



This report is designed to provide 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 there has been strong GVA growth, continuing success with business start-ups and more renewable energy capacity installed. Of particular concern is that average earnings continue to remain low compared to the UK and a continuing downward trend in productivity.

State of the Economy

March 2017

In 2016, **average annual employee earnings** by workplace equalled

£17,873

Renewable electricity capacity now at

682MWe

22% of those in employment in Cornwall are **self employed**

6.0%

of the workforce have **no qualifications**

Gross Value Added up to **£9.9 billion** in 2015 **4.1%**

Productivity only

74%

of the England average in **2015**

Unemployment stands at

12,600

after peaking at **23,000** in 2010



CORNWALL & ISLES OF SCILLY
LOCAL ENTERPRISE PARTNERSHIP



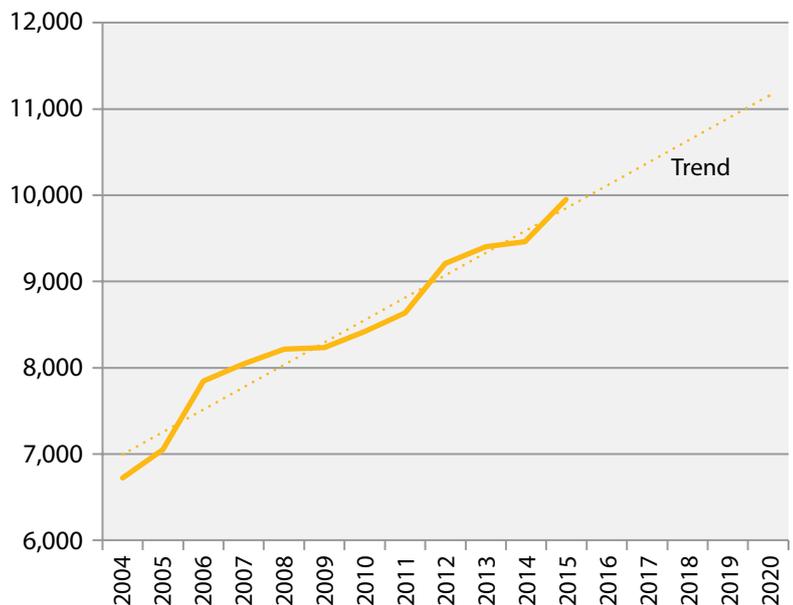
Gross Value Added (GVA)

In 2015 total GVA stood at £9,911 million, up by 4.1% on the 2014 total of £9,519 million. This compares to a UK growth rate of 2.9%. Cornwall and the Isles of Scilly was equal third, in terms of growth of total output in 2015 with Berkshire, Buckinghamshire and Oxfordshire, behind Inner and Outer London.

Per capita GVA stood at £17,964 up by 3.3% on the 2014 figure of £17,383. (UK growth of 2.1%). Per capita growth rates are frequently lower than total growth rates due to population increases.

Although the headline figure looks impressive, much of the local growth was due to an increase in the Real Estate sector, largely attributable to imputed owner occupied rentals. In 2015, Real Estate rental income accounted for 20.8% of total GVA. The average for the UK was 11%.

£ million

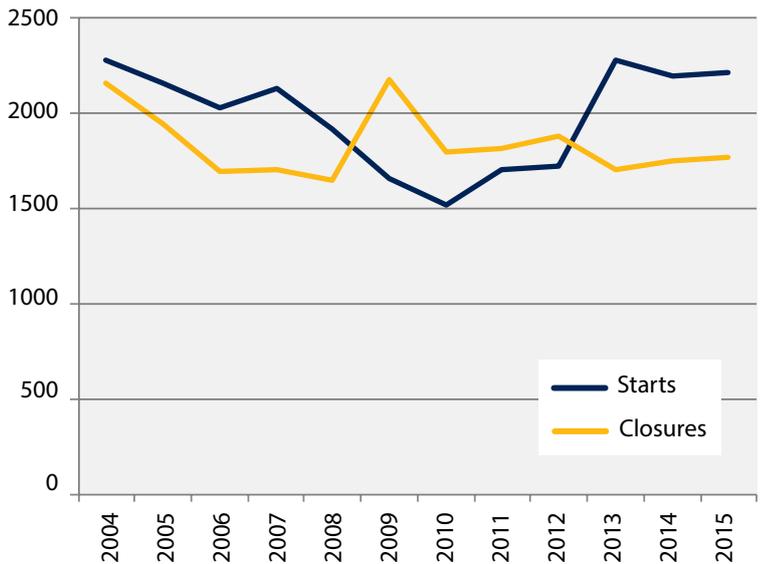


Business start-ups and closures

Business start-ups declined from 2004 (2,285) to 2010 (1,520), numbers increased to peak in 2013 (2,280), since when they have been at a lower level with 2,215 in 2015.

