

State of the Economy

February 2016

In 2015, average annual employee earnings by workplace equalled

£17,340

Unemployment

stands at **9,700** after peaking at **23,000** in **2010**

22.7%

of those in employment in Cornwall are **self employed**

6.0%

of the workforce have **no qualifications**

Employment is on the **up** with **3,000** more people in employment than a year ago

Productivity only

72%

of UK average in **2013**

Renewable electricity capacity now at

602_{MW}



This report is designed to provide elected Members and others with a brief overview of the latest data on the economy of Cornwall. Further information can be found at www.cornwall.gov.uk/economicdevelopment

Economic intelligence for Cornwall continues to present a mixed picture. On the positive side employment growth is good, however output per head is down, employee earnings are static, and productivity is low. Of particular concern is that while self-employment numbers have risen, income per self-employed has fallen. Unemployment is now the lowest for eight years, at 9,700 well below the 2010 peak. Key issues include the impact and influence of population growth on per head measures in the local economy, the reasons behind a fall in student numbers and the continuing balancing act between positive signs of employment growth (quantity) and clear indications of worsening quality, in terms of earnings and self-employment's role locally.

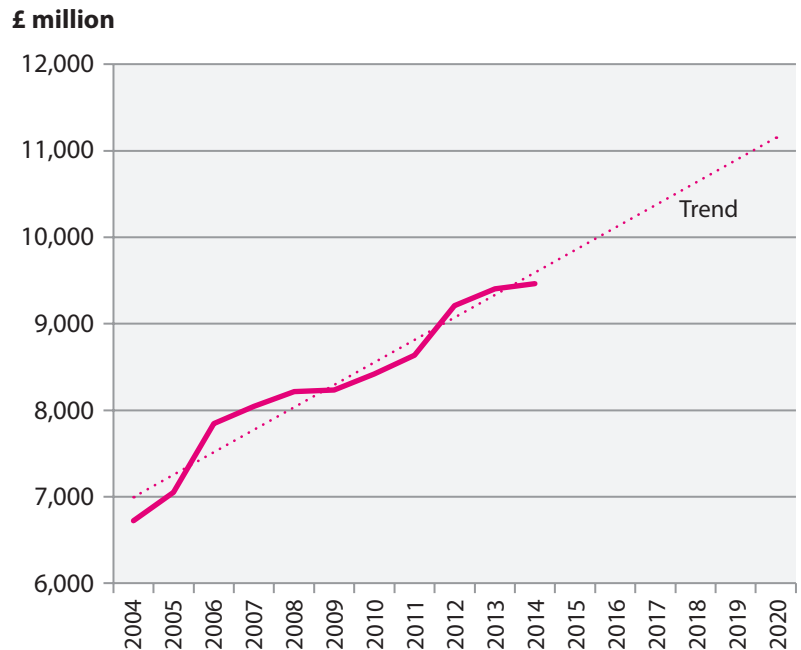
Average earnings

Average earnings continue to remain low compared to the UK average. With inflation of -0.1% in April, earnings only increased marginally. In 2015, at £17,340 Cornish earnings equalled 77% of the UK average. The average here represents all earnings including part-time and full-time. An increase in the proportion of people working part-time also reduces average earnings. Compared to 2014, earnings increased by only 0.1%, well below the average increase across the UK of 1.9%.



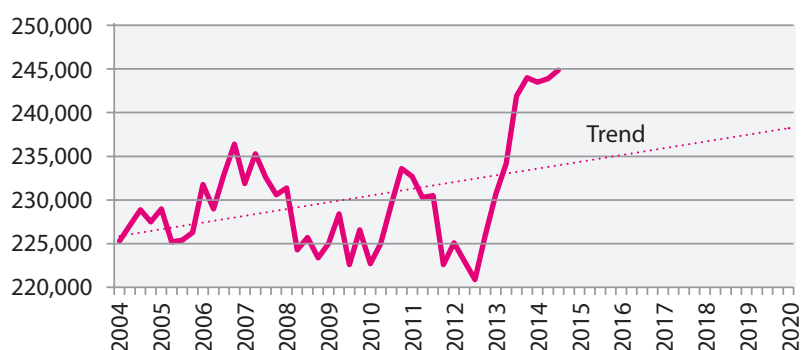
Gross Value Added (GVA)

