Single Programming Document

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Conditions in the Region

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The Objective One Partnership for Cornwall and Scilly

CHAPTER 2: CONDITIONS IN THE REGION

This Chapter presents the conditions in the region. It is structured in the following manner:

- An introduction to the geography, history and main towns of Cornwall and Scilly;
- An outline of the situation with regard to the Isles of Scilly;
- A general section on key indicators;
- Data and analysis with regards to three of the four Pillars of the European Employment Strategy namely;
  - Employability
  - Entrepreneurship
  - Adaptability
- A penultimate section deals with issues and trends relating to selected key sectors, including agriculture, fishing, and tourism.
- A final section deals with transport and infrastructure related matters.

The fourth Employment Pillar relating to Equal Opportunities is covered in Chapter 3.

GEOGRAPHY AND PROFILE

Cornwall is a rural and maritime County with a population of 485,600 in 1997. Part of the South West Standard Region of England, it has an area of 354,920 hectares. It is the second largest county in the region in terms of area but has the lowest population density. The County comprises the westernmost part of the south-west peninsula, and has over 697 km of coastline, the longest of any English county. The sea forms the northern, southern and western boundaries. To the east, Cornwall's border with Devon is formed by the River Tamar, a physical and cultural divide with the rest of Great Britain, for all but 18 km of its length.

The Isles of Scilly are an Atlantic archipelago of some 200 islands located 45km to the south west of Cornwall, and 60km from the nearest port at Penzance. The vast majority of the population (1,600 out of a total of 2,000) live on St. Mary's, the largest island. The islands are administered by the Council of the Isles of Scilly, which has been in existence as a principal, free-standing unitary authority, for over 100 years.

Its geographical position has ensured that Cornwall has remained, until recently, one of the more remote and isolated parts of Britain. The nearest major centre outside the county, Plymouth, is 125km from Penzance, whilst Bristol, which for some organisations in the South West is the regional centre, is 290km from Penzance, and London 450km away.

SOCIAL AND ECONOMIC HISTORY

Largely because of its relative isolation, the County has maintained much of its own identity in traditions and culture. It also possesses distinctive physical features in its peninsula form, long indented coastline, granite moorlands and temperate climate. These characteristics have influenced both the natural and socio-economic development of the County.

Cornwall has had a long history of mining and quarrying and associated industrial and engineering activities, and over a century of growth as a tourist destination. More recently, there has been diversification into manufacturing and service industries. Agriculture is the predominant land use. Much of the countryside and the varied coastline are of high landscape value, and many towns and villages retain an attractive and relatively unspoilt appearance. The uplands and much of the coastline, due to the climate and location of the County, have considerable importance as wildlife habitats. Primarily because of its mining industry, the County also has a large area of derelict land and a large number of relatively undisturbed sites of great interest to the archaeologist and historian.

The County contains a wide scattering of small towns and villages, reflecting an economy hitherto largely dependent on farming, fishing and widespread metalliferous mining, and difficulties of terrain and communications which did not favour the growth of urban centres. Just less than one-third of the population live in towns of over 10,000 inhabitants, compared with four-fifths in England and Wales.

PROFILE OF THE MAIN TOWNS

Penzance - With a population of 18,300 in 1996, Penzance is one of Cornwall's biggest towns but it has grown by only 3% since 1971. It enjoys a strategic location on Mounts Bay, at the end of the main line railway. It is also the home of the ferry service to the Isles of Scilly and the heliport for flights to the Islands is on the outskirts of the town. The built-up area includes the major fishing port of Newlyn. Activity rates are below the County average and unemployment is very high.

St Ives - St Ives' population grew by 14% between 1971 to 1996, to just below 10,000. 23% of the population is aged over 65 and the economy depends heavily on tourism and other service activities. One-third of jobs are in distribution and catering. The opening of the Tate of the West Gallery has given the town a boost recently; nevertheless unemployment is very high.

Hayle – The population of Hayle has grown by 38% between 1971 and 1996, to 7,400. Both residential and commercial development have been encouraged there, partly to relieve pressure on Penzance, and its importance is greater than its population would indicate. It is the town closest to the former creamery at St Erth, whose closure lost Penwith district its biggest manufacturing company. The harbour area is a major site where redevelopment is being promoted. The age structure is skewed towards young families, with unemployment considerably above the Cornwall average.

Camborne - Camborne has a population of 16,000 and is the largest settlement in the built-up area which extends to Redruth. Its population grew by 20% between 1971 and 1996 and the town has traditionally been a mining centre and home to some important engineering companies. In 1991, 18% of the workforce were employed in mining or manufacturing. Nearly 40% of the population are under 30 but activity rates are well below the Cornwall average.

Redruth – The population of Redruth grew by only 9% between 1971 and 1996 to around 11,400. Since the 1960s, considerable effort has been extended on developing new industrial estates and, consequently, many of Cornwall's newer manufacturing companies are located here. 19% of people work in mining or manufacturing and activity rates are above the Cornwall average.

Helston - Helston, with a population approaching 8,000 in 1996, is the market town for the Lizard Peninsula. There are few manufacturing jobs but RNAS Culdrose, on the edge of the town, is a key feature of its economy. The population is young, with nearly 23% aged below 16. Economic activity rates are significantly in excess of the Cornwall average but, paradoxically, so are unemployment.

Falmouth - With a population of nearly 20,000, Falmouth is one of Cornwall's largest towns, but it is also one of the slowest growing. This is mainly because of the physical difficulties of achieving expansion. Its economy is varied with ship repairing and other industry complementing a tourist industry which has a relatively long season and attracts many prestigious events. However, unemployment in some winters is among the highest in the County.

Truro - Truro, with its cathedral, is the only city in Cornwall. It is the centre for local government and health services and, since the 1960s, its importance as the main shopping and service centre for the middle and west of the county has grown rapidly. However, it is only the fifth biggest town and its population, now at 16,705, grew by less than 10% between 1971 and 1996. By 1991, the number of jobs in the city had risen to 12,500 and more than 60% of the workforce in-commuted from rural areas and neighbouring towns.

Newquay - With a population of 18,000, Newquay is the biggest town on Cornwall's north coast and the main holiday resort in the County, with particular appeal to surfers and young people. Its population grew by 43% between 1971 and 1996 and, along with Saltash, it had the biggest absolute growth of any of the towns. Its age structure is skewed slightly towards younger families. Unemployment varies more widely between seasons than most of Cornwall's, and is extremely high during winter.

St Austell - Cornwall's biggest town with a population of 21,200, St Austell is the centre of the china clay industry, which dominates physically an area of 36 square miles to the north. English China

Clays, which was Cornwall's biggest independent private firm, has recently been taken over by a French company. The town grew by more than one-quarter between 1971 and 1996. Its age structure, unemployment and activity rates, are all similar to the Cornwall average. Manufacturing and mining offer the largest percentage of jobs, at 23%, of all towns in Cornwall.

Bodmin - Bodmin, with 43% of its 12,775 population under 30, has the youngest age structure of any of the Cornish towns. It is also one of the fastest growing, experiencing a 40% increase between 1971 and 1996, despite the rundown of a large hospital. Activity rates are high and unemployment relatively low. Located at the intersection of the two main trunk roads, the A30 and A38, Bodmin has developed major new industrial estates and, in 1991, 21% of the workforce worked in manufacturing or mining.

Launceston - Launceston, with a population of 6,800, is the gateway to the County on the A30 trunk road. A historic market town with a catchment area, which extends into west Devon, it has enjoyed high activity rates, particularly among women, in recent years its unemployment has been below even the national rate. 21% of jobs are in manufacturing and mining. The performance of its manufacturing base has been mixed with significant growth in food processing offsetting some closures.

Bude - Bude is the main holiday resort in North Cornwall. Isolated from the rest of the County, its population grew by 62% between 1971 and 1996. This is the most rapid growth of any of the main towns described in this section, and its population now exceeds 7,000. It is a popular retirement area and, in 1991, over 26% of the population were aged 65 or more. 88% of jobs are in the services sector. Unemployment and activity rates are both below the Cornwall average.

Liskeard - The population of Liskeard grew by 53% between 1971 and 1996, to over 8,000. There is a relatively large number of young families with children. Being on the main line railway, Liskeard is important for commuting to Plymouth. Unemployment is well below the Cornwall average.

Saltash - On the banks of the River Tamar, facing Plymouth, Saltash's fortunes are closely related to Plymouth's, where 2,700 residents commuted for work in 1991. Its population rose by more than 50% between 1971 and 1996, to 15,380, and there are strong pressures for development to continue. Nearly 40% of the population is under 40 years old and activity rates are well above the County average. There has been some growth of manufacturing on the edge of the town and a major site at Broadmoor Farm has been scheduled for development.

KEY POINTS
There are a number of major coastal towns, where tourism and harbour/port related employment forms the backbone of the local economy.
Some of the major towns in the east of the County interact with both the Cornwall and Plymouth- Devon economy.
Bodmin, Truro, Camborne/Redruth and St Austell are major employment centres, with significant capacity for increased commercial and industrial activity.

CONDITIONS IN THE ISLES OF SCILLY

The Isles of Scilly are an Atlantic archipelago of some 200 islands and rocky islets, located 45km off the south west Atlantic Coast of Cornwall, 60km from Penzance, the nearest port. Five islands - St Mary's, Tresco, St Martin's, Bryher and St. Agnes, are inhabited. The vast majority of the population (1,600 out of a total of 2,000) live on St Mary's, the largest island. The islands are independent of Cornwall and are administered by the Council of the Isles of Scilly, which has been in existence as a principal, free-standing unitary authority, for over 100 years.

The Isles of Scilly are designated as an Area of Outstanding Natural Beauty, a Heritage Coast, and a Conservation Area. There are 26 Sites of Special Scientific Interest (SSSI), over 120 buildings listed as being of historic or architectural importance, and more than 230 sites scheduled for their archaeological importance, the highest concentration in England. The waters around the islands, down to the 50-metre contour, have been established as a non-statutory Marine Park.

The population has been stable, at around 2,000 for many years, but a demographic imbalance is developing. Between 1981 and 1996, the number of retired people increased by 7% while the number of under 16s fell by 6%. Education is provided on the Isles up to the age of 16; thereafter, children have to be educated on the mainland, with much of the cost borne by their parents. The projected numbers of pupils for schools on the islands show dramatic falls over the next 10 years. Because of the small numbers involved, the loss of a few people can result in a substantial reduction in the available funding for a variety of services.

TOURISM AND AGRICULTURE IN THE ISLES OF SCILLY

Tourism and agriculture, which are both subject to yearly variations, dominate the Isles of Scilly economy and any downturn in these sectors can have far-reaching effects. Whilst the various elements of the economy are closely inter-linked, this is especially true of agriculture and tourism, which are highly interdependent, particularly in relation to labour.

Tourism is the largest single sector of the Isles of Scilly economy and continues to grow in importance. It now accounts for 85% of the Isles of Scilly economy, with around 120,000 visitors coming each year. This increased dependence on tourism has seen a dramatic change in employment patterns, with seasonal, part-time, low wage, unskilled employment now the norm.

During the summer months, the number of visitors can more than triple the normal resident population, with a daily average of over 3,500 overnight stays and 500 day visitors in peak season. Approximately 70% of those on a holiday trip stay on St Mary's. The number of bedspaces - comprising both hotels and guesthouses, and self-catering accommodation, has approximately doubled over the past 20 years to accommodate the increase in visitors.

Although tourism is now the dominant industry, agriculture and horticulture, once the mainstay of the local economy, are still important. These activities have, however, suffered because of high freight costs to the mainland and increased competition from England, Africa, South America and the rest of Europe. The increasing widespread use of polythene by growers on the mainland reduces the climatic advantage previously held by Scilly's farmers.

The Isles' mild climate is conducive to early cropping, although factors such as high humidity, strong salt-laden winds and the naturally high acidity of the soils, cause environmental problems for the industry. 39% of the land area of the inhabited islands is used for agriculture and this has shaped their distinctive landscape, one of the principal attractions for tourists. The fortunes of bulbs and potato growers have declined in recent years and the problems of the Islands' agricultural industry are recognised in its status as both a Less Favoured Area (LFA) and Assisted Area.

The islands rely on flower growers, not only as a source of employment to complement tourism, but also as custodians of much of the landscape upon which tourism depends. Flower growers are coming under increased pressure and it is a real effort for them to sustain their businesses. There is a constant search for innovation in species, techniques and marketing and the previous 5(b) Programme has been invaluable over the last few years in this respect.

Sea fishing provides income for 50 people and is the main source of income for about 16 of them. Fishing activities are predominately on a small scale, such as shell fishers and netters, with only one trawler. A small quantity of the catch is sold locally with the majority being shipped to the mainland and sold through Newlyn Fish Market. This disadvantages the Scillonian fishing industry because of the "over-landing" costs of transport to Newlyn and, in winter, a decrease in the number of sailings to Penzance.

TRANSPORT AND THE ISLES OF SCILLY

Transport plays a central role in the everyday life in the islands. The maintenance of safe and dependable sea and air links to the mainland, and between islands, is critical as they are lifeline services that are central to the survival of this fragile community. The ships and aircraft, which provide the service, are the roads of the islands, and traffic volumes have been increasing in recent years - see **Table 1**.

TABLE 1: PASSSENGER TRIPS TO ISLES OF SCILLY

Carrier	1988	1990	1991	1993	1995	1997	1998
Scillonian III (boat)	56,409	57,479	47,776	35,181	40,599	47,206	44,664
Helicopter	43,053	46,571	46,634	44,616	37,127	44,910	49,105

Brymon (fw plane)	2,840	3,027	N/A	N/A	N/A	N/A	N/A
Skybus (fw plane)	10,397	14,979	17,269	17,684	22,272	21,022	20,699
Total	**112,699**	**122,056**	**111,679**	**97,481**	**99,998**	**113,138**	**114,468**
Source: Isles of Scilly Council							

These services are essential, not only for personal transport, but also for the movement of goods that are consumed or exported. There is a network of inter-island launches, which is vital for the tourism industry and for the transport of goods, services and local people.

Basic services, such as sewerage, water, and waste disposal, are for the most part - and uniquely in England, still publicly operated. They have to provide, not only for the resident population, but also for the visitors who can triple the population for a large portion of the year. Much of the telecommunications infrastructure, particularly the submarine cables between the islands, is not of a standard which will enable access to the potential benefits offered by ICT.

The Isles of Scilly have a predominantly tourism-based economy, with the inherent problems of seasonal, part-time, low paid and low skilled employment. Other characteristics are an economy geared entirely to SME's; a high preponderance of multiple job holdings; employment opportunities constrained by lack of access to affordable housing; and an environment of internationally acknowledged importance which is both a constraint and an enormous opportunity.

KEY POINTS

The Isles of Scilly are a small and fragile economy, dependent on horticulture and tourism to sustain employment numbers.

Transport infrastructure is critical to the prosperity of Scilly.

The Isles are unique in that the Council is responsible for all basic infrastructure, including key services that have been "privatised" on the mainland.

GENERAL

POPULATION TRENDS

The structure of Cornwall's population has been influenced considerably by past migration flows. For nearly a century, from the 1860s to the 1950s, Cornwall experienced an almost continuous net loss of population. Since the early 1970s, however, the County's population has risen by 28%, from 379,800 in 1971, to 485,600 in 1997, although the rate of growth slowed in the 1990s. The equivalent increases in population for the South West region and England were 11.8% and 5.8% respectively.

This increase is entirely due to net in-migration. Two-thirds of the net gain have been people of working age and their children, albeit that many of those moving to the area have been early retirees. This trend is forecasted to continue, with ONS projections indicating that, of the 33,500 population growth envisaged between 1996 and 2011, 27,500 (82%) will be aged between 45 and 64, the vast majority of whom will be in, or seeking employment. Research by Champion and Williams indicates that Cornwall attracts comparatively large numbers of migrants who are in the late stage of their job careers and a high proportion of people who own their properties outright; they are often "equity rich and work poor".