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, particularly in 2009 when losses totalled 520. Since 2013 there have been gains in the number of businesses with more start-ups than closures indicating a more buoyant economy.

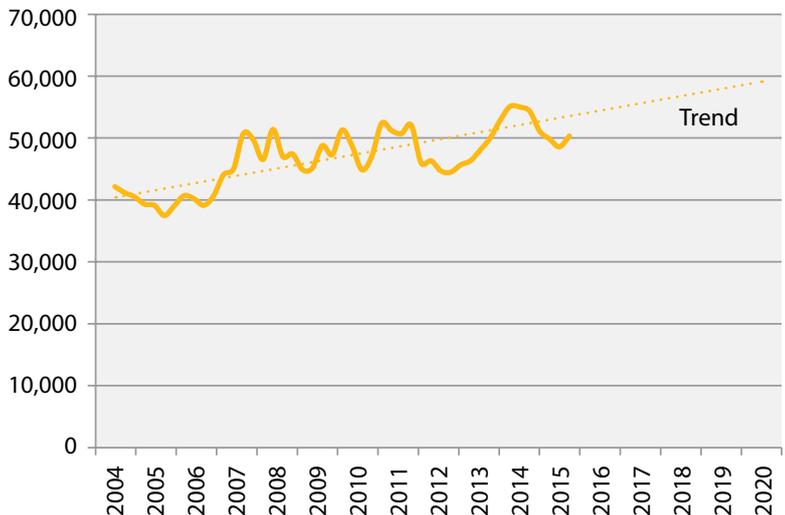
No's



Self-employed

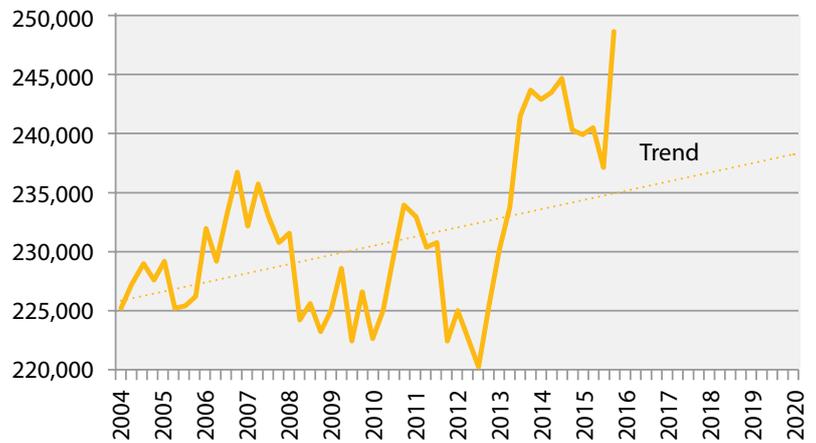
Cornwall's economy is more dependent on the self-employed than is the general situation in UK regions. 22% of those in employment are self-employed compared to the UK average of 14.2%. Self-employed earnings tend to be lower than those of employees and any change for this group has a significant impact on the wider economy. During the recession the drop in self-employed earnings had a significant impact on overall output. Fostering and enhancing the earning power of this group is essential to Cornwall's future prosperity.

No's



Number of people in work

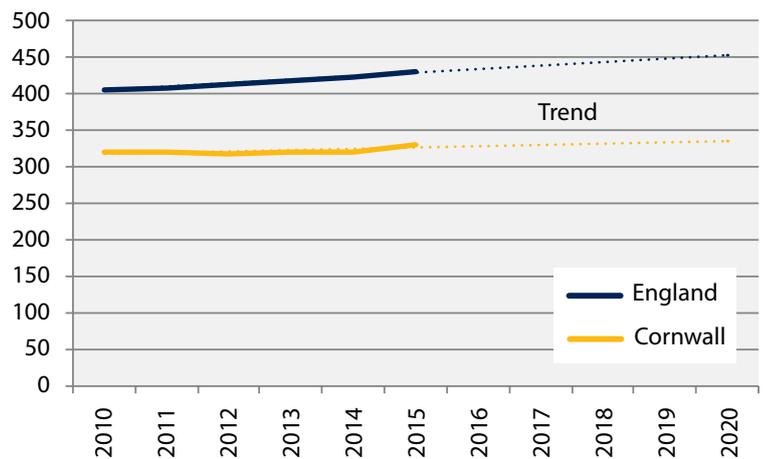
Numbers in work fell during the recession and its aftermath though recently saw an upturn. After plateauing around 242,000 from 2013 to 2015, numbers have now risen to 247,700. The long term trend is upward but an underlying issue for Cornwall is the continuing high levels of self-employed and people working part-time.