Total GVA in Cornwall increased in 2014 compared to 2013 but with the lowest percentage rise of any NUTS 2 region. In 2014 it was at £9,462 million compared to £9,405 million in 2013. Between 1999 and 2014 per capita growth rates averaged 4.1% per year, joint fourth highest of any NUTS 2 region. Much of this was concentrated in the 1999-2006 period when growth averaged 7% per annum the highest of any region. GVA per head declined in 2014 by 0.1%. Cornwall and the Isles of Scilly was the only region to experience negative growth, this is against the backdrop of a steadily rising population.



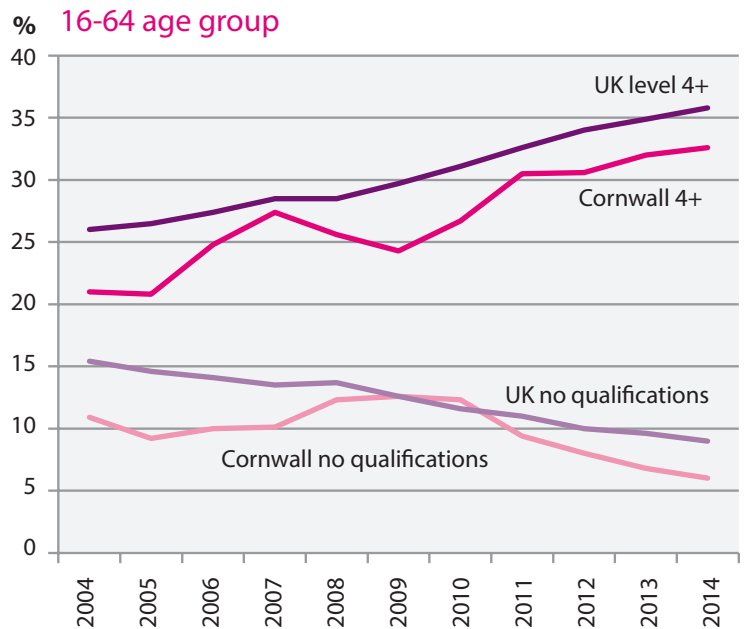
Number of people in work

Numbers in work fell during the recession and its aftermath though recently saw an upturn. If this continues the trend could revert to long term growth for Cornwall. The latest figure is 244,800, with 3,000 more people in employment than last year. However, an underlying issue for Cornwall is the large increase in self-employed and people working part-time.



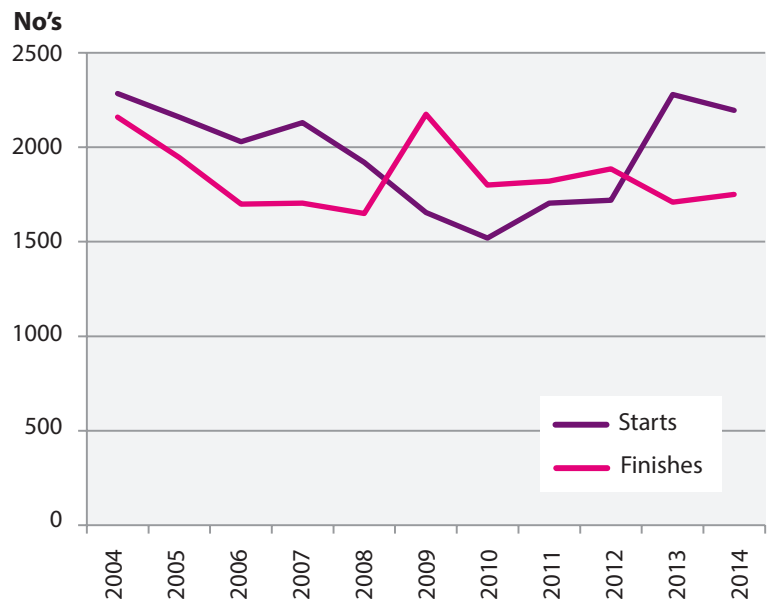
Qualification levels

The upward trend continues with those with Level4+ NVQ in 2014 now at 32.6%. Despite the improvement in the share with NVQ4+, the figures for Cornwall remain below the UK average which in 2014 was 35.8%. Conversely, the share of the workforce with no qualifications has declined, at 6.0% in 2014 compared to 10.9% in 2004. Apart from a period in 2009 and 2010, Cornwall has performed better than the UK average with a lower share without qualifications.