The significant in-migration experienced in the County over the past 20 years has been accompanied by an increasing out-migration among younger people in their teens and early 20s, primarily due to limited educational and employment opportunities. Consequently, the population aged below 45 is expected to decline, unless more young people can be retained and higher numbers of younger migrants can be attracted to the County.

Relative to other parts of the UK, Cornwall is a racially homogenous area. The 1991 Population Census indicated that 99.5% of the population of Cornwall and the Isles of Scilly was white. This is the second highest proportion in the country. Of the small proportion of ethnic groups, the Black Caribbean and Chinese are those most represented in Cornwall.

The population is spread fairly evenly across the six mainland districts within the County - see **Table 2**. Nevertheless, population density varies from 185 to 200 persons per km^2 in the four Western districts to only 67 persons per km^2 in North Cornwall. A little over one-fifth of the population live in rural areas and in settlements of less than 1,000 people. A further fifth live in villages of between 1,000 and 2,000, and just over one-quarter live in the larger villages and smaller towns, with populations between 2,000 and 10,000. Only a little under one-third of the population live in settlements of over 10,000 people, compared with four-fifths in England and Wales.

TABLE 2: POPULATION BY DISTRICT

District	1981	1991	1997 – *98?*	%Change 1981-97
Penwith	54,200	59,900	59,500	+9.8
Kerrier	83,400	88,700	90,300	+8.3
Carrick	75,900	83,800	85,100	+12.1
Restormel	78,100	87,300	90,500	+15.9
North Cornwall	65,300	74,300	79,700	+22.1
Caradon	68,500	78,100	80,500	+17.5
Isles of Scilly	**2,000**	**2,000**	**2,000**	**-**
Cornwall	**425,400**	**472,100**	**485,600**	**+14.2**

Source: ONS - See Eurostat.

Nine towns have populations of over 10,000. St Austell, with 21,100, is the largest but the Camborne-Redruth area, where the population is nearly 40,000, is the only area that can be described as a conurbation. Since the 1960s, Truro has developed as a sub-regional centre for mid and west Cornwall for administration, shopping and office-based employment.

The Isles of Scilly have a virtually static population of about 2,000, although the population is ageing and school rolls falling. Development on the islands is very tightly controlled and there is little new house building. Five of the islands are inhabited but more than 80% of residents live on St Mary's, principally in Hugh Town.

KEY POINTS

Cornwall has a growing population, with in-migration forecasted amongst people of working age. The new arrivals will compete for the limited job opportunities available within the County. There is a need to increase the number of jobs in the economy to avoid an increase in the rate of unemployment.

Cornwall is not a "classic" rural area, and has a significant town based population, with 9 towns with a population in excess of 10,000.

Parts of Cornwall are sparsely populated, with the majority of the population in small or very small settlements.

While the local economy has been historically dominated by agriculture, Cornwall has a significant manufacturing sector, employing almost 22,000 people in 1997- 15% of the workforce. Following the recession of the early 1990s, manufacturing employment recovered strongly, increasing by almost 45% - 6,700 jobs, between 1991 and 1997 - see **Table 3**.

TABLE 3: SECTORAL CHANGE IN EMPLOYMENT 1991-1997

Sector	Employment in Cornwall			% Change in South West	% Change in GB
	1991	1997	% Change		
Mining, quarrying	3,010	2,242	-25.5	-18.3	-47.3
Manufacturing	15,072	21,816	44.7	6.6	-2.9
Electricity, gas, water	1,641	991	-39.6	-32.3	-36.7
Construction	4,580	7,063	54.2	17.3	-1.5
Wholesale, retail	25,080	27,290	8.8	11.0	9.5
Hotels and restaurants	19,461	18,365	-5.6	-3.5	6.3
Transport, communications	6,734	5,809	-13.7	3.0	-2.3
Banking and finance	3,777	2,558	-32.3	-11.7	-3.9
Other business activities	10,117	11,336	12.0	38.2	36.1
Public admin, defence	8,555	8,109	-5.2	-0.7	-8.1
Education	10,118	11,431	13.0	15.3	3.3
Health and social work	19,068	21,813	14.4	12.6	6.4
Other services	5,326	7,365	38.3	26.3	20.6
Total [1]	**132,539**	**146,188**	**10.3**	**9.9**	**5.5**

Source: Census of Employment 1991/Annual Employment Survey 1997.

[1] **Excludes agriculture, forestry & fishing.**

Manufacturing employment in Great Britain fell by a further 3% over the same period, in line with longer-term trends. Employment growth in Cornwall is, however, likely to have levelled out in the past two years as trading conditions have worsened.

The proportion of employment in hotels and restaurants again illustrates the importance of the tourism sector to Cornwall. In 1997, 12.5% of jobs in Cornwall were in hotels and restaurants, compared to 6.7% for the South West and 5.7% for GB. The mixed fortunes of tourism in Cornwall are confirmed, however, by recent employment trends: while the number of jobs nationally increased by 6.3% Cornwall experienced a reduction of 5.6%.

Although relatively modest in absolute terms, the proportionate reduction in the number of jobs in banking and finance was significant, at almost one-third. Approximately three-quarters of the jobs lost were full-time, many of which would have been relatively well paid.

While the rural nature of the County is always likely to count against a significant banking and finance sector, the proportionate employment losses in the South West and GB as a whole were much smaller. In 1997, only 1.7% of Cornish jobs were in banking and finance compared to 4.1% in the South West and 4.3% nationally.

The County also lags behind in the volume of employment in high technology industries, comprising pharmaceuticals, office machinery and computers, aerospace, precision instruments and electrical/electronic engineering. Data for 1996 show that the percentage employed in high technology industries in Cornwall was 1.4% lower than the South West, and 4% lower than GB.

The other notable features of the employment structure in Cornwall are a high proportion employed in health and social work (14.9 % compared to 10.9% nationally), partly reflecting the higher proportion of older age groups in the County, and the much lower proportion in other business activities (7.7% compared to 14.2% nationally). Growth in business services during the 1990s was much higher in both the South West and the national economy. This sector is likely to be a key source of employment growth in the future with a high proportion of well-paid jobs.

Employment in agriculture is not captured particularly well by the AES, partly due to the high levels of seasonal and temporary employment, as well as a high proportion of self-employed individuals. Data from the Agricultural Census provides a more accurate picture. In 1997, the Agricultural Census indicated that there were 14,571 persons working in the agricultural sector in Cornwall, half of whom were ‘farmers/partners/directors’. Based on this data, agriculture accounts for 9% of employment in Cornwall. The 1997 Agricultural Census also shows a 9.7% decline in Cornwall’s agricultural workforce, compared with a 15% decline nationally.

The trend in employment during the 1990s has reinforced differences in the structure of employment within Cornwall. Those areas which have the highest proportion of employment in hotels and catering (Penwith and Restormel) for example, experienced the poorest employment performance.

KEY POINTS
Employment in hotels and catering, closely related to tourism, accounts for a very high proportion of all employment.
The growth in business services was much lower than the South west or nationally, and Cornwall is significantly under-represented in this key sector, with a 40% increase in six years contrasting to an overall decline nationally.
The growth in manufacturing employment in Cornwall was exceptionally high.
Although the agricultural workforce has declined, it remains at a higher level in Cornwall than elsewhere in the South West or nationally.

EMPLOYMENT BY SUB-SECTOR

The broad analysis of sectoral employment change does not provide sufficient detail on which specific industries have performed well or poorly. It is unlikely, for example, that all sub-sectors within manufacturing will have increased their employment in the 1990s.

For some sub-sectors within manufacturing, the data suggest a wide divergence between local and national performance, with strong growth in employment in Cornwall while it was falling, or increasing at a much lower rate, at the national level. This is especially the case for timber, rubber, plastic and others, metal manufacture and fabrication, food drink and tobacco, optical and electrical equipment, transport equipment and textiles and leather products. This suggests that the competitiveness of local business can often override wider trends in the performance of that sector or industry.

Table 4 summarises those sectors with the largest proportionate change in employment between 1991 and 1996.

TABLE 4: EMPLOYMENT TRENDS BY SUB-SECTOR, 1991-1996

Cornwall and Isles of Scilly	1991	1996	1991-96	% Change Cornwall	% Change GB
Manufacturing of timber,rubber,plastic & other	1,224	2,329	1,105	90.3%	17.1%
Metal manufacture and fabrication	1,119	1,975	856	76.5%	-3.0%
Mining of energy producing materials	59	97	38	64.4%	-59.4%
Processing of energy producing materials	102	145	43	42.2%	-8.8%
Manufacturing of food, drink and tobacco	2,390	3,182	792	33.1%	-8.3%
Manufacturing of pulp,paper/products; printing etc	1,911	2,471	560	29.3%	3.3%
Manufacturing of non-metallic mineral products	710	893	183	25.8%	-14.7%
Other service activities	5,325	6,672	1,347	25.3%	18.7%
Manufacturing of optical and electrical equipment	2,100	2,618	518	24.7%	8.0%
Wholesale/retail distribution; repair	25,079	30,999	5,920	23.6%	6.3%
Manuf transport equipment	1,283	1,545	262	20.4%	-6.0%
Construction	4,580	5,394	814	17.8%	-14.5%
Health and social work	19,067	21,468	2,401	12.6%	5.5%
Manufacturing of textiles/products,leather/products	1,181	1,322	141	11.9%	-9.9%
Manufacturing of chemicals and man-made fibres	557	512	-45	-8.1%	-9.7%
Manuf machinery and equipment nec	2,494	2,236	-258	-10.3%	-13.7%
Transport storage and communications	6,734	5,920	-814	-12.1%	-3.0%
Hotels and catering	19,461	17,061	-2,400	-12.3%	3.0%
Mining of non-energy producing materials	2,951	2,137	-814	-27.6%	13.4%
Electricity, gas and water supply	1,641	1000	-641	-39.1%	-34.7%

Source: Annual Employment Survey.

KEY POINTS

The highest proportionate growth by activity was in a few manufacturing sub-sectors, although the numbers involved were sometimes quite small.

Given the employment base, Cornwall has significant numbers employed in a wide range of manufacturing sectors, the majority of which have been growing.

The greatest absolute increase in employment was in wholesale/retail, health, and social work.

Hotels and catering employment, the key tourism indicator, declined substantially, with over 10% of all jobs lost in a 5-year period.

EMPLOYMENT FORECASTS

Cornwall is forecasted to enjoy among the fastest rates of employment growth in GB. The latest forecasts from Cambridge Econometrics, summarised in **Table 5**, anticipate employment growth in Cornwall of 0.9% per annum between 1997 to 2010. Although this is half the rate observed between 1981 and 1997, it is still the 12th fastest of all counties in GB.

TABLE 5: FORECAST EMPLOYMENT IN CORNWALL

Sector	1981	1996	2010
Agriculture, forestry, fishing	13.8	12.3	11.5
Mining & Quarrying	5.5	2.4	1.3
Manufacturing	15.6	20.6	19.2
Utilities	1.3	1.1	0.8
Construction	9.2	11.5	14.5
Distribution,Hotels	48.5	56.1	73.0
Transport & Communications	7.3	6.5	7.0
Finance & Bus Services	12.0	16.6	22.5
Public & Other Services	30.7	56.6	64.4
Total	**143.8**	**183.7**	**214.2**

Source: Cambridge Econometrics.

Overall growth of 30,000 jobs is forecast to 2010, with the majority being within the service sector. Growth will be especially strong in distribution and hotels, where part-time working and lower wages are more common. Agricultural employment is predicted to continue its long-term decline, while some of the gains in manufacturing employment experienced during the late 1980s and early 1990s will be reversed.

KEY POINTS
Cornwall is forecasted to have one of the highest employment growth rates in the UK.
A significant proportion of this growth will be in sectors where part-time working and/or lower paid jobs are common.
Manufacturing employment is forecasted to decline, albeit marginally.
The forecast for finance and business services will still leave Cornwall significantly under- represented in this growth sector.
The forecast employment growth will be insufficient to significantly change the economic position of Cornwall relative to other parts of the South West.

OCCUPATIONAL STRUCTURE

The over-representation of lower wage sectors in Cornwall is reinforced by the County's occupational structure - see **Table 6**. It is under-represented in the normally higher wage categories of managers and administrators, professional occupations, associate professional and technical occupations and plant and machine operatives. Conversely, it is over-represented in activities that tend to pay lower levels of wages: personal and protective services, 'other occupations', and unskilled occupations.

TABLE 6: OCCUPATIONAL STRUCTURE

Occupation	Cornwall No.	Cornwall %	GB %
Managers & administrators	31,000	14.8	15.8
Professional occupations	14,000	6.8	10.7
Associate professional & technical	20,000	9.6	10.2
Clerical and secretarial	27,000	12.9	14.9
Craft and related	34,000	16.0	12.2
Personal and protective services	29,000	13.6	10.8
Sales occupations	17,000	8.3	8.1
Plant and machine operatives	16,000	7.6	9.3
Other occupations	22,000	10.4	7.9
Unskilled occupations	14,000	6.6	4.6
All in employment	**210,000**	**100.0**	**100.0**

Source: Labour Force Survey.

KEY POINTS
Cornwall has a significantly lower proportion of people economically active than the South West, and in two districts - Penwith and Kerrier, the gap is considerable.
Cornwall has a low proportion of its population in higher skilled occupations, particularly the professional category.
Significant numbers of the workforce are engaged in craft and related skills, the largest occupational group in the County.

EARNINGS, INCOME AND GDP

Earnings and Income

Not surprisingly, given the sectoral profile outlined earlier, average earnings in Cornwall are amongst the lowest in the country - see **Table 7**.

TABLE 7: COMPARISONS OF WEEKLY EARNINGS, 1998

	£ Cornwall	£ South West	£ GB	Cornwall % below GB
		Persons		
All	291.8	354.0	384.5	31.8
		Males		

Manual	262.6	309.3	328.5	25.1
Non manual	no data	461.2	506.1	-
All	319.2	392.4	427.1	33.8
Females				
Manual	171.9	202.3	210.8	22.6
Non manual	275.1	304.5	330.1	20.0
All	250.6	286.2	309.6	23.5
Source: New Earnings Survey, 1998, ONS.				

Gross weekly earnings in Cornwall in 1997 were £292, compared with £385 for Great Britain. This gap, at 32%, is well above that of 7% for the South West Region. Moreover, the earnings gap has widened considerably over the past 20 years. In 1981, average earnings in Cornwall were only 16% below the UK average. While the gap between males and females continues to narrow, female earnings in Cornwall are, on average, 80% of those for males.

A significant proportion of the Cornish workforce earns very low wages - see **Table 8 (over)**

TABLE 8: DISTRIBUTION OF WEEKLY EARNINGS, 1998		
	% earned under £250	**10% earned less than £**
GB	28.9	182.3
England	28.1	184.1
South West	32.7	175.1
Cornwall	**50.0**	**154.0**
Source: New Earnings Survey, 1998 1Full-time employees on adult rates.		

Half of all Cornish employees earned less than £250 a week in 1998, compared to only 29% nationally. While gender differences have narrowed, more than 40% of women employed full-time earned less than £190 per week. This is partly due to the over-representation of women in low paid sectors but it also reflects the fact that any higher paid jobs that are available are more likely to be taken up by men.

