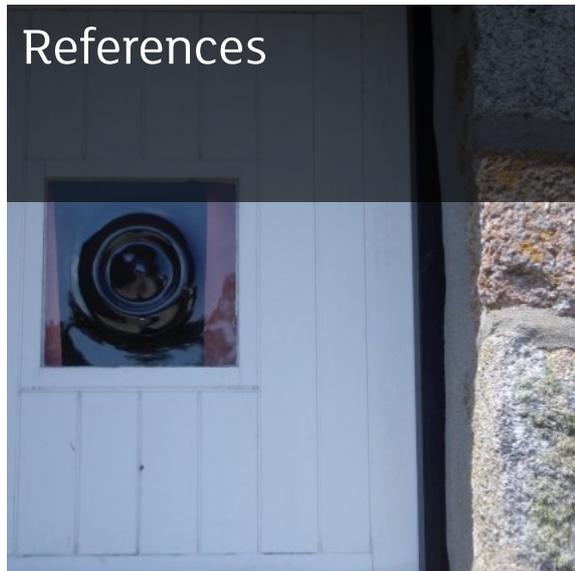
Use the Council's and Duchy's powers, procurement and incentives to encourage positive change

Set up a local purchasing initiative to keep more money circulating on the islands

Duchy to continue and extend its role as a more active partner in development

Organise a Community Futures Conference in the Autumn

Identify a senior post to drive forward development



We are grateful for access to the many plans, strategies and reports that have been written by or for the Council and others. We have also accessed a range of other relevant documents for this Strategic Economic Plan.

- Isles of Scilly Housing Strategy - Consultation draft. CIOS, 2013
- Isles of Scilly Housing Strategy Delivery Plan. CIOS, 2013
- Isles of Scilly Housing Needs Survey. CIOS, 2013
- Scoping Report for Core Strategy. CIOS, 2010
- Isles of Scilly Local Investment Plan. CIOS, 2010
- Isles of Scilly Local Plan - 2020 Vision. CIOS, 2005
- Isles of Scilly Local Development Scheme. CIOS, 2009
- Porthmellon Design and Access Statement. PBWC, 2011
- St Agnes Hall Planning, Design and Access Statement. PBWC, 2012
- A Sustainable Energy Strategy for the Isles of Scilly. CIOS, 2007
- Smart Cornwall - securing our energy future. CDC and Regen SW, 2013
- Isles of Scilly AONB Management Plan. IOS AONB, 2010
- Isles of Scilly Strategic Transport Framework. WSP, 2011
- Isles of Scilly Airport Improvement Project. Parsons Brinckerhoff, 2012
- Transport Research Report for the Isles of Scilly. Bluegrass, 2013
- Medical Travel from the Isles of Scilly. IOS Healthwatch, 2012, 2013
- Future of Tourism on Scilly (+ technical reports). Blue Sail, 2011
- Isles of Scilly Visitor Surveys. CIOS, 2012, 2013
- CIOS Business Review. CIOS, 2013
- Penzance and the Isles of Scilly Strategic Investment Framework. CC and CIOS, 2009
- European Structural and Investment Fund Strategy. Cornwall and IOS LEP, 2014
- Strategic Investment Plan. Cornwall and IOS LEP, 2014
- Socio-economic Evidence Base for the Isles of Scilly. WM Enterprise, 2009
- Island Economies and their Infrastructure. KPMG, 2010
- Small Island Economies - vulnerabilities and opportunities. CTA Brussels, 2012
- Economic Prospects for Small Island Economies. University of Queensland, 2006