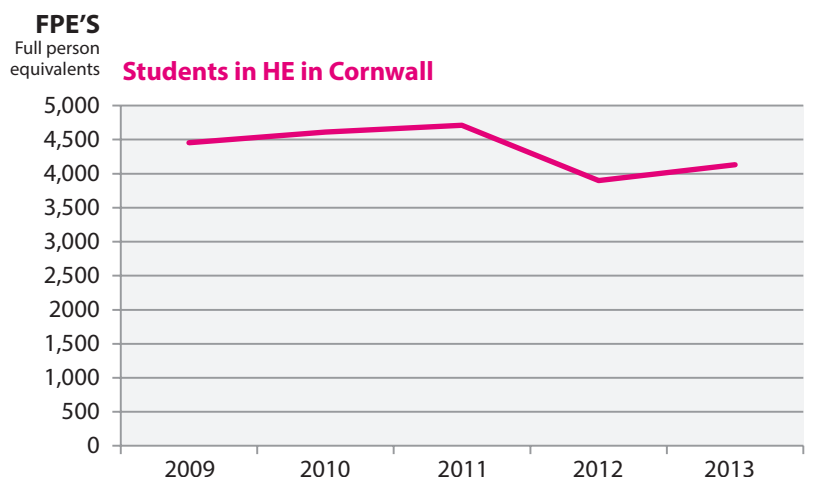
Business start-ups and closures

Business start-ups declined from 2004 (2,285) to 2010 (1,520), since then numbers have increased and in 2013 reached 2,280, close to the 2004 figure. In 2014 numbers fell back to 2,195. Between 2004 and 2008 start-ups exceeded closures, however between 2009 and 2012 there were more closures than start-ups reflecting the impact of the recession. In both 2013 and 2014, starts exceed closures once again indicating a more buoyant economy.



HE Student numbers

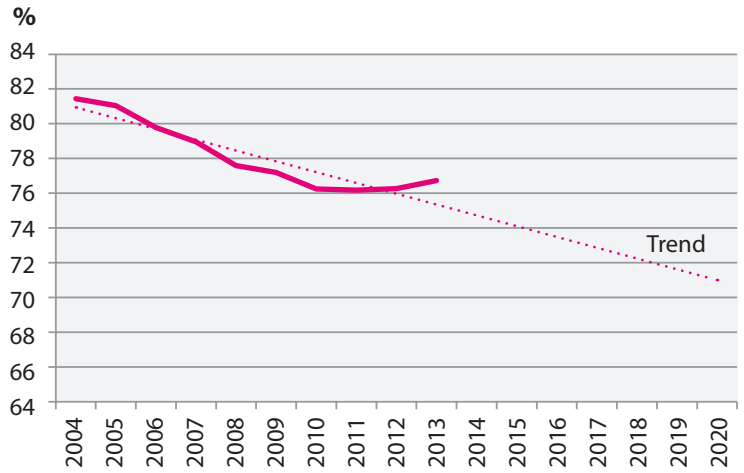
HE Student numbers increased from 2009 to 2011 to peak at 4,710. However, numbers fell back in 2012 to 3,900 before increasing in 2013. The decline in 2012 was in line with declines in undergraduate numbers across England, the first year of the higher £9,000 tuition fees.