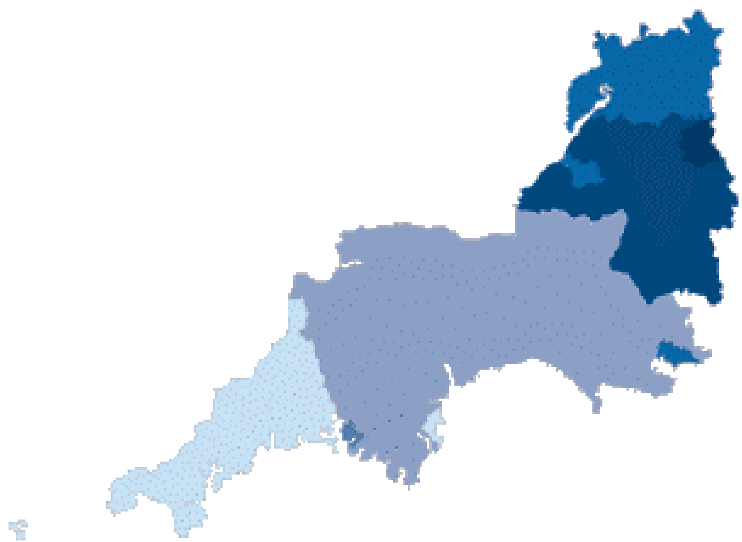
Cornwall has a much lower proportion of multiple-earner households, as well as lower average earnings, than the national average. Nationally, there are 14 districts with over 60% of all households with multiple earners. The Cornish Districts have much lower proportions, ranging between 45.8% for Penwith and 52.3% for Caradon. All the Cornish Districts lie in the worst performing third of English Districts.

Household income per head in Cornwall also lags behind the South West and UK averages. While the gap in household income has narrowed during the 1990s, this largely reflects increasing levels of unearned income, particularly retirement pensions, accruing to residents of the County.

Cornwall's Objective 1 status is based on the lowest GDP per head in the UK. In 1996, the latest year for which data are available, Cornish GDP per head was only 71% of the UK average, compared to a figure of 95% for the South West Region. There are significant disparities of wealth within the South West, ranging from GDP per head of 53% above the UK average in Swindon to 19% below in Devon, and 29% below in Cornwall.

Broadly, average prosperity falls considerably the further west you travel in the region, reflecting, to a large extent, distance from markets and centres of economic activity. These disparities are highlighted in **Figure 1**, where the darker shaded areas represent higher GDP per head figures.

Figure 1: Comparative GDP per Head in the South West



GDP

Table 9 (over) highlights GDP per capita trends between 1991 and 1996. Cornwall and Scilly have a GDP per capita of 72 against an EU average of 100. This figure was well below the South West figure, which was only five percentage points below the EU average. There was no change in the relative position of Cornwall throughout the early and mid 1990s, and in 1996 GDP per capita still stood as 71, almost 30 percentage points below the EU average.

TABLE 9: GDP/CAPITA TRENDS

	1991	1993	1994	1995	1996
Cornwall and Scilly	72	71	72	71	71
South West	95	96	96	96	95
EU	100	100	100	100	100

Source: Regional Trends.

Table 10 provides a comparison of GDP by sector for Cornwall, the South West and the UK during 1996.

TABLE 10: SECTORAL COMPOSITION OF GDP, 1996

Sector	Cornwall (%)		GDP (%)	
	Employment	GDP	SW	UK
Public & Other Serv	30.8	23.3	25.1	22.9
Distrib,Hotels,etc	30.5	19.5	14.6	14.6
Manufacturing	11.2	14.8	20.3	22.0
Finance & Bus Services	9.0	10.8	20.2	21.9
Construction	6.3	7.2	5.1	5.3
Transport & Communci	3.5	6.4	6.2	8.2
Agriculture etc	6.7	6.3	3.7	1.9
Mining & Quarrying	1.3	5.0	1.6	0.8
Utilities	0.6	2.8	3.3	2.4

Source: Economic Trends, March 1999.

Cornwall earns a relatively high proportion of its GDP from three sectors – mining and quarrying; distribution, hotels and catering; and agriculture. These all tend to be lower wage and value added sectors. In contrast, the county has a relatively low share of GDP generated in manufacturing and in financial and business services, which are both higher wage and value added.

Table 11 shows that sectors in which Cornwall is well represented (with a location quotient greater than one) are also those that tend to have the lowest wages, especially in agriculture, hotels and catering, and wholesale/retail distribution. High wage sectors such as financial and business services are significantly under-represented in Cornwall.

TABLE 11: SECTORAL EMPLOYMENT/WAGES MIX, 1996				
	Cornwall		**Wages (GB)**	
	Employment	**LQ**	**MFT**	**FFT**
Mining of non-energy materials	2,137	9.9	£20,790	NA
Agriculture, forestry and fishing	5,610	2.9	£14,920	£10,552
Hotels and catering	17,061	2.1	£15,093	£10,702
Health and social work	21,468	1.3	£21,860	£18,103
Wholesale/retail distribution; repair	30,999	1.2	£19,556	£12,828
Manufacturing of food, drink and tobacco	3,182	1.1	£20,058	£12,904
Transport storage and communications	5,920	0.7	£19,777	£16,243
Manufacturing of transport equipment	1,545	0.6	£22,519	£15,416
Manufacturing of textiles,leather products	1,322	0.6	£16,928	£9,998
Metal manufacture and fabrication	1,975	0.5	£21,007	£13,373
Financial and business services	14,218	0.5	£32,065	£17,197
Mining of energy producing materials	97	0.3	£26,874	NA
Manufacturing of chemicals and man-made fibres	512	0.3	£25,958	£15,589
Total	**148,659**	**1.0**	**£21,877**	**£15,438**
Source: Annual Employment Survey/New Earnings Survey, 1996.				

KEY POINTS

An exceptionally high proportion of the Cornwall workforce earns very low wages.

Prosperity, as measured by GDP/capita, is lowest in the west of the County, although the east remains below the South West average.

Agriculture, mining and tourism contribute a much high proportion than average to income in Cornwall.

The County has a high employment share in predominantly low wage industries, some of which are in long-term decline. Conversely, it has a low employment share in higher wage and value added sectors.

EMPLOYABILITY, ENTREPRENEURSHIP AND ADAPTABILITY

EMPLOYABILITY

Economic Activity

Economic activity rates in Cornwall are generally below those of the South West and the UK - see **Table 12** and this undoubtedly is one explanation for observed differences in income.

TABLE 12: COMPARATIVE ECONOMIC ACTIVITY RATES, 1998 [1]	
Area	**Economically Active (%)**
Isles of Scilly	n/a
Kerrier	71.1
Penwith	72.8
North Cornwall	77.5
Carrick	78.1
Restormel	80.5
Caradon	80.6
Cornwall	76.8
South West	82.0
UK	78.6
Source: Regional Trends, 1998 1% of those of working age.	

There are significant differences between districts, with Penwith and Kerrier, the most westerly, characterised by lower activity rates than the eastern districts. Differences in activity rates between men and women, however, continued to narrow over the past five years. Whilst economic activity rates for women of working age in Cornwall rose from 70.8% in spring 1995 to 73.1% in spring 1998, male rates fell over the same period, from 85.5% to 79.8%.

KEY POINTS
Economic activity rates are significantly below the South West average.
There is considerable variation within the region, with exceptionally low economic activity rates in a number of districts.
Although economic activity rates between men and women have narrowed, the gap is still considerable.

Employment

Employees in Employment

There were 154,000 employees in employment in Cornwall during 1997. As with population, this employment was spread fairly evenly across the County, ranging from almost 35,000 in Carrick and 31,000 in Restormel to almost 16,000 in Penwith - see **Table 13**.

TABLE 13: TOTAL EMPLOYMENT IN CORNWALL, 1997

District	No. of Employees in Employment	% of Employees in Employment
Isles of Scilly	738	0.5
Penwith	15,874	10.3
Kerrier	23,362	15.2
Carrick	34,832	22.7
Restormel	31,040	20.2
North Cornwall	27,099	17.6
Caradon	20,772	13.5
Cornwall	153,717	100.0

Source: Annual Employment Survey, 1997.

In line with the national trends, employment in Cornwall increased during the 1990s: up by 10% between 1991 and 1997 compared to 7.4% and 4.4% for the South West and GB, respectively. The figures are shown in **Table 14 (over).**

TABLE 14: EMPLOYMENT CHANGE 1991-1997 (%)

District	Male FT	Male PT	Female FT	Female PT	Total
Isles of Scilly	-19.0	14.0	-43.0	110.0	-18.0
Caradon	59.5	49.5	54.8	2.3	36.7
Carrick	4.7	11.9	11.5	3.0	6.8
Kerrier	1.6	48.9	16.2	-3.2	6.2
North Cornwall	18.4	36.8	25.9	16.2	21.5
Penwith	-3.0	6.8	2.4	-12.0	-3.8
Restormel	6.0	18.2	8.6	-5.7	4.5
Cornwall	10.7	28.7	16.4	0.8	10.3
South West	1.9	33.8	8.6	10.8	7.4
GB	-1.5	37.9	5.2	9.2	4.4

Source: Census of Employment 1991/Annual Employment Survey 1997.

Almost 80% of the increase in jobs in Cornwall were full-time, with a particularly notable increase in male full-time employment. Male full-time employment had previously been declining over the longer-term and the local trend contrasts starkly with GB, which experienced a 1.5%.

Whilst the majority of new jobs were full-time, part-time employment remained much more important for Cornwall than for other parts of the country. The proportion of part-time workers in 1996 was 37.1%, and Cornwall and the Isles of Scilly had the highest proportions of people working part-time during 1991 and 1996, for GB as a whole. Other areas with a high proportion of part-time employment were also predominately rural (Highland Region, Devon, Western Isles), in contrast to the urban areas of Greater London and the West Midlands, where only one-quarter of those employed were part-time.

The increase in total employment between 1991 and 1997 was not spread evenly. While employment in Caradon increased by more than one-third, employment in Penwith fell by 3.8%. These figures imply a widening gap between the eastern and western areas of the South West region, and between eastern and western areas within Cornwall. Table 15, shows the structure of employment for 1997.

TABLE 15: EMPLOYMENT BY GENDER AND TYPE, 1997 (% OF TOTAL EMPLOYMENT)

Area	Male FT	Male PT	All Male	Female FT	Female PT	All Female
Isles of Scilly	32.9	15.4	48.4	23.2	28.5	51.5
Caradon	39.2	7.9	47.1	25.3	27.6	52.9
Carrick	37.6	7.7	45.3	27.5	27.2	54.7
Kerrier	43.0	7.6	50.7	24.9	24.4	49.3
North Cornwall	40.2	8.1	48.3	26.0	25.7	51.7
Penwith	36.7	8.1	44.7	26.5	28.8	55.3
Restormel	44.1	7.6	51.7	23.1	25.2	48.3
Cornwall	40.3	7.8	48.1	25.5	26.3	51.9
GB	44.8	6.1	50.9	26.8	22.2	49.1

Source: Annual Employment Survey, 1997.

By 1997, almost 45% of all GB jobs were full-time positions for males while the equivalent figure for Cornwall was only 40%. In contrast to women, where many working part-time would do so out of choice, the higher incidence of part-time jobs in Cornwall could be restricting men's access to full-time work. Higher levels of part-time working generally are consistent with higher levels of underemployment and, again, are part of the explanation for the observed income differential.

KEY POINTS

Cornwall experienced significant employment growth in the 1990s and the majority of these jobs were full-time, in contrast to the national trend.

Both male and female employment increased markedly, in contrast to the national situation where male full-time employment declined.

In spite of this increase, full-time - and particularly male full-time employment, makes up a significantly smaller part of the workforce compared to the national average.

Although female full-time employment increased, less than half of women in the workforce are employed on a full-time basis.

Unemployment

Registered, or claimant, unemployment has fallen both nationally and in Cornwall over recent years, due to the recovery in economic growth and changes in eligibility for benefit. Despite recent trends, unemployment in Cornwall remains above regional and national averages, see **Table 16**.

TABLE 16: TRENDS IN CLAIMANT UNEMPLOYMENT

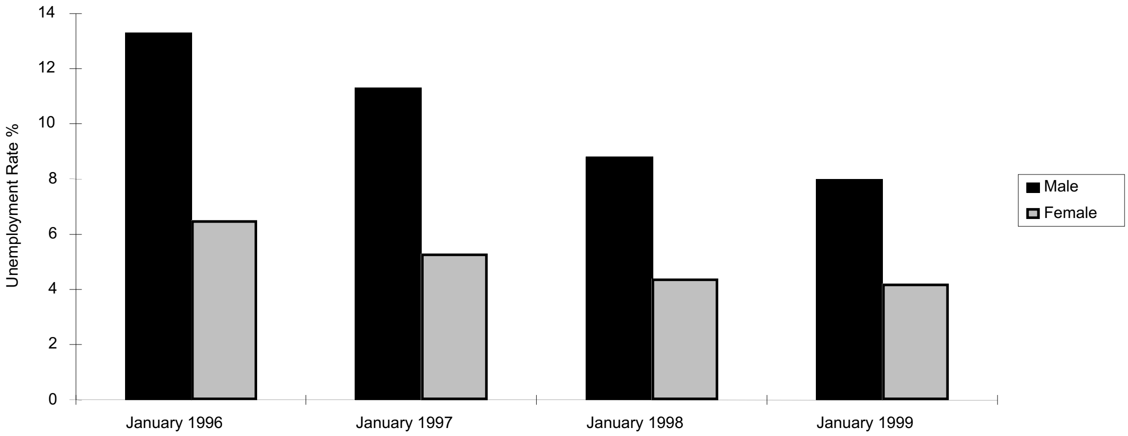
	Cornwall		South West		Great Britain	
	Number	Rate %	Number	Rate %	Number	Rate %
July 1999	10,572	4.8	73,073	3.0	1,210,646	4.3
January 1999	14,275	6.3	88,926	3.7	1,330,434	4.8
July 1998	11,189	5.0	82,135	3.4	1,307,632	4.7
January 1998	15,515	6.9	97,160	4.1	1,419,501	5.2
July 1997	12,626	5.6	98,680	4.2	1,520,137	5.6
January 1997	19,520	8.6	135,786	5.7	1,836,916	6.7
July 1996	17,872	8.1	146,422	6.2	2,067,278	7.6
January 1996	22,650	10.3	167,998	7.4	2,224,207	8.2

Source: Employment Service

At January 1999, four of the 20 TTWAs (Travel-to-Work Areas) with the highest unemployment rates in England were situated in Cornwall. The Newquay TTWA, at 12.0%, was the worst of all, followed by Camelford (9.1%), Penwith and the Isles of Scilly (8.9%) and Falmouth (7.8%). The Helston TTWA is only just outside the top twenty TTWAs, with 7.7% unemployment.

While unemployment among males and females has been falling locally and nationally, unemployment remains more common for males than females - see **Figure 3**. This will partly reflect that males are more likely to meet claimant criteria and hence register, but it will also reflect that much of the recent employment growth has been in service activities, such as retail, where female employment is relatively more common.

Figure 3: Unemployment in Cornwall 1996 - 1999



In line with national trends, the proportion of unemployed individuals in older age groups has increased during the 1990s. Data for April 1999, given at Table 17, indicate that almost one-third of those registered as unemployed were aged 45 or older, compared to only 29% in April 1996. Surprisingly, the proportion of unemployed females in this age group was higher than for males.

TABLE 17: UNEMPLOYMENT BY AGE IN CORNWALL AND SCILLY (APRIL 1999)

	Male		**Female**		**All Persons**	
	Number	**%**	**Number**	**%**	**Number**	**%**
Under 20	748	8.4	417	12.4	1,165	9.5
Aged 20-24	1,243	13.9	580	17.3	1,824	14.9
Aged 25-34	2,538	28.4	653	19.4	3,183	25.9
Aged 35-44	1,736	19.5	505	15.0	2,241	18.3
Aged 45-54	1,743	19.6	853	25.4	2,596	21.1
Aged 55+	915	10.3	352	10.5	1,267	10.3
Total	**8,915**		**3,360**		**12,276**	

Source: Employment Service, ONS.