CONSULTATION

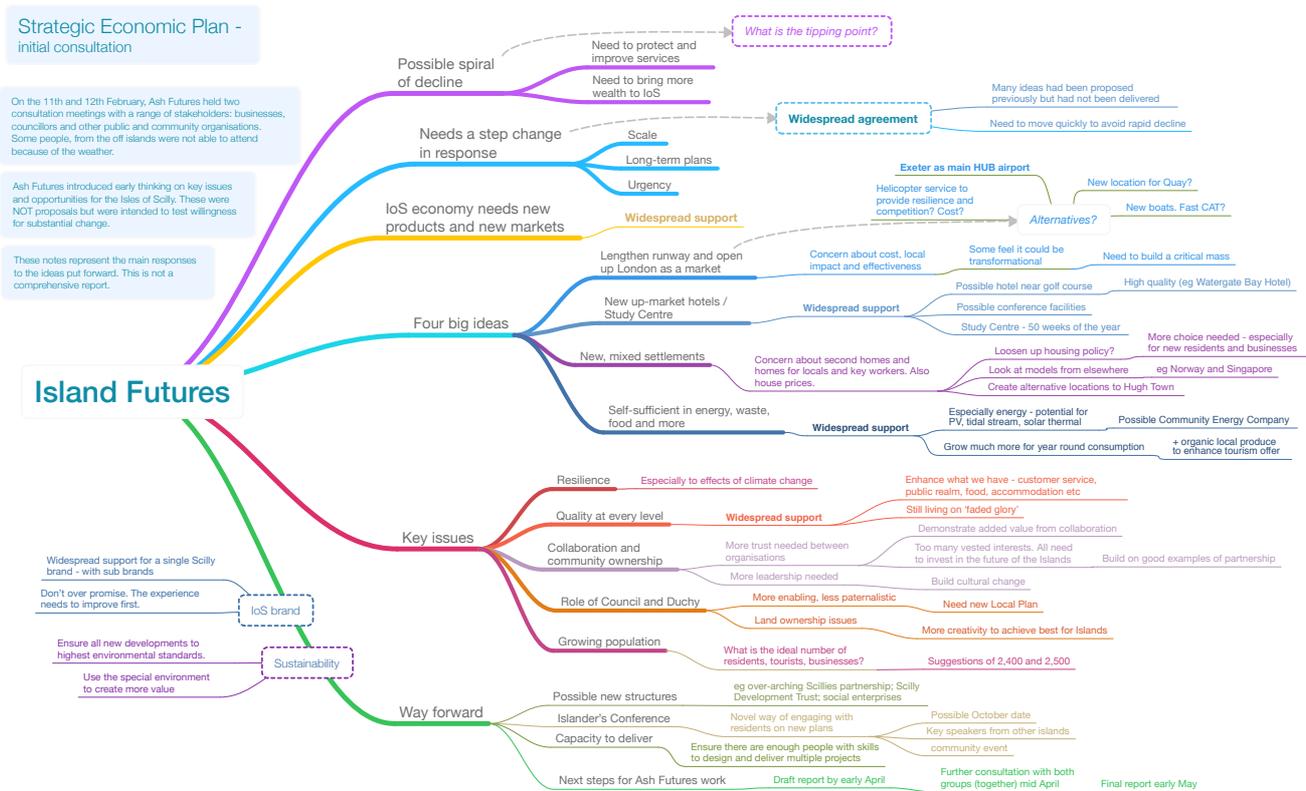
During the delivery of this contract, we consulted with a very wide range of organisations - to learn about the economic situation on the Isles of Scilly, to share initial thinking and to discuss emerging findings.

We visited the islands four times between January and April (and got stuck twice!).

We held four meetings: the first with a range of 24 public and community stakeholders; the second with 15 businesses; the third with a mix of 14 businesses and wider stakeholders; and a fourth, which was a drop-in session with over 35 members of the public.

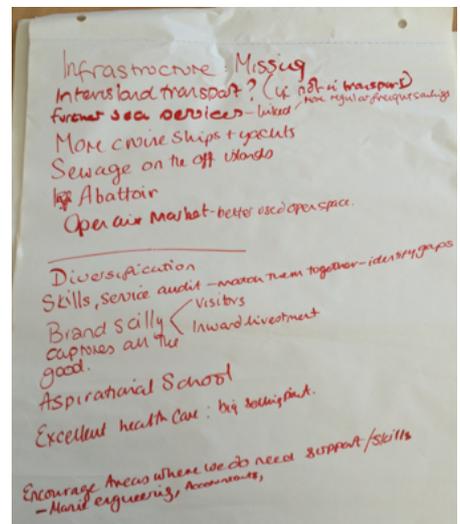
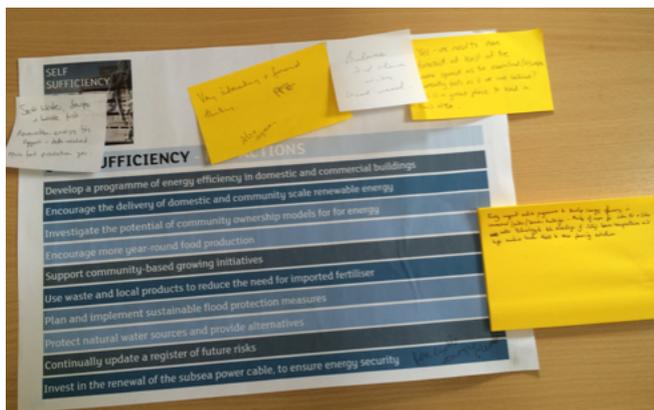
In addition, we met with a number of staff and members from the Council of the Isles of Scilly and representatives from the Duchy of Cornwall, Isles of Scilly Steamship Company, Islands' Partnership, Tresco Estate, the AONB, the Wildlife Trust, the LAG Management Board, St Mary's Golf Club, Western Power Distribution, Cornwall Rural Housing Association, Churchtown Farm, Star Castle Hotel, St Agnes Boating, British Telecom, Forty South, Sibleys, and Island Properties.

We are hugely grateful to all those who gave their time, experience and knowledge.



Notes from February consultation sessions

Output from April consultation sessions





A thriving, vibrant community rooted in nature, ready for change and excited about the future

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