Average earnings

At £17,873 our average annual earnings continue to remain low, equal to 77.4% of the UK average. Weekly average earnings were £330.80 (2014-16 period), equal to 77% of the England average. A number of factors contribute to lower earnings. Above average levels of part-time employment are one factor, if Cornwall had the same share of full-time employees as the UK average, earnings could be 6.5% higher. Private sector earnings across Cornwall are lower across most sectors. Workplace earnings are also influenced by sector share. Cornwall has an above average percentage of people working in 'Distribution, hotels & restaurants', 24.2% compared to the UK average of 18.5%.

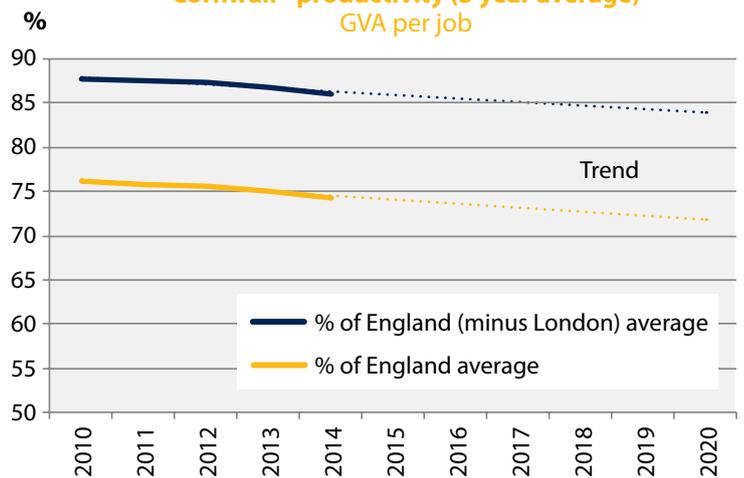
Weekly earnings (3 year average)



Productivity

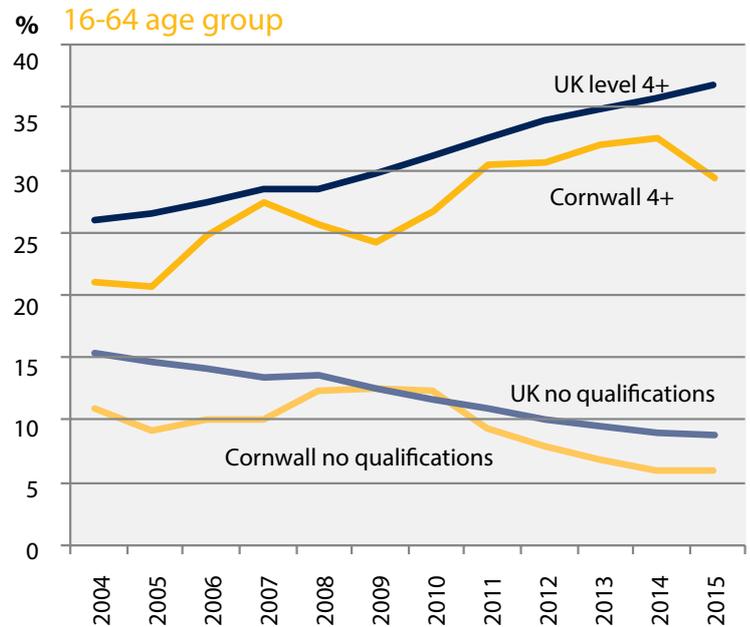
In Cornwall, productivity per job stood at £37,885 over the 2012-14 period, 74% of the England average. Productivity levels have fallen over time. Productivity is important in that it drives both earnings and output levels. A number of factors contribute to the low productivity figures for Cornwall – the lack of large employment units, a high level of part-time work, a low proportion of the workforce with level 4+ NVQ skills, low capital stock and the industrial structure. However, a significant contributor to the productivity gap is attributable to the London effect (the presence of major companies and the dominance of the financial sector). This makes it difficult to make realistic comparisons between Cornwall and a national average which includes London. Removing the 'London' effect, comparing Cornwall with the rest of England suggests productivity levels at 85.4% of the average. However, using this measure still indicates a downward trend in productivity.