Despite favourable trends in recent years, youth unemployment remains an issue for Cornwall. Those aged under 25 accounted for almost one-quarter of all those unemployed at April 1999, similar to the proportions for the South West and GB.

The incidence of long-term unemployment in Cornwall is significantly below the national average - see **Table 18**. One-fifth of the unemployed in Cornwall in April 1999 had been out of work for more than one year, compared to 27% nationally. This largely reflects seasonal employment opportunities in sectors such as tourism and agriculture, whereby individuals obtain work in the summer only to return to the unemployment register in the winter months.

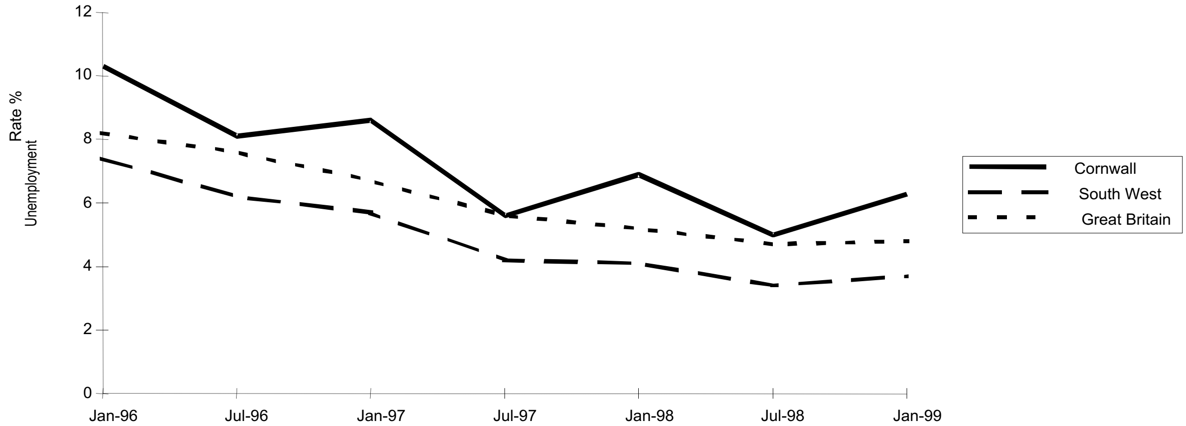
TABLE 18: DURATION OF UNEMPLOYMENT APRIL 1999

		Male		**%**	**Female**		**%**	**All**		**%**
Up to 26 weeks		5,229		58.7	2,199		65.4	7,428		60.5
Under 25	*Over 25*	*1,567*	*3,662*	-	*770*	*1,429*		*2,337*	*5,091*	-
26-52 weeks		1,694		19.0	618		18.4	2,312		18.8
Under 25	*Over 25*	*376*	*1,318*	-	*195*	*423*		*571*	*1,741*	-
52-104 weeks		1,020		11.4	303		9.0	1,323		10.8
Under 25	*Over 25*	*27*	*993*	-	*17*	*286*		*44*	*1,279*	-
> 104 weeks		972		10.9	240		7.1	1,212		9.9
Under 25	*Over 25*	*10*	*962*	-	*0*	*240*		*10*	*1,202*	-
TOTAL		**8,915**		**100**	**3,360**		**100**	**12,276**		**100**

Source: Employment Service, ONS.

The seasonality of unemployment is confirmed by the trend in unemployment rate over the last three years - see **Figure 4**. Compared with the South West and GB, where the unemployment rate has fallen fairly steadily, there is a seasonal trend in Cornwall, with significant increases during winter and reductions during summer.

Figure 4: Winter and Summer Unemployment



This trend reflects the heavy reliance on some sectors which experience seasonal variations in activity levels. For example, much of the employment in tourism is temporary, as well as being part-time and often poorly paid. The bulk of visitors come between Easter and the end of October, with over 40% of all visitors coming during July and August. Other important sectors with a seasonal pattern include fishing and agriculture. It is instructive to note that even in the peak summer months, when employment opportunities are at their greatest in Cornwall, the unemployment rate remains above those for the South West and GB.

KEY POINTS

A number of Cornwall TTWAs are amongst the top twenty in the UK in terms of high unemployment rates.

Cornwall suffers from seasonal unemployment, a result of the high dependence on tourism, and this factor disguises the number of people who suffer from regular periods out of work.

Long-term unemployment is less of a problem, partly due to the availability of part-time and/or seasonal jobs, although there are pockets of long term unemployed in parts of the region.

Older people make up a growing proportion of the unemployment register but youth unemployment remains an important issue for the County.

Unemployment Flows

The seasonality of unemployment is reflected in the flow of unemployment claimants. On average, there were 2780 new unemployment claimants in each month during 1999. The number of new claimants, however, varied significantly from this average during the year – there were twice as many new claimants in October than in June, for example.

TABLE 19: MONTHLY NUMBER OF NEW UNEMPLOYMENT CLAIMANTS, 1999

1999	Male		Female		Persons	
	All	*Under 25's*	All	*Under 25's*	All	*Under 25's*
January	2,131	*709*	1,220	*494*	3,351	*1,203*
February	1,491	*516*	732	*294*	2,223	*810*
March	1,510	*481*	679	*272*	2,189	*753*
April	1,899	*555*	658	*246*	2,557	*801*
May	2,174	*724*	790	*299*	2,964	*1,023*
June	1,352	*452*	586	*251*	1,938	*703*
July	1,632	*610*	730	*362*	2,362	*972*
August	2,068	*739*	1,146	*401*	3,214	*1,140*
September	1,805	*643*	833	*343*	2,638	*986*

October	2,782	***901***	1,182	***500***	3,964	***1,401***
November	2,088	***706***	1,143	***396***	3,231	***1,102***
December	1,982	***596***	833	***335***	2,815	***931***
Source: Claimant Count, ONS.						

Data on the destination of those leaving the unemployment register indicate that only approximately half of this group in Cornwall and Scilly enter employment, albeit this proportion is slightly higher than the UK average. Conversely, a higher proportion of those leaving the register in Cornwall and Scilly are merely claiming another benefit and still may be looking for work.

TABLE 20: REASONS FOR LEAVING UNEMPLOYMENT REGISTER, (%)

All Ages	**Cornwall and Scilly**				**UK**			
	Sep 1998		**Sep 1999**		**Sep 1998**		**Sep 1999**	
	All	***Under 25's***		***Under 25's***		***Under 25's***		***Under 25's***
Found work, increased hours to 16+	59.0	***59.0***	53.7	***53.7***	54.1	***51.0***	51.0	***48.1***
Claimed another benefit	6.3	***6.3***	6.1	***6.1***	3.4	***5.2***	3.1	***4.9***
Went into education, training	10.6	***10.6***	8.1	***8.1***	10.9	***11.0***	10.7	***10.7***
Ceased claiming, failed to sign	16.7	***16.7***	24.3	***24.3***	21.0	***24.7***	24.1	***28.1***
Other (prison, gone abroad, not known)	7.5	***7.5***	7.7	***7.7***	10.7	***8.0***	11.1	***8.2***
Source: Claimant Count, ONS.								

For those who have been out of work for more than a year, the data indicates a much lower proportion of positive outcomes. Fewer than 2 in 5 of this group leaving the unemployment register in Cornwall and Scilly went into work, whilst 1 in 6 claimed a different benefit, principally Incapacity Benefit. The position in Cornwall and Scilly is, however, relatively more positive than the UK average.

TABLE 21: DESTINATIONS OF LONG TERM UNEMPLOYED , (%)

Registered unemployed > 1 year	**Cornwall and Scilly**		**UK**	
	Sep 1998	**Sep 1999**	**Sep 1998**	**Sep 1999**
Found work, increased hours to 16+	38.7	39.3	36.3	35.5
Claimed another benefit	14.0	17.8	16.3	19.0
Went into education, training	30.8	15.9	20.1	17.1
Ceased claiming, failed to sign	14.5	15.0	17.6	19.6
Other (prison, gone abroad, not known)	2.0	12.1	9.8	8.7
Source: Claimant Count, ONS.				

This data is likely to understate the true extent of unemployment because the claimant count provides only a partial view as it excludes those looking for work but who are not registered for a variety of reasons. Data from the Labour Force Survey incorporates the wider definition of unemployment, which corresponds to that recommended by the International Labour Office (ILO). The relatively small sample sizes, however, mean that the LFS data for Cornwall is unreliable. In the first quarter of 1997, for example, the LFS recorded an unemployment rate of 7.8% compared to a claimant count rate of 8.6%. As the ILO definition is broader, this is counterintuitive. A recent study by the Employment Policy Institute (1998), "Unemployment, Inactivity and Non-employment", suggests that only one out of every five people of working age who are not working are classified as unemployed. This research also concluded that as many as half of all movements from non-employment into employment involve people previously classed as inactive and not as unemployed.

Poverty, Deprivation and Social Exclusion

Introduction

Poverty, deprivation and social exclusion are clearly very closely linked and many people in Cornwall suffer from these problems. There are a number of contributory factors, including:

- The nature of employment in the County;
- The prevalence of unemployment;
- Low wages, particularly in key sectors of the economy;

- Lack of job security, under-employment, casual and seasonal employment;
- Low levels of service provision in sparsely populated areas; and
- Lack of skills.

Poverty, deprivation and social exclusion are closely linked to low income, and average earnings in Cornwall are consistently the lowest of any county in England. In 1997, the New Earnings Survey reported that the average gross earned income in Cornwall was £284.5 per week. The average male full-time earnings of £319.2 per week was 25.9% below the Great Britain average; the average for women (£250.6) was 19.0% below the GB average. Another important indicator of poverty, deprivation and social exclusion is unemployment.

Geography of Deprivation

The DETR 1998 Index of Local Deprivation is the standard assessment of the geography of deprivation in England. Because different patterns emerge at different scales, deprivation is analysed at District, Ward and Enumeration District. The degree of deprivation found in the Cornwall's Districts is shown in **Table 22**.

TABLE 22: GEOGRAPHY OF DEPRIVATION

Area	Overall district level score (mainly 1996 data)	Rank order of 354 English districts (lower number = worse)
Isles of Scilly	1.44	267
Penwith	15.78	77
Kerrier	13.32	87
Carrick	8.95	117
Restormel	9.08	115
North Cornwall	5.43	146
Caradon	4.45	162

Source: DETR Index of Local Deprivation 1998.

Research (Payne, 1995 and others) has shown that the Index of Local Conditions does not provide a wholly accurate picture of deprivation. This reflects that District level aggregations can disguise the true extent of problems associated with dispersed rural populations, and the socially and economically polarised nature of rural communities.

The 1995 study 'People and Places: Social and Economic Distinctions in England' (SAUS) highlighted a number of situations:

- All Districts in Cornwall have an above average proportion of workers in manual occupations, when compared to the rest of the country, particularly in primary activities and in construction;
- Cornwall shows by far the highest rates of workers in the "free economy", that is people working in unpaid work, as carers, looking after the home or family;
- Workers in Cornish Districts tend to show high rates of working over 40 hours per week, but low rates of earning and of two income households;
- There are high rates of youth unemployment, youth participation in training schemes, and older males unemployed, on Government schemes and otherwise inactive but not retired; and
- Not only are mean earnings amongst the lowest of all English Districts, but inequality of income distribution is particularly high in Carrick, Kerrier, Penwith and Restormel, indicating particularly low incomes for the worst off.

Neither the Index of Local Deprivation (ILD) nor the Jarman scoring reflect the scale of the problems adequately. A number of other factors distort the overall picture:

- High levels of car ownership reflect the need for transport in rural areas, rather than affluent lifestyles. The use of car ownership as an affluence indicator does not take into account the age of the vehicle;
- High educational attainment (up to GCSE level) reflects local talent but does not ensure appropriate employment in an area of poor job opportunities;

- Employment statistics mask the heavy dependence on part-time and seasonal employment in tourism and other seasonal industries that leave many people on low incomes.

A more detailed study in 1996 ("Poverty and Deprivation in West Cornwall") showed that there are pockets of severe deprivation, particularly in West Cornwall:

- In four West Cornwall wards, over 25% of households are in poverty, according to the Breadline Britain index;
- In Cornwall, an average of 22.7% young people aged between 16 and 24 are unemployed or on a government scheme compared to the GB average of 19.5%. In 34 wards, over one-quarter of 16 to 24 year olds have no job, and in a further 15 wards over 24% are not working;
- In 22 Cornish wards, more than 2.5% of households lack or share use of a bathroom and/or WC with other households. In two wards, more than 5% share;
- In six Cornish wards, more than 40% of households are all-pensioner households; and
- In fourteen wards, over 20% of households consist of non-earning parents with dependent children.

There are many local areas with an incidence of low wages, long working hours, numbers working in the "free economy" and so on. The nature of much poverty, deprivation and social exclusion in Cornwall is that it is dispersed throughout sparsely populated areas, as well as concentrated in a few of the worst affected Wards.

Social Inclusion

A new analysis of social exclusion was carried out by independent consultants as part of the Objective 1 SPD development process. This involved identifying the most disadvantaged wards. A combined index was developed identifying wards which performed poorly against 6 criteria. These were:

- Unemployment rate above 8%;
- Wards with more than 40% of households with income below £10,000;
- Wards with more than 10% of households in receipt of Income Support;
- Wards with less than 505 of the adult population economically active;
- Index of Local Deprivation score of greater than 4; and
- Standardised mortality rate greater than 110.
- As the Table below highlights, the greatest scales of concentration are in Kerrier and Penwith, although a number of other districts have wards in the most disadvantaged quartile.

TABLE 23: RANKING BY MOST DEPRIVED WARDS

Ward	District	Population	Combined Index
Penwerris	Carrick	5,566	6
Penzance West	Penwith	3,378	6
Penzance East	Penwith	5,038	5
Camborne North	Kerrier	6,393	5
St Ives North	Penwith	3,815	5
Camborne West	Kerriier	6,115	5
Illogan South	Kerrier	6,510	4
Redruth North	Kerrier	6,519	4
Penzance Central	Penwith	3,382	4
Bude and Ploughill	North Cornwall	6,520	4
Camborne South	Kerrier	6,690	3
Gannel	Restormel	5,831	3
St. Ives South	Penwith	3,446	3
Hayle-Gwithian	Penwith	6,393	3
Penryn	Carrick	5,865	3
St. Just	Penwith	4,422	3
Arwenack	Carrick	3,113	3
Marazion	Penwith	2,202	3

St Agnes	Carrick	6,594	3
St Teath	North Cornwall	2,072	3
Source: Social Exclusion In Cornwall. Atlantic Consultants.			

KEY POINTS

10.9% (53,226 persons) of Cornwall's population are subject to four or more of the above indicators.

There is a spatial concentration of deprivation within a small number of wards. The severity of problems is similar or worse than that in many urban areas

The presence of small but significant pockets of people suffering from multiple deprivation indicates the need for intensive support if individuals are to access employment opportunities.

Although spatially concentrated in part, there is evidence that more sparsely populated and rural areas also suffer from deprivation.

ENTREPRENEURSHIP

Business Structure

Annual Employment Survey

According to the Annual Employment Survey, there were 19,147 'data units' in Cornwall during 1996. These units correspond better to the number of workplaces rather than businesses but, even so, the data will tend to slightly overstate the number of these. Nevertheless, this source does provide good information on the business structure.

Most of the data units in Cornwall are very small, see **Table 24**. Only 58 units employed more than 200 people, whilst three-quarter had fewer than 5 employees. Nonetheless, those 58 units - some of which were public sector employers, accounted for only 0.3% of the total stock but provided for almost a fifth of those in employment in the County. Almost 1,000 data units accounted for 53,500 jobs, equivalent to 37% of all jobs.