Productivity

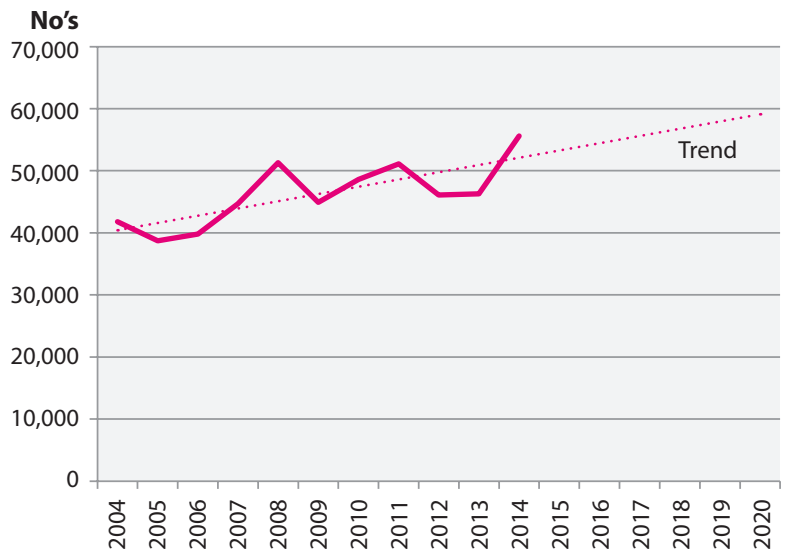
In Cornwall, productivity per hour not only remains low but has declined relative to the UK average, although the latest figure for 2013 showed a slight recovery. A number of factors contribute to this – the lack of large employment units, a high level of part-time workers, a low proportion with NVQ4 + skills, our capital stock, industrial structure and productivity across sectors. Removing London from the figures gives a more positive picture but still indicates low and declining levels of productivity. As a percentage of the UK minus London, Cornwall and the Isles of Scilly has fallen back from 81.4% in 2004 to 76.7% in 2013 (77.2% to 72% including London figures).

Cornwall - productivity as a % of UK (excluding London)



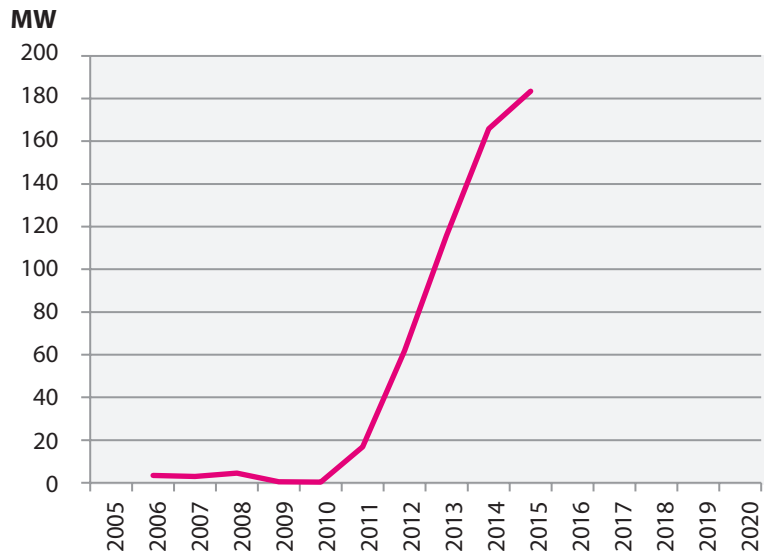
Self-employed

Cornwall's economy is more dependent on the self-employed than is the general case for UK regions. 22.7% of those in employment are self-employed compared to the UK average of 13.9%. With self-employed earnings falling more than those of employees, Cornwall's dependence on self-employment has severely impacted on output levels. It is estimated that if self-employed incomes had increased at the same rate as employee income, the economy would have been 5% larger in 2014. Fostering and enhancing the earning power of this group is essential to Cornwall's future prosperity.



Renewable energy (electricity) capacity increase

Increases in new capacity vary from year to year depending the number and type of projects coming on stream. Recent growth has been driven by Solar PV with an increase of 62 MW in 2012 and 116 MW in 2013, 166 MW in 2014 and 183MW in 2015. Solar PV installations may have peaked now with smaller increases in capacity expected in the future. Total renewable energy (electricity) capacity now stands at 602 MW



economicdevelopment@cornwall.gov.uk
 www.cornwall.gov.uk/economicdevelopment

If you would like this information in another format or language please contact:
 Cornwall Council, County Hall, Treyew Road, Truro TR1 3AY
 Telephone: 0300 1234 100
 Email: enquiries@cornwall.gov.uk www.cornwall.gov.uk