Cornwall - productivity (3 year average)
GVA per job



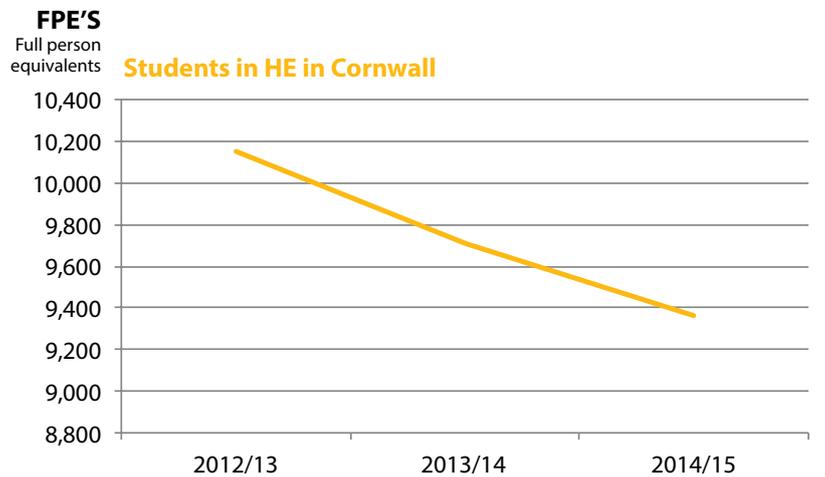
Qualification levels

After several years of an upward trend in the share of those with Level 4+ NVQ, 2015 saw a decline with the figure now at 29.4%, down from 32.6% in 2014. Indexed against the UK average, the Cornish figure was 80% compared to 91% in 2014. Conversely, the share of those with no qualifications remained stable at 6%, well below the UK rate of 8.8%. Cornwall has generally had lower levels without qualifications than the UK average. A high share with Level 4+ NVQ is deemed important in enabling the workforce to take advantage of new job opportunities.



HE Student numbers

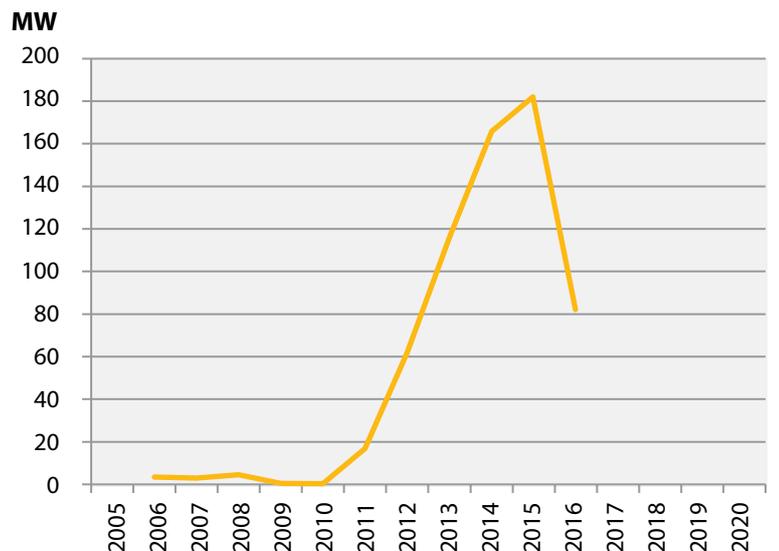
Total student numbers in Cornwall continue to fall. Expressed as Full Person Equivalents (taking account of people who do more than one course in a year), shows that numbers fell from 10,150 in 2012-13 to 9,710 in 2013-14 and 9,360 in 2014-15. The decline in 2012 was in line with declines in undergraduate numbers across England, the first year of the higher (£9,000) tuition fees.



Renewable energy (electricity) capacity increase

Increases in new capacity vary from year to year depending on the number and type of projects coming on stream. Recent growth has been driven by Solar PV with an increase of 62MWe in 2012, 116MWe in 2013, 166MWe in 2014, 183MWe in 2015 and 80MWe in 2016. This slowdown reflects policy changes resulting in less support for new PV projects.