TABLE 24: BREAKDOWN OF DATA UNITS BY SIZE/NO. OF EMPLOYEES, 1996

	Data Unit Size					Total
	1-4	5-10	11-24	25-199	200+	
No. of businesses:	14,315	2,399	1,409	966	58	19,147
% of all businesses	74.8	12.5	7.4	5	0.3	100
No. of employees	22,334	17,849	22,378	53,538	27,406	143,505
% of all employees	15.6	12.4	15.6	37.3	19.1	100

Source: Annual Employment Survey, 1996.

61.8% of all persons in employment. Outside these sectors, business services accounts for 13.6% of data units The data give some idea of the employment numbers by size band, with the typical medium-sized unit employing just over 50 people, while the "larger" smaller units employ an average of 15 people. The 14,300 micro units employ on average 1.6 people.

Table 25, over, gives information at a more desegregate level and shows that the most important sectors, in terms of numbers of units and employment, are Wholesale/Retail/Repairs (5,382 businesses), Health and Social Work (1,191), Manufacturing (1,545), and Hotels and Restaurants (2,376). Together, they account for only 8% of employees.
Although Cornwall has a considerable number of data units in retail and hotels and catering, the average number employed per unit is very small, at between six and seven people. By contrast, the "average" manufacturing unit is relatively large with an average of 12 employees per business.

Table 25 does not include agricultural-based units, which are only partially covered by the AES. MAFF estimates that Cornwall has 6,665 agricultural holdings, employing 14,576 people, of which 8,673 are in full-time employment, 3,943 in part-time employment and 1,960 employed seasonally or casually (MAFF, 1996). 72% of these people are farmers, partners, directors, spouses and other family workers.

TABLE 25: SECTORAL COMPOSITON OF BUSINESS BASE					
Industrial Sector	**Data Units**	**As % of all units**	**No. of employees**	**As % of all employees**	**Average employees**
Mining & quarrying	89	0.5	2,234	1.6	25
Manufacturing	1545	8.1	19,229	13.4	12
Electricity/gas/water	19	0.1	1,000	0.7	52
Construction	2,012	10.5	5,394	3.8	2.7
Wholesale/retail/repair	5,382	28.1	30,999	21.6	5.8
Hotels & restaurants	2,376	12.4	17,061	11.9	7.2
Transport & communication	839	4.4	5,920	4.1	7.0
Banking and finance	285	1.5	2,668	1.9	9.4
Other business services	2,612	13.6	11,550	8.0	4.4
Public admin/social security	321	1.7	7,289	5.1	22
Education	430	2.2	11,566	8.1	27
Health & social work	1,191	6.2	21,468	14.3	18
Other services	1,582	8.3	6,672	4.6	4.2
Total	**19,147**	**100**	**143,505**	**100**	**7.5**
Source: Annual Employment Survey 1Excludes agriculture, forestry, fishing.					

VAT Register

Information on the business base is also available from the VAT register. As shown in **Table 26,** there were 16,450 VAT registered businesses in Cornwall and Scilly in 1998, a reduction of 1,365 (7.6%) since 1994. Whilst this is partly accounted for by changes in the VAT threshold, much smaller relative decreases were recorded in the South West, England and the UK.

TABLE 26: CHANGES IN THE STOCK OF VAT REGISTERED BUSINESSES, 1994 - 1998				
	Cornwall	**South West**	**England**	**UK**
VAT Stock 1994	17,810	152,870	1,377,280	1, 629,235
VAT Stock 1998	16,450	148,015	1,374,005	1,621,360
% Change 1994/98	**-7.6%**	**-3.2%**	**-0.2%**	**-0.5%**
Source: Customs & Excise, DTI.				

This suggests that in spite of generally favourable economic conditions, many businesses in Cornwall performed relatively poorly over the most recent period for which data are available. This was particularly the case for some of the most important sectors for the Cornwall economy, especially agriculture and hotels and catering, see **Table 27.**

TABLE 27: TRENDS IN THE STOCK OF VAT REGISTERED-BUSINESSES, 1994 - 1998						
	1994	**1998**	**% Ch**	**% Ch SW**	**% Ch Eng**	**% Ch UK**
Agriculture	4,710	4,370	-7.2	-5.4	-5.8	-4.2
Mining and quarrying	35	35	0.0	-2.8	-10.8	-10.9
Manufacturing	1,240	1,235	-0.4	-2.7	-4.0	-3.9
Construction	2,130	1,760	-17.4	-15.2	-12.8	-12.1
Wholesale/retail	4,420	3,895	-11.9	-10.4	-10.1	-10.3
Hotels/catering	1,865	1,695	-9.1	-8.5	-5.2	-5.2
Transport	535	515	-3.7	-3.2	1.4	1.2
Finance	35	20	-42.9	1.9	4.8	5.3
Business services	1,555	1,720	10.6	21.3	22.6	22.4
Public administration	1,030	1,015	-1.5	2.5	7.8	8.3
Education and health	255	200	-21.6	-12.9	-4.2	-4.0
Total	**17,810**	**16,450**	**-7.6**	**-3.2**	**-0.2**	**-0.5**
Source: Customs & Excise, DTI.						

In spite of the fall in the number of businesses over the past four years, Cornwall has a higher number of businesses per head of population than in comparable areas. Overall, Cornwall possesses 21% more businesses than the UK, relative to its population size, see **Table 28**.

TABLE 28: COMPARATIVE VAT DENSITY, 1998[1]				
	Cornwall	**South West**	**England**	**UK**
All businesses	42.0	37.9	35.2	34.7
All businesses exc. agriculture	30.9	32.0	32.7	31.4

Source: Customs & Excise, DTI,
[1] **Numberof VAT businesses per 1,000 population aged 16+.**

This difference is due to the large agricultural sector in the County. In the longer term, the number of agricultural businesses is likely to continue falling as the sector consolidates. Excluding agriculture, the relative size of the business base in Cornwall is marginally below regional and national averages. This is unusual as one feature of regions lagging behind is an “enterprise” deficit - that is, a much lower business density. This suggests that it is not so much the number of businesses operating in Cornwall that is contributing to a shortage of jobs, but more the size and quality of a large number of companies and their ability to generate and sustain employment, that is the critical issue.

KEY POINTS

Cornwall has a large number of business units, both in absolute and relative terms, although the majority are very small.

The County has a large pool of medium-sized units, which employ over 50 people.

Cornwall has a significant number of manufacturing units (1,500), employing almost 19,000 people.

The business density ratios suggest that the job shortage in Cornwall may reflect the sectors that companies are involved in, and the performance of some companies, rather than the actual number of companies.

IDBR Data

Stock

The Inter-Departmental Business Register (IDBR is the most comprehensive and reliable source of information on the business base, combining records for businesses registered for VAT with Customs and Excise with those registered for PAYE purposes with the Inland Revenue. The ONS supplements this information with business surveys to assess employment levels and other characteristics. Very small businesses, self-employed, and those without employees and very low turnover, are not captured and, overall, it is estimated that the survey covers more than 98% of economic activity. The IDBR complies with European Union regulation 2186/93 on harmonisation of business registers for statistical purposes.

A total of **16,115 businesses** were trading within Cornwall and Scilly at April 1998. This is an increase of 40, or 0.2%, over 1996. This compares with an increase of 2.4% in the number of businesses trading within the UK over the same period. In other words, Cornwall and Scilly do not appear to have shared fully in the growth in the business stock experienced elsewhere in the UK.

Most of the businesses in Cornwall and Scilly are small, typically with a turnover of below £500,000 per annum, and employing fewer than 10 people. **Table 29** summarises the size distribution of businesses by turnover band and indicates the proportionate change by turnover category for the period 1996 to 1998.

TABLE 29: STOCK AND RECENT CHANGES BY TURNOVER BANDS (£000S)						
	1 – 49	**50 - 99**	**100 - 249**	**250 – 499**	**500+**	**Total**
Cornwall and Scilly						
Stock at 1998	4,735	4,285	4,070	1,615	1,405	16,115
% of 1998 stock	29.4	26.6	25.3	10.0	8.7	100.0
Change over 1996 (%)	-17.4	7.1	7.8	17.9	16.1	0.3
UK						
Stock at 1998	381,890	396,280	380,195	175,065	240,505	1,573,935
% of 1998 stock	24.3	25.2	24.2	11.1	15.3	100.0
Change over 1996 (%)	-7.5	6.8	3.3	6.7	8.5	2.4

Source: IDBR. All data subject to rounding error.

The number of businesses with turnover below £50,000 has fallen by over 17% recently, reflecting in the main performance improvements as businesses grow and move into the higher turnover bands. These businesses still accounted for over 29% of the stock in 1998. As encouraging as this performance was, Cornwall and Silly still have a relative greater dependency on smaller businesses compared to the national economy. This dependency on smaller businesses is further illustrated in Table 30, which shows the cumulative percentages of the business stock with turnover below the stated levels.

TABLE 30: COMPARATIVE SIZE STRUCTURE (1998)

Turnover Below	Cumulative %	
	Cornwall and Scilly	UK
£50,000	29.4%	24.3%
£100,000	56.0%	49.4%
£250,000	81.2%	73.6%
£500,000	91.3%	84.7%

Source: IDBR. All data subject to rounding error.

Over 91% of businesses in Cornwall and Silly had an annual turnover below £500,000, compared with 84% in the UK. Indeed, Cornwall and Silly had a higher cumulative proportion in all turnover categories below £500,000 per annum.

Data on the number of employees was available for most businesses, and these again illustrate the extent to which local employment is dependent on very small businesses, see Table 31.

TABLE 31: STOCK AND RECENT CHANGES BY EMPLOYMENT BANDS (£000S)

	1 - 9	10 - 19	20 - 99	100 – 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	14,560	975	450	65	15	16,065
% of 1998 stock	90.6	6.1	2.8	0.4	0.1	100.0
Change over 1996 (%)	0.6	-1.0	-7.2	8.3	0.0	0.3
UK						
Stock at 1998	1,375,035	109,385	61,355	13,815	3,805	1,563,400
% of 1998 stock	88.0	7.0	3.9	0.9	0.2	100.0
Change over 1996 (%)	3.5	-2.3	-6.9	10.4	12.1	2.7

Source: IDBR. All data subject to rounding error.

Although there has been an increase in the number of businesses employing more than 100 people, growth has been below that at the UK level. This is again consistent with a relatively lower rate of performance improvement locally.

Table **32** shows the cumulative percentage of businesses employing fewer than the stated numbers.

TABLE 32: COMPARATIVE SIZE STRUCTURE (1998)

Employment Below	Cumulative %	
	Cornwall and Scilly	UK
10	90.6%	88.0%
20	96.7%	94.9%
100	99.5%	98.9%
500	99.9%	99.8%

Source: IDBR. All data subject to rounding error

The figures confirm again that the business stock in Cornwall and Scilly is comprised of a relatively higher proportion of smaller businesses. In addition, the turnover and employment data together imply that businesses in Cornwall and Scilly also have a relatively lower level of turnover per employee. This is one of the main explanations for the observed deficit in local incomes and, in turn, will reflect the area's greater dependence on lower value added sectors.

KEY POINTS

There were 16,115 businesses trading within Cornwall and Scilly at April 1998.

While the numbers have increased over 1996, the rate of growth is well below that at a UK level.

CIS is relatively more dependent on smaller businesses with turnover typically below £500,000 and employment below 10. Over half of all businesses had turnover below £100,000.

Turnover growth is evident for businesses within Cornwall and Scilly but at lower rates than for the UK.

The data imply that Cornwall and Scilly have a lower average turnover per employee than the UK.

Area Distribution of the Business Stock

Table 33 shows the distribution of the business stock across Cornwall and Scilly.

TABLE 33: AREA DISTRIBUTION OF THE BUSINESS STOCK

	Stock at April 1998(9)	% of Total	Population Share
Caradon	2,615	16.2%	16.6%
Carrick	2,950	18.3%	17.5%
Kerrier	2,455	15.2%	18.6%
North Cornwall	3,540	22.0%	16.4%
Penwith	1,875	11.6%	12.3%
Restormel	2,535	15.7%	18.6%
Isles of Scilly	145	0.9%	0.4%
Cornwall and Isles of Scilly	16,115	100.0%	100.0%

Source: IDBR. All data subject to rounding error.

North Cornwall had the largest number of businesses, accounting for over one-fifth. The remaining businesses were quite evenly distributed across the mainland Districts. The share of the business stock was higher relative to the population share in North Cornwall, Carrick and the Isles of Scilly. Only Carrick experienced growth at a similar rate to the UK while the stocks had fallen, albeit marginally, in Kerrier, North Cornwall and the Isles of Scilly. **Table 34** provides information on the size structure of businesses by district, based on annual turnover at 1998.

TABLE 34: SIZE STRUCTURE BY TURNOVER SIZE BAND BAND (1998)

	% With Turnover Below			
	£50,000	£100,000	£250,000	£500,000
Caradon	31.0	58.1	83.4	92.2
Carrick	26.4	53.4	78.6	89.8
Kerrier	31.2	58.0	82.1	91.0
North Cornwall	32.1	57.8	82.9	92.8
Penwith	28.0	54.9	82.4	91.7
Restormel	26.2	52.5	77.9	89.7
Isles of Scilly	37.9	65.5	82.8	89.7
Cornwall and Isles of Scilly	29.4	56.0	81.2	91.3

Source: IDBR. All data subject to rounding error.

A much higher proportion of businesses in the Isles of Scilly had an annual turnover below £50,000. Beyond this, Caradon, North Cornwall and Penwith had higher proportions with a turnover above £500,000 relative to the Cornwall and Scilly average.

Table 35 shows the size structure by area in terms of employment levels.

TABLE 35: SIZE STRUCTURE BY EMPLOYMENT SIZE BAND (1998)

	% With Employment Below			
	10	20	100	500
Caradon	93.3	97.7	99.6	100.0
Carrick	89.8	96.4	99.3	99.8
Kerrier	90.2	96.7	99.6	100.0
North Cornwall	91.8	97.0	99.6	99.9
Penwith	90.1	96.5	99.5	100.0
Restormel	87.5	95.5	99.4	99.8
Isles of Scilly	96.4	100.0	100.0	100.0
Cornwall and Isles of Scilly	90.6	96.7	99.5	99.9

Source: IDBR. All data subject to rounding error.

The Isles of Scilly's dependence on very small businesses is again apparent. Caradon and North Cornwall is the only mainland district with a higher proportion of businesses with fewer than 10 employees than the Cornwall and Scilly average. Carrick, North Cornwall and Restormel were the only districts with larger businesses employing more than 500.

KEY POINTS
The business stock is concentrated, relative to population share, in Carrick, North Cornwall and the Isles of Scilly.
Only Carrick has enjoyed a similar rate of growth in the business stock as the UK.
Larger businesses, in terms of turnover, are concentrated in Caradon, North Cornwall and Penwith.
The County's largest employers are based in Carrick, North Cornwall and Restormel.

Distribution by Broad Sector

Table 36 shows the distribution of the business stock in Cornwall and Scilly by Broad Sector and turnover band. The extent of local dependence on businesses within primary activities, mainly agriculture, horticulture and fishing is immediately apparent. Over one-quarter of all Cornwall and Scilly businesses are within this broad sector. It is also noticeable that nearly one in every eight businesses is in primary activities, with turnover below £50,000.

While extractive and manufacturing industries account for less than 8% of the stock, other data show that these industries are especially important in terms of employment. Manufacturing is comprised mainly of smaller businesses with over two-thirds having a turnover less than £250,000. A further 11% of businesses are in the construction sector, while over 55% are service businesses. Again, these sectors are heavily skewed towards businesses with very small annual turnover.

TABLE 36: BUSINESS STOCK BY BROAD SECTOR AND TURNOVER BANDS (1998) (9)

	% of Total Stock						Total Stock
	1 - 49	**50 – 99**	**100 - 249**	**250 - 499**	**500+**	**All**	
Primary	12.0	6.0	5.9	1.7	0.7	26.3%	4,245
Extractive	0.1	0.0	0.0	0.0	0.1	0.2%	30
Manufacturing	1.8	1.7	1.6	0.8	1.2	7.3%	1,175
Utilities	0.0	0.0	0.0	0.0	0.0	0.0%	0
Construction	3.5	3.5	2.3	0.9	0.7	10.9%	1,750
Services	11.9	15.3	15.4	6.6	6.0	55.4%	8,920
Total	**29.4**	**26.6**	**25.3**	**10.0**	**8.7**	**100.0%**	**16,115**

Source: IDBR. All data subject to rounding error.

Table 37 compares the broad sector structures of the Cornwall and Scilly and UK business stocks.

TABLE 37: COMPARATIVE STRUCTURE BY BROAD SECTOR (1998) (9)

	% of Cornwall and Scilly Stock	% of UK Stock
Primary	26.3%	9.6%
Extractive	0.2%	0.1%
Manufacturing	7.3%	10.0%
Utilities	0.0%	0.0%
Construction	10.9%	10.6%
Services	55.4%	69.7%

Source: IDBR. All data subject to rounding error.

This data illustrates the extent of Cornwall and Scilly's relatively higher dependence on primary sector businesses: over one-quarter in Cornwall and Scilly as compared to less than 10% for the UK. The corollary is that Cornwall and Scilly have a relatively lower representation for businesses from other broad sectors, especially in manufacturing and service activities. Similar observations are apparent for the data where businesses are sorted by employment.

KEY POINTS
Over one-quarter of all Cornwall and Scilly businesses are in primary activities.

Nearly one in every eight Cornwall and Scilly businesses is in primary activities with turnover below £50,000.

Manufacturing and extractive industries account for less than 8% of all businesses, and more than two-thirds had turnover below £250,000.

Cornwall and Scilly has a much higher dependence on the primary sector than the UK.

Business Start-ups

Business start-up figures reflect the marginally less favourable business climate perceived by businesses recently. These figures are based on VAT registrations and de-registrations and, therefore, will not wholly capture the actual numbers of new businesses created and existing ones closing. It is estimated that about one half of all VAT registrations are new business start-ups, the balance being transfers of ownership.

For 1997, there were marginally more de-registrations than registrations in the County - see **Table 38**.

TABLE 38: VAT REGISTRATIONS AND DEREGISTRATIONS, 1997

Industry Sector	Registrations	De-Registrations	Stock	Net Change
Agriculture	125	175	4,420	-50
Mining; Energy	0	0	35	0
Manufacturing	135	110	1,210	25
Construction	175	180	1,765	-5
Wholesale/Retail	320	380	3,955	-60
Hotels & Restaurants	225	210	1,680	15
Transport & Communications	55	55	515	0
Finance	0	5	25	-5
Real Estate	230	145	1,635	85
Other Community, Social/Personal Services	110	90	995	20
Education/Health	10	45	235	-35
All Industries	1,390	1,395	16,455	-5

Source: Customs & Excise, DTI,

A total of 1,390 businesses registered for VAT, whilst 1,395 de-registered. Net losses were experienced in Agriculture, Construction, Wholesale/Retail, Finance and Education/Health, with net gains in Manufacturing, Hotels and Restaurants, Real Estate and Other Community/Social/Personal Services The net reduction in the VAT stock has been evident since 1994 despite a trend decline in the number of de-registrations. This reflects that the number of new VAT businesses has been consistently lower - see **Table 39**.

TABLE 39: TRENDS IN THE TOTAL STOCK OF VAT REGISTERED BUSINESSES IN CORNWALL

	De Registrations	Registrations	Net Change	Stock [1]
1994	1,765	1,220	-545	17,810
1995	1,675	1,130	-545	17,265
1996	1,405	1,135	-270	16,725
1997	1,395	1,390	-5	16,455
1998	n/a	n/a	n/a	16,450

Source: Customs and Excise, DTI.
[1]: Stock at beginning of year.

Indeed, the number of new VAT registrations per head of population in the County has been below regional and national averages throughout the period - see **Table 40**. This suggests that the area has been relatively less successful in encouraging new business starts. This conclusion is sustained even when trends in self-employment, data which captures most lone traders which operate below the VAT threshold, are considered: the numbers self-employed in Cornwall fell by 10.7% between 1991 and 1997, a much higher proportionate fall than at the regional and national levels.

TABLE 40: NEW VAT REGISTRATIONS PER 1,000 OF POPULATION 16+

	Cornwall	South West	England	UK
1994	3.1	3.6	3.8	3.6
1995	2.9	3.3	3.7	3.5

1996	2.9	3.5	3.8	3.6
1997	3.6	3.9	4.1	3.9
Source: Customs and Excise, DTI.				

Data on SME survival rates, again derived from the VAT Register, suggest that Cornwall performance is similar to or better than the national average in relation to the number of new businesses surviving beyond 12 and 24 months - see **Table 41**. Beyond this, fewer businesses survive beyond three and four years: Cornwall and Devon together lost more than half of all businesses registering in 1993 within four years. This might reflect the characteristics of new business start ups, in terms of their sector of operations and internal market focus, in the County with many finding it difficult to sustain activity over the medium to long-term.

TABLE 41: NEW VAT BUSINESS SURVIVAL RATES			
	Cornwall and Devon	**South West**	**UK**
Proportion of Businesses Registering During 1993 Surviving Beyond			
12 months	86.0	85.4	84.8
24 months	68.6	69.5	68.5
36 months	56.0	57.6	57.0
48 months	48.4	50.3	49.6
Proportion of Businesses Registering During 1995 Surviving Beyond			
12 months	88.4	88.3	87.0
24 months	74.4	74.8	73.0
Source: DTI, December 1998.			

KEY POINTS

The stock of VAT registered businesses in Cornwall is falling, despite a trend decline in the number of de-registrations.

The County has been less successful at encouraging new business start ups.

Over half of all businesses registering in Devon and Cornwall during 1993 failed to survive beyond four years of trading.

Business Performance and Characteristics

The broadly positive economic picture in the national economy over the past year helped create favourable trading conditions for businesses in Cornwall. Results from the 1998 PROSPER Business Survey - see **Table 42**, show that 42% of businesses increased their turnover over the previous 12 months, while 31% increased profits. Half of all businesses surveyed expected turnover to increase over the next year. In comparison to Devon, however, both recent performance and optimism for the future were more restrained in Cornwall.

TABLE 42: RECENT BUSINESS PERFORMANCE IN CORNWALL & DEVON (%)		
Indicator	**Cornwall**	**Devon**
Increased turnover in last 12 months	42	50
Increased profits in last 12 months	31	37
Increase in expected turnover in next 12 months	50	56
Increase in expected profits in next 12 months	45	48
Currently working at 75% or more of capacity	69	75
Employ fewer people now	15	14
Source: PROSPER Annual Employers' Survey, 1998 (9).		

Businesses in Cornwall rely significantly on local markets as a source of custom, which partly reflects location as well as sectoral composition. Less than half of businesses currently trade with the rest of the South West outside Devon and Cornwall - see **Table 43**.

TABLE 43: BUSINESS TRADING AREAS		
Sales area	**% of Cornish businesses selling to the area**	**% of Devon businesses selling to the area**
Cornwall	95.2	59.8
Devon	46.7	94.6
Rest of South West	47.0	54.4

Rest of UK	44.5	50.0
EU	22.8	18.7
Far East	11.7	14.9
North America	16.3	16.7
Rest of World	15.5	16.8
Source: PROSPER Annual Employers' Survey, 1998 (9).		

The PROSPER research indicates that more than half of all micro businesses (ie, those with 10 or fewer employees) want to grow, a proportion which increases as the average size of the firm increases. The extent to which businesses are equipped for growth is, however, mixed. Many businesses in the county do not undertake business planning (55%). Even fewer have a training plan (44.4%) or a training budget (38.3%) that supports that plan.

Limitations in planning and training are less prevalent amongst larger businesses employing more than 200 employees or those employing 25-199 employee - see **Table 44**. Even amongst these medium and large businesses, however, there is sometimes still a lack of these strategic business planning and growth management activities.

TABLE 44: ADOPTED BUSINESS STRATEGIES (% OF BUSINESSES)

Indicator	Number of Employees 5-24	25-199	200+
Written business plan	39	67	89
Written sales/marketing plan	31	52	79
Strategic training plan	34	51	83
Training budget	28	50	91
Training officer	36	51	77
System for evaluating training	47	63	88
Staff appraisal/review in place	65	78	94
Source: PROSPER Annual Employers' Survey, 1998 (9).			

Engaging SMEs in staff training and development has always been difficult due to a combination of time, cost and insufficient appreciation of the long-term contribution to improved business performance. The survey of Cornish businesses, however, identifies a strong correlation between staff training and business performance - see **Table 45**. The results show that the turnover of businesses providing either on or off-the-job training grew more quickly than those that did not.

TABLE 45: TRAINING AND SALES PERFORMANCE

	Sales turnover in last 12 months (Devon and Cornwall data combined)			
	Growth	**Static**	**Declining**	**Total**
% firms providing on-the-job training	88	83	79	85
% firms providing off-the-job training	70	60	58	69
Source: Employment, Skills and Training in Devon & Cornwall 1998 Prism/PROSPER				

KEY POINTS

The recent performance of Cornwall's companies, at time of sustained economic growth in the national economy, can be regarded as relatively disappointing.

Cornish companies depend heavily on local markets (which tend to be limited in scale) and this may be a consequence of distance from major markets.

Small businesses, in particular, do not have many of the formal business planning and management mechanisms in place, and this could have implications for future competitiveness and growth.

Business Support

A high proportion of businesses have sought help and advice to address some of their business needs. Approximately 35% of businesses with more than five employees sought business advice over the past year, and approximately 54% will be seeking help and advice over the next 12 months. The most frequently mentioned areas where advice is required are training and development (including management training); health and safety, information technology; and marketing and promotion. Small business managers/owners (those with between five and 24 employees) were particularly interested in training using the Internet, computing skills, marketing/promotion, general management and employment issues. The specific types of business advice to be sought in the coming year by businesses is set out in **Table 46**.

TABLE 46: TYPE OF ADVICE TO BE SOUGHT BY BUSINESSES IN CORNWALL (% SEEKING ADVICE[1])

Topic of Advice	%	Topic of Advice	%
Other training or development	56.0	Selection of IT/hardware /software	23.4
Health and safety	51.3	Financial control/management	23.4
IT	43.7	Staff recruitment	22.8
Marketing/promotion/advertising	41.5	Development/installation of other process technology	22.0
Environmental matters	36.3	Business relocation /Est. branch plant	21.3
Other management training	36.1	Equal opportunities	17.6
Introducing quality control	35.5	Company investment strategy	15.8
Business regulations	35.0	General business planning	15.5
Installing efficient management procedures	34.6	Product development	15.7
Measuring/improving productivity	31.0	Business restructuring	12.7
Raising new finance	30.0	Overseas trade missions	8.6
Market research	27.8	Technology transfer	8.0
Wage/salary packages	25.1	Export marketing	4.7

Source: PROSPER Annual Employers' Survey, 1998 (9).

[1] % of those that will seek advice.

KEY POINTS

A high proportion of businesses have sought advice and assistance over the last year.

Over half will seek support over the coming year, across a wide range of business issues.

Self-employment

The employment position in Cornwall presented by the Annual Employment Survey is not wholly representative, given the high levels of self-employment in the County not captured by this source.

Cornwall is also relatively dependent on sectors with high proportions of the workforce classified as self-employed, particularly agriculture and construction.

The number of self-employed individuals in Cornwall fell by 10.7% between 1991 and 1997, compared to a reduction of 8.4% in the South West and 2.8% nationally. According to the Labour Force Survey, there were 37,000 self-employed individuals in Cornwall in 1997, equivalent to 17.5% of all those in employment. This compares with a figure of 13.4% for GB.

The downward trend in Cornwall is explained by a number of factors. These include changes to Inland Revenue rules, which have made self-employment less attractive, as well as the continued contraction of sectors, such as agriculture, which account for a high proportion of self-employed individuals.

ADAPTABILITY

Education, Training and Qualifications

Introduction

The level of education and training and the achievement of qualifications are critical to the performance of businesses and the economy. This section explores these aspects of the County.

Performance at Key Stage 4/Primary School

Pupils in the county perform well above the average for England in all key curriculum areas - see **Table 47**. This good grounding is reflected in the performance of pupils at GCSE stage.

TABLE 47: PERCENTAGE OF PUPILS ACHIEVING LEVEL4/KEY STAGE 2						
	English		Mathematics		Science	
	Test	TA1	Test	TA1	Test	TA1
Cornwall	66.1	67.8	62.1	67.7	73.5	76
England	64.1	64.2	57.9	64.2	68.6	70.4

Source: Primary School Performance Tables for Cornwall, 1998.
[1] **Teachers' Assessment.**

Performance at GCSE

Cornwall is amongst the best performing local education authorities in England for GCSE examination results. This is reflected in both the percentage of pupils achieving 5 or more GCSEs at grades A to C and in the percentage of the working population having such qualifications. Recent trends are summarised in **Table 48 (over)**

TABLE 48: PERCENTAGE OF PUPILS ACHIEVING 5 OR MORE GCSES AT GRADES A TO C						
	1993	1994	1995	1996	1997	1998
Cornwall	41.8	46.1	46.3	46.7	48.8	51.1
England	36.7	38.1	38.7	39.9	40.3	46.3

Source: Secondary School Performance Tables for Cornwall, DfEE, 1998.

Amongst the working population in Cornwall a higher proportion have GCSEs at grades A to C, at 30.7% compared to 22.4% for the UK. The revised National Learning Targets are that 50% of 16 year old obtain at least 5 A-C grade GCSEs. In 1998, 51.1% of pupils achieved 5 or more GCSEs at grades A-C, higher than the English average of 46.3%.

Destinations Post Compulsory Education

Following post-compulsory education (Year 11), 76.5% of young people in Cornwall chose to stay on in education during 1998, a very small drop from 1997 when the figure was 77%. The staying on rate is higher than that of Devon and the figures also show marked differences between males and females. While 67.5% of males chose to continue in education, the percentage for females is substantially higher, at 76.7%. In contrast, more males than females entered employment and training: 19.1% males compared to 12.6% females. More males are unemployed than females.

In terms of employment by occupational sector there is a degree of stereotyping. According to figures for 1998 on destinations reported by Cornwall and Devon Careers, the construction, engineering and motor vehicle sectors are almost totally male dominated, while hairdressing/design is predominantly female. Retail and hotel and catering sectors have a more equal distribution.

Performance at A/AS Level

Performance of pupils in Cornwall drops off at A level, although the gap between Cornwall and England has been narrowing over a number of years, and by 1998 the performance tables show that the county has caught up with the national figures, see Table 49.

TABLE 49: AVERAGE A/AS LEVEL POINTS/CANDIDATES TAKING 2+ A LEVEL OR EQUIVALENTS						
	1993	1994	1995	1996	1997	1998
Cornwall	12.3	13.3	13.9	15.2	16.1	17.8
England	14.0	14.6	15.4	16.2	16.2	17.8

Source: Opportunities for Growth 1998, PROSPER/DfEE.

Gender Differences

There are clear indications that girls have been out-performing boys at five stages in the education process, namely at Key Stage 1, Key Stage 2, Key Stage 3, GCSE and A/AS level. At Key Stages 1, 2 and 3 the differences are particularly marked for English (reading/writing/spelling), whilst differences for mathematics and science are smaller. **Table 50** sets out the results at each level.