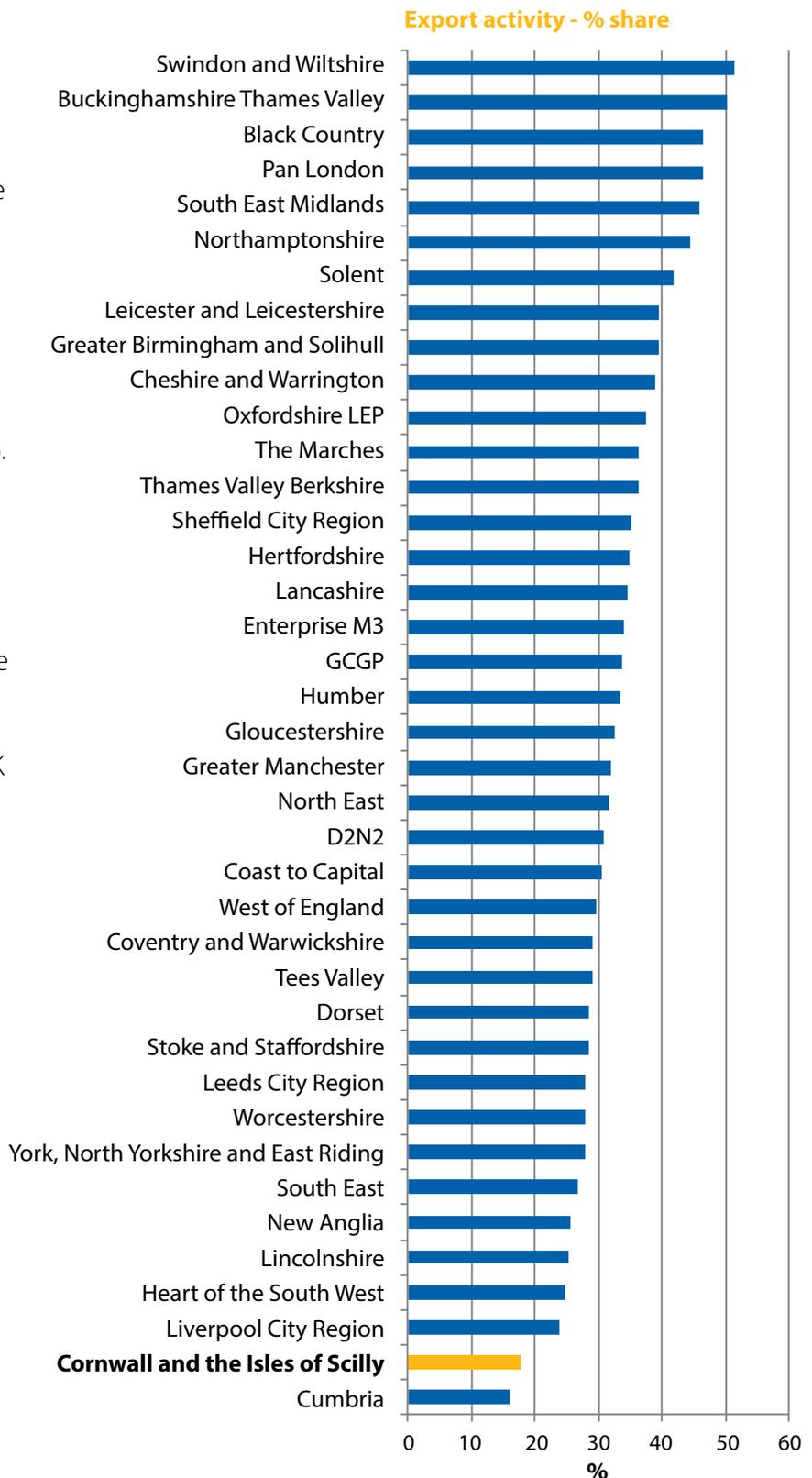
The latest figures mean that we are generating the equivalent of approximately 32% of our annual electricity consumption and 10% of our annual total energy consumption from renewables in Cornwall.



Export activity

Exporting is deemed to be an important element in enabling companies and therefore economies to develop and grow. Two indicators are used to measure the market reach or export potential of LEP areas.

Measuring the share of firms that actively export is important, the latest data from 2010 indicates that 17.8% of firms in Cornwall and the Isles of Scilly were actively exporting. The UK figure was 33%. Of the 39 LEPs, Cornwall and the Isles of Scilly was ranked 38 just above Cumbria. Another measure of potential for trade is the share of employment in export-intensive industries, it is based on those sectors which tend to have above average levels of exports. The figure for Cornwall and the Isles of Scilly was 13%, placing the region 36th out of the 39 LEPs. The UK average was 15.2%.



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