A very similar pattern is revealed when examining the data at GCSE and A/AS level. According to the Schools Improvement Unit of Cornwall County Council, for the academic year 1997-1998 the percentage of female 15-year-olds achieving five GCSEs at A-C is 57.1%. This compares with 45.3% of males. Similarly, the average points per female candidate taking two or more A/AS and AGNVQ is 17 compared with 16.5 for boys.

TABLE 50: PERFORMANCE BY GENDER AT KEY STAGES

Key Stage 1 Test Results (% achieving Level 2)

Reading		Writing		Spelling		Mathematics	
Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
74	85	70	84	54	68	82	87

Key Stage 1 Teacher Assessment (% achieving Level 2)

English		Mathematics		Science	
Boys	Girls	Boys	Girls	Boys	Girls
57	76	62	62	74	73

Key Stage 2 Test Results (% achieving Level 4)

English		Mathematics		Science	
Boys	Girls	Boys	Girls	Boys	Girls
57	76	62	62	74	73

Key Stage 2 Teacher Assessment (% achieving Level 4)

English		Mathematics		Science	
Boys	Girls	Boys	Girls	Boys	Girls
61	77	66	71	75	79

Key Stage 3 Test Results (% achieving Level 5)

English		Mathematics		Science	
Boys	Girls	Boys	Girls	Boys	Girls
55	74	65	65	65	62

Key Stage 3 Teacher Assessment (% achieving Level 5)

English		Mathematics		Science	
Boys	Girls	Boys	Girls	Boys	Girls
56	74	69	71	67	68

Source: DfEE Statistical First Release, Government Statistical Service 1999.

KEY POINTS

The under performance of boys within the school system is a growing educational issue, and in an economy with few suitable jobs for young people, those who do not go on to further education find their choice of employment very limited.

The overall performance of the school system is a positive feature and can be used to attract new investment to the region.

Higher (HE) and Further (FE) Education provision

There are currently two HE institutions situated in Cornwall, Falmouth College of Arts and Camborne School of Mines which is part of the University of Exeter. There are also a number of providers offering a range of HE courses. The number of full-time HE students studying within the county is relatively small at 2,366: even a medium sized University would have 6,000-8,000 full-time places. As a result Cornwall is a major “exporter” of undergraduates. The distribution of HE students across institutions is shown in **Table 51**.

TABLE 51: HIGHER EDUCATION STUDENT NUMBERS IN CORNWALL, 1998 - 1999

Type of course	Full-time	Part-time	FT Equivalent
Camborne School of Mines			
Undergraduate	303		303
Postgraduate	37		37
Falmouth College of Arts			
Undergraduate	1,100	48	1,124
Postgraduate	66	63	97
Institute of Cornish Studies			
Postgraduate		9	5
Cornwall Centre for Educational Development			
Postgraduate		300	150

Open University			
Undergraduate		1,117	558
Postgraduate		68	34
Department for Continuing and Adult Education			
Undergraduate		308	154
Cornwall College			
Undergraduate	493	1,037	1,011
Penwith College			
Undergraduate		5	3
St. Austell College			
Undergraduate	42	32	58
Truro College			
Undergraduate	117	63	149
Total	**2,366**	**3,378**	**4,055**
Source: Combined Universities in Cornwall Demand Assessment 1999 KPMG.			

There are also five main providers of FE within the County and there are approximately 8,000 full-time students - see **Table 52 (over)**. Although this may seem a substantial number, the numbers of young people going on to further education nationally has expanded considerably, and it is likely that Cornwall is a net exporter of FE students.

TABLE 52 : FURTHER EDUCATION STUDENTS NUMBERS IN CORNWALL, 1998 - 1999

	Full-time	**Part-time**	**FT Equivalent**
Cornwall College	3,056	8,756	7,434
Falmouth College of Arts	164	61	194
Penwith College	830	1,900	1,780
St. Austell College	2,242	2,084	3,284
Truro College	1,819	2,482	3,060
Total	**8,111**	**15,283**	**15,752**

Source: Combined Universities in Cornwall Demand Assessment 1999 KPMG.

KEY POINTS

Cornwall has a small number of students studying at undergraduate level within the County, but is a net exporter of undergraduates.

The County does not enjoy the benefits of having a major higher education centre within the County i.e. a full University.

Given the excellent school record, and increasing participation rates by young people in further education, it is likely that Cornwall is a net exporter of further education students.

Lifetime Targets One and Two

Cornwall falls short of both lifetime targets. With respect to Lifetime Target 1 that measures the proportion of the workforce qualified to NVQ3+ or its equivalent, it is estimated that 44.9% of Cornwall's workforce are qualified to this level - see **Table 53**. This represents a significant improvement since the baseline in 1994 when the figure was 34.4% Although the data is based on very small samples, there appear to be marginal differences between West and East Cornwall. The proportion in the workforce qualified to NVQ3+/equivalent in West Cornwall is 46.4% compared to 43% in East Cornwall. The revised national target is 50%.

TABLE 53 : ACHIEVEMENT OF LIFETIME TARGETS ONE AND TWO

County	**Lifetime target 1**	**Lifetime target 2**
Gloucestershire	49.2	32.1
Wiltshire	48.7	28.1
Dorset	46,4	26.6
Somerset	43.8	23.6
Devon	43.7	22.4

Cornwall	44.9	25.5
Region	46.3	26.2
Source: Employment, Skills and Training Devon and Cornwall 1998, Prism/PROSPER.		

Lifetime Target 2 measures the proportion in the workforce qualified to NVQ4+ or its equivalent. Over a quarter of the workforce (25.5%) is qualified to this level, however in this instance, West Cornwall has a lower proportion than East Cornwall: 24.1% and 27.1% respectively. The revised national target is 28%. Compared to the South West, and in particular counties such as Gloucestershire and Wiltshire, it is clear that not only is Cornwall falling short of the target itself, but also lags behind the performance of other counties.

Data for Devon and Cornwall suggests that there are differences in targets by gender. Thus, for Lifetime Target 1, 48% of all males in the workforce are qualified to NVQ Level 3 equivalent or above compared to 39% for females, a nine percentage point difference. A gender difference is noted also at Lifetime Target 2, where 24.5% of males in the workforce are qualified to NVQ Level 4 equivalent or above, compared to 21.8% of women.

There are also variations in qualifications attainment depending on age and occupation, partly at NVQ4 or above. For Lifetime Target 1, there is little difference in attainment rates for the core working age population of those aged 20-49. Older workers are, however, less likely to be qualified to either NVQ 3 or 4, than their younger counterparts.

TABLE 54 : ACHIEVEMENT OF LIFETIME TARGETS ONE AND TWO BY AGE GROUP IN DEVON AND CORNWALL

Age Group	Lifetime Target 1	Lifetime Target 2
16-19	27.3	2.1
20-29	47.0	22.6
30-39	45.9	28.1
40-49	46.3	26.2
50-59	41.8	22.4
60-64 (men only)	37.4	16.0
Source: Employment, Skills and Training Devon and Cornwall 1998, Prism/PROSPER.		

With the exception of sales occupations, the workforce in Devon and Cornwall are less well qualified than the national average. The largest gaps in attainment are in clerical and personal services occupations. In line with expectations, attainment rates of NVQ3 and NVQ4 are much greater in higher order professional, managerial and technical occupations. The significant expansion in the number of young people attending higher education over the past decade has meant that a degree or diploma is now a pre-requisite for the majority of professional employment opportunities.

TABLE 55 : ACHIEVEMENT OF LIFETIME TARGETS ONE AND TWO BY OCCUPATION IN DEVON AND CORNWALL

Occupation	Lifetime Target 1	Lifetime Target 2
Managerial	52.0	34.4
Professional	89.0	82.0
Technical	72.0	56.0
Clerical	29.0	13.0
Craft	40.0	6.0
Personal Services	27.0	9.0
Sales	29.0	9.0
Operative	18.0	3.0
Unskilled	13.0	3.0
Source: Employment, Skills and Training Devon and Cornwall 1998, Prism/PROSPER.		

Only a minority of those in craft, operative or personal service occupations have attained NVQ3, and fewer than 10% in these occupations possess a qualification at NVQ4. The upskilling of this section of the workforce is an important opportunity. Improving the competencies of those in unskilled occupations also requires to be addressed – more than 6 in 7 of those in unskilled occupation possess qualifications equivalent to NVQ2 or below. Widening participation in learning for those in unskilled occupations and those out of work is a key component in meeting the skills needs of employers in Cornwall and Scilly.

Although now dated, information from the Census of Population also suggests substantial differences between males and females in terms of higher level qualifications held. Of all males aged 18 and over, 12.9% had a higher level qualification of which 0.7% had a higher degree, 6.6% a degree and 5.6% a diploma. In contrast, of all females aged 18 and over, 10.4% held a higher level qualification of which 0.3% a higher degree, 3.0% a degree and 7.1% a diploma.

KEY POINTS
Although substantial progress has been made, Cornwall has some way to go to meet the Lifetime Targets.
Although girls out perform boys in school, within the labour force higher proportions of males are qualified to NVQ III and IV.

Key Skills in the Workforce

Key skills are generic skills or abilities of importance in the working environment. While a nominal set of key skills exists they are, however, difficult to define precisely and there are no direct qualifications associated with them. Measurements given in **Table 56 (over)**, based on self-assessment, show that the workforce has less ability in IT compared to all other key skills. There are also variations depending on gender where females self assess greater competence in reading, spoken and written communications as well as team work. Leadership is better developed among males, as is numeracy.

TABLE 56: ASSESSMENT OF GENERIC SKILLS

Assessment	IT	Numeracy	Reading	Spoken Comm	Written Comm.	Leader Ship	Team-Work
Male 16-34	2.8	3.7	4.0	4.0	3.7	3.7	4.2
Male 35-49	2.9	3.9	4.2	4.1	4.0	4.0	4.2
Male 50-64	2.4	3.8	4.1	4.1	4.0	3.9	4.1
Fem 16-34	3.0	3.7	4.2	4.2	4.1	3.7	4.3
Fem 35-49	2.8	3.8	4.2	4.2	4.0	3.8	4.3
Fem 50-59	2.4	3.7	4.1	4.1	4.0	3.7	4.2
All	2.8	3.8	4.1	4.1	3.9	3.8	4.2

Source: Employment, Skills and Training in Devon and Cornwall 1998, Prism PROSPER.

Those with poor basic skills are much more likely to be unemployed. Whilst almost half of those in full-time employment possess good IT skills, this applies to only a quarter of those who are out work. Similar differences are evident in relation to numeracy, and spoken and written communication skills.

TABLE 57: BASIC SKILLS RATING OF GOOD/HIGH BY EMPLOYMENT STATUS (%)

	IT	Numeracy	Reading	Spoken Commun.	Written Commun
Full-Time	48	71	84	83	77
Unemployed	25	52	77	76	61

Source: Employment, Skills and Training in Devon and Cornwall, Prosper, 1998.

For those out of work, poor IT skills are the key barrier to finding employment. More than half of those unemployed, indicated that improvements in their IT skills would significantly enhance their employment prospects, whilst more than a quarter indicated that better numeracy and written communication skills would increase their chances of finding a job.

TABLE 58: IMPROVEMENTS IN CORE SKILLS LEADING TO INCREASED CHANCE OF FINDING EMPLOYMENT

	IT	Numeracy	Reading	Spoken Commun.	Written Commun
Unemployed	56	28	15	19	30

Source: Employment, Skills and Training in Devon and Cornwall, Prosper, 1998.

These results confirm the need to enhance basic skills amongst the unemployed in order to improve their employment prospects. Poor basic skills are a key problem for many of those out of work in Cornwall and Scilly.

In contrast, unemployed people are more enthusiastic about engaging in learning and holding an Individual Learning Account (ILA), albeit levels of awareness of ILAs were very low (less than 10%).

TABLE 59: LIKELIHOOD OF HOLDING AN ILA

	Very Likely	Likely	Uncertain	Unlikely	Definitely wouldn't
Full time employees	5	14	30	34	17
Part time employees	4	12	29	39	17
Self employed	2	6	24	41	28
Unemployed	9	17	37	23	13

Source: Employment, Skills and Training in Devon and Cornwall, Prosper, 1998.

More positive results are revealed in people's general commitment to their education and training. Two thirds of people are positive about training, although this proportion has been unchanged since 1994. Those in unskilled and operative occupations are the least enthusiastic.

Literacy and Numeracy in Cornwall's Population

Numeracy and spoken and written communication are two important key skills. There is, however, a substantial minority in the adult population who have very low/low literacy and very low/low numeracy skills, - see **Table 60 (over)**

TABLE 60: ESTIMATES LITERACY AND NUMERACY SKILLS (% OF POPULATION 16-60)

District	% with low/ very low literacy	% with very low numeracy	% with low numeracy
Penwith	15.5	15.5	18.1
Kerrier	14.8	13.6	19.5
Carrick	13.9	13.1	18.2
Restormel	14.8	13.5	19.9
N. Cornwall	15.0	16.0	16.3
Caradon	13.5	12.6	18.3
Cornwall average	14.5	13.9	18.5
England average	15.0	12.0	21.0

Source: Adult Basic Skills Agency, 1999.

Estimates for the population aged 16-60 suggest that in Cornwall there are approximately 38,677 people, or 14.5%, who have low or very low levels of literacy, similar to the average of 15% for England. There are differences between Districts but, more importantly, low levels of literacy are more prominent in certain wards of the County.

There are approximately 37,058 adults with very low numeracy in the County. This represents 13.9% of the population aged 16-60, and exceeds the English figure of 12%. With respect to low levels of numeracy, it is estimated that 18.5% of the 16-60 population in Cornwall have low levels of numeracy below the English figure of 21%. Once again, there are differences between districts and wards.

KEY POINTS

A significant number of people suffer from literacy and numeracy problems, and this is likely to constrain their ability to take up training and employment opportunities.

Numeracy problems appear to be a particular problem in North Cornwall and Penwith.

In-Company Training

Data from the 'Employment, Skills and Training in Devon and Cornwall 1998' survey indicates most employees in employment are receiving job related training - see **Table 61**.

TABLE 61: TRAINING RECEIVED BY TYPE OF EMPLOYMENT AND GENDER, 1998	
	% receiving training in last 12 months
Employment	
Part-time	51
Full-time	64
Self-employment	23
Gender	
Males	49
Females	59
Source: Employment, Skills and Training in Devon and Cornwall 1998 Prism/PROSPER.	

Almost two-thirds of those in full-time jobs and just over half of those in part-time jobs had received training over the previous 12 months. In contrast, under one-quarter of those in self-employment had received training. The survey also showed that females were more likely than males to have received training over the previous 12 months.

Research amongst employers indicates a higher level of training activity. 76% of Cornish employers reported directly providing or enabling training in the previous 12 months. Again, on the job training accounted for the bulk of activity taking place.

There were significant variations in the proportions of companies in different sectors providing training. Training activity was highest in the public (91%) and manufacturing (75%) sectors and lowest in the hotels and restaurants (73%) and other services (69%) sectors. This partly reflects the large number of micro-businesses in the service sector who are less likely to engage in staff training or development.

In Cornwall 86 firms have attained the IIP standard. In addition, there are 141 firms committed to its attainment - see **Table 62 (over)**

TABLE 62: IIP STANDARDS ATTAINMENT LEVEL		
Company size	**Achieved IIP**	**Committed to IIP**
0-9	3	6
10-49	40	34
50-199	31	80
200+	12	21
Total	**86**	**141**
Source: PROSPER, 1999.		

IIP accreditation varies considerably by sector. 1 in 12 businesses surveyed from the banking and finance sector have attained IIP status and the accreditation rate in the manufacturing sector is also 1 in 12. Of those businesses not yet IIP accredited or not working towards an accreditation, lack of information on IIP was cited (by 40%) as the most important reason for not taking part. Almost a fifth of businesses perceived that taking part in IIP would not be helpful or useful. This reinforces the need to increase awareness of the importance of training and HRD to improve business efficiency and competitiveness.

Skills Shortages

A critical influence over the future competitiveness of Cornish businesses will be the availability of suitably skilled workers. A lack of necessary skills can mean that those in employment have to work longer hours, the operation is inefficient and productivity is reduced, loss of quality is experienced and increased training costs are incurred. Just under one-third of employers in Cornwall are experiencing skills gaps amongst their workforce. The generic skills most frequently mentioned are basic IT skills/use of computer packages/software programming; customer care and sales and marketing skills. A lack of general communications skills and basic literacy and numeracy are also frequently mentioned. Furthermore, companies that reported skill gaps cited particular occupations in which skills need to improve. The most frequently mentioned occupations are listed in **Table 63**.

TABLE 63: FREQUENTLY REPORTED SKILLS SHORTAGES

Catering occupations	Health occupations	Metal manufacturing trades
Electrical trades	Health associate professionals	Construction trades
Vehicle trades	Other sales occupations	Plant and machine operatives
Other transport operatives	Woodworking trades	Metal forming trades
	Food preparation trades	

Source: PROSPER Annual Employers' Survey, 1998 (9).

In addition, employers are also experiencing recruitment difficulties. Amongst employers that had vacancies or which had sought to recruit someone in the last 12 months, 72% had experienced difficulties in recruiting someone to the post. The top twelve occupations where employers had recruitment difficulties are highlighted in **Table 64**. A survey of the engineering sector in Cornwall conducted in 1997 also identified a shortage of engineering skills at both craft and professional levels.

TABLE 64: FREQUENTLY REPORTED AREAS OF RECRUITMENT DIFFICULTY

Catering occupations	Sales assistants	Other sales occupations
Health occupations	Health associate professionals	Sales representatives
Road transport operatives	Receptionists	Metal manufacturing trades
Electrical trades	Construction trades	Plant and machine operatives

Source: PROSPER Annual Employers' Survey, 1998 (9).

Recruitment difficulties for these occupations will not be due wholly to skill shortages. Other factors, such as wage levels, difficult location/transport problems, unsociable hours, poor terms and conditions of employment, etc, will also have been an influence. Nevertheless, businesses in Cornwall are suffering as a result and these difficulties need to be addressed in order to enhance performance.

The 1999 Prosper Employers Survey found that 37% of Cornish businesses reported recruitment difficulties in the previous 12 months. Overall, a quarter of businesses reported staff vacancies at the time of survey with the highest vacancy rates amongst the larger employers – half of businesses with 25-199 employees had current vacancies.

Recruitment difficulties are a feature across all sectors with particular problems reported by the business services and banking and finance sectors. In both of these sector, over half of businesses reported recruitment difficulties.

TABLE 65: PRESENCE OF RECRUITMENT DIFFICULTIES BY SECTOR

	Recruitment Difficulties	**No Recruitment Difficulties**	**Don't Know**
Manufacturing	43	57	-
Distribution	34	65	1
Hotels and Restaurants	39	61	-
Transport and Communications	36	64	-
Banking and Financial Services	51	48	1
Public	47	53	-
Other business services	55	43	2

Source: PROSPER Annual Employers Survey, 1999.

Skills shortages are the most important factor causing recruitment difficulties. A quarter of Cornish businesses reported that there were skills gaps present in the workforce, with 72% of these businesses indicating that these gaps had either a very significant or a moderately significant impact on the efficiency and effectiveness of their business operations. Skills gaps were most prevalent in the manufacturing and, banking and financial services sectors.

KEY POINTS

There is clear evidence of some skill shortages, and these include occupations with relatively low skill levels.

While a number of the occupation identified as being difficult to recruit require specialist skills, some other occupations are likely to be problematic due also to wage levels and other employment conditions.

SECTOR SPECIFIC REVIEW

The following section sets out some information on sectors that have particular significance for the Cornwall economy.

THE TOURISM INDUSTRY

Tourism is a major and growing sector of economic activity in Cornwall. Between 1989 and 1997, the number of tourists - those staying away from home for at least one night, increased by over 27% to 4.44 million trips - **see Table 66**.

TABLE 66: TRENDS IN TOURISM ACTIVITY FOR CORNWALL AND SCILLY

	UK Tourists			Overseas Tourists			Total		
	Trips (m)	Nights (m)	Spend (£m)	Trips (m)	Nights (m)	Spend (£m)	Trips (m)	Nights (m)	Spend (£m)
1989	3.30	23.00	549.00	0.19	1.40	36.00	3.49	24.40	585.00
1990	3.20	23.40	633.00	0.22	1.70	38.00	3.42	25.10	671.00
1991	3.20	21.80	568.00	0.22	1.80	38.00	3.42	23.60	606.00
1992	3.10	21.50	579.00	0.26	1.90	44.00	3.36	23.40	623.00
1993	3.10	22.40	733.00	0.25	1.70	49.00	3.35	24.10	782.00
1994	3.70	22.70	708.00	0.27	1.70	54.00	3.97	24.40	762.00
1995	3.80	22.90	690.00	0.31	2.10	72.00	4.11	25.00	762.00
1996	3.70	24.10	750.00	0.32	2.30	74.00	4.02	26.40	824.00
1997	4.10	25.40	846.00	0.34	2.70	91.00	4.44	28.10	937.00

Source: WCTB fact sheets derived from UK Tourism Survey and International Passenger Survey
All values in nominal terms

UK tourists account for the bulk of the visitor numbers. During 1997 4.1 million came to Cornwall and Scilly for 25.4 million nights and spent £846 million. This is equivalent to an increase in numbers of 24%, nights of 10% and spending of 54% since 1989. In other words, more UK tourists have been attracted to the area but for shorter holidays although spending per trip has increased by more than the rate of inflation. Overseas tourists are relatively more valuable to the local economy. 340,000 came during 1997, an increase of 79% over 1989. The number of nights increased by 79% indicating an increase in average trip length, while expenditure increased by 93% over the same period. The average spend per overseas visitor in 1997 was £268 for overseas tourists compared with the average for UK tourists of £206 per trip.

In addition, it is estimated that 8.5 million non-local day trips were taken in the County during 1996, of which 38% were to rural locations, 35% to coastal areas, and 27% to urban areas.

Data on the origin of visitors and purpose of trips to the West Country are shown in **Tables 67 and 68**.

TABLE 67: PURPOSE OF TOURISM VISITS TO THE WEST COUNTRY, 1997 (%)

	UK Tourists		Overseas Tourists	
	Trips	Spend	Trips	Spend
Holiday	72	85	53	41
VFR	18	5	24	21
Business	9	7	14	18
Other	3	3	9	20

Source WCTB fact sheets derived from UK Tourism Survey and International Passenger Survey, 1997.

Nearly three-quarters of all UK tourist trips were for holidays, and this group's share of spending was greater, at 85%. Conversely, a higher proportion of overseas tourists were visiting friends or relatives (VFR) or on business.

Most UK visitors are residents of the southern parts of England, with the South West, South East and London Regions together accounting for almost two-thirds of all UK tourists. Overseas visitors come mainly from Europe, although there are significant shares attributable to visitors from the USA, Australia and Canada.

TABLE 68: ORIGIN OF VISITORS TO THE WEST COUNTRY, 1997 (%)			
UK Tourists		Overseas Tourists	
South West	27	USA	18
South East	26	France	14
London	12	Germany	14
West Midlands	12	Netherlands	9
North West	6	Australia	8
East Midlands	5	Canada	4
Wales	5	Scandinavia	4
Other Regions	7	Other Countries	29
Source: WCTB fact sheets derived from UK Tourism Survey and International Passenger Survey, 1997.			

Table 69 shows the accommodation used by visitors to the West Country during 1997. The most noticeable difference between UK and overseas tourists is the higher propensity for the latter to stay in hotels or guesthouses. In contrast, UK tourists were more likely to be accommodated in self-catering accommodation, stay with friends or relatives or use camping or caravan accommodation.

TABLE 69: ACCOMMODATION USED BY VISITORS TO THE WEST COUNTRY (%)				
	UK Tourists		Overseas Tourists	
	Trips	Spend	Trips	Spend
Hotel, guesthouse	24	30	47	40
Paying guest	5	5	8	13
Rented house/flat/chalet	12	19	4	6
Towed caravan	4	4	2	1
Camping	6	4	3	2
Home of friend/relative	32	13	34	24
Other	19	26	9	14
Source: WCTB fact sheets derived from UK Tourism Survey and International Passenger Survey, 1997.				

Of the visitors to Cornwall, the Cornwall Tourist Office estimates that 39% stay in self catering accommodation, 36% in hotels or other serviced accommodation and 18% with friends and relatives.

Data for the West Country in Table 70, also demonstrates that the tourism sector is highly seasonal: 65% of UK and 68% of UK and overseas tourist visits occurred during April to September.

TABLE 70: SEASONALITY OF TOURISM IN THE WEST, 1997		
	UK Tourists	Overseas Tourists
Jan, Feb, Mar	14	15
Apr, May, June	27	24
July, Aug, Sep	38	44
Oct, Nov, Dec	22	17
Source: WCTB fact sheets derived from UK Tourism Survey and International Passenger Survey, 1997.		

The highly seasonal nature of the tourism sector is the main reason for the seasonality of employment and goes much of the way towards explaining the observed pattern of unemployment over any year within Cornwall and Scilly.

There are estimated to be 21,000 FTE jobs directly supported by tourism expenditure, of which 44% are involved in the accommodation sector, and 31% in pubs, restaurants and other catering establishments. Linkage and multiplier expenditures are estimated to generate a further 10,000 FTE jobs. Tourism is, therefore, a very important component of the Cornwall economy, generating jobs directly and indirectly. It also helps to maintain other sectors of the economy such as agriculture, fishing, retailing and the cultural industries, by helping to provide opportunities for diversification and directly through the support provided by tourism expenditure.

Tourism Infrastructure

Hotels and restaurants comprise a key component of the tourism infrastructure, and achieving improvements in the service offerings of these businesses will be an important factor in increasing the value added that Cornwall and Scilly derives from tourism generally. **Table 71** shows IDBR data sorted by turnover band for this sector.

TABLE 71: HOTEL AND RESTAURANT BUSINESSES BY TURNOVER BAND (£000S)						
	1 – 49	50 - 99	100 - 249	250 - 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998(9)	100	555	680	240	115	1,695
% of 1998 stock	5.9	32.7	40.1	14.2	6.8	
Change over 1996 (%)	-44.4	-9.0	13.3	37.1	15.0	1.8
UK						
Stock at 1998	6,885	33,165	43,255	12,785	7,695	103,785
% of 1998 stock	6.6	32.0	41.7	12.3	7.4	
Change over 1996 (%)	-20.1	-3.1	3.2	12.1	17.8	1.0
Source: IDBR. All data subject to rounding error.						

The total number of almost 1,700 businesses, was 2% higher than the number in 1996, a rate of growth double that experienced at the UK level. There is also evidence of significant performance improvements over that time, with high proportions of existing businesses moving to a higher turnover band. Nevertheless, the sector remains characterised by a large number of small businesses. **Table 72** gives comparable data for employment bands.

TABLE 72: HOTEL AND RESTAURANT BUSINESSES BY EMPLOYMENT BAND						
	1 – 9	10 - 19	20 – 99	100 - 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	1,275	285	120	10	0	1,685
% of 1998 stock	75.7	16.9	7.1	0.6	0.0	
Change over 1996 (%)	3.2	0.0	-4.0	100.0	-	2.1
UK						
Stock at 1998	82,425	14,015	5,905	625	125	103,100
% of 1998 stock	79.9	13.6	5.7	0.6	0.1	100.0
Change over 1996 (%)	2.6	-3.1	-1.8	17.9	8.7	1.6
Source: IDBR. All data subject to rounding error.						

Estimates of the County's stock of serviced and self-catering accommodation are given in **Tables 73 and 74**.

TABLE 73: CORNWALL TOURISM ACCOMMODATION PROFILE, 1999		
Type of Accommodation	**Beds**	**No of Establishments**
Hotels	17,655	354
Motel	152	3
Farmhouse	1,220	148
Guesthouse	8,156	473
Bed & Breakfast	2,140	242
Country House Hotel	924	33
Inn	1,002	61
Total	31,511	1,316
Source: WCTB.		

TABLE 74: CORNWALL TOURISM SELF-CATERING ACCOMMODATION PROFILE		
Type of Accommodation	**Pitches/Beds/Units**	**No Establishments**
Holiday Centres	1,538 units	7
Holiday Homes	5,326 units	1,937
Youth/Group Accommodation	1,044 beds	15
Caravan/Camping Parks	-	246
Static Caravans/Chalets	9,240 units	-
Touring Caravans/Camping	19,745 pitches	-
Source: WCTB.		

The County also has a number of key paid tourism attractions, which are among the most popular in the South West - **see Table 75**.

TABLE 75: TOP PAID ATTRACTIONS IN THE WEST COUNTRY, 1997	
Rank and Attraction	**Number of Visits**
11 The Lost Gardens of Helligan	285,000

17 St Michael's Mount	201,280
18 Tintagel Castle	185,656
19 Lanhydrock House	180,269
20 Tate Gallery	178,918
Source: WCTB.	

Despite recent growth, and the undoubted advantages of the area, the local tourism sector is, however, an industry in transition. With increased competition from other destinations world-wide, there are ever increasing demands from visitors for high quality, modern facilities. At the same time, the sector is highly seasonal which causes pressure on the County's infrastructure, makes training more difficult and contributes to a lack of investment.

KEY POINTS

Tourism is a major industry in Cornwall and Scilly with over 20,000 people directly employed.

Tourism sustains a number of the key towns in the County, as well as a number of smaller centres and the Isles of Scilly.

Tourism suffers from seasonality, and parts of the product require up dating.

Although the long-term forecast is for tourism to continue to grow, there is expected to be increased competition, both from within the UK and from abroad.

Farm tourism in generally buoyant, and is the enterprise most widely adopted by farmers wishing to diversify.

THE FISHING INDUSTRY

The fishing industry in Cornwall and the Isles of Scilly is comprised of sea fisheries, inland fisheries and fish-farming establishments. It is a localised employer, concentrated around the major ports and harbours of the County. It is often a major employer in these towns and supports a wide range of other activities and services. In addition, the fishing industry is of importance in terms of tourism and the visual attraction and activity it provides for many visitors to the County.

Fishing makes an important contribution to the region's economy, and to the social fabric of coastal communities. According to the Cornwall Sea Fisheries Office, there were 952 full time and 269 part time fishermen in 1996. In addition, 4,429 jobs ashore were reliant on the industry, including those employed in ancillary sectors such as processing, wholesaling and boat repairs. In total, nearly 3% of Cornwall and the Isles of Scilly's working population depend on the fishing industry, with a ratio of 3.6:1 of onshore jobs reliant on fishing to fishermen. This dependency rises sharply in the major fishing areas.

Estimates of the number of fishing businesses are also available from the IDBR. This data, where businesses have been sorted by turnover band, are summarised in **Table 76 (over)**

TABLE 76: FISHING BUSINESSES BY TURNOVER BAND

	1 - 49	50 - 99	100 - 249	250 – 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	215	80	55	15	15	380
% of 1998 stock	56.6	21.1	14.5	3.9	3.9	
Change over 1996 (%)	-14.0	0.0	22.2	50.0	50.0	-3.8
UK						
Stock at 1998	1,695	745	740	490	425	4,090
% of 1998 stock	41.4	18.2	18.1	12.0	10.4	100.0
Change over 1996 (%)	-10.6	-3.9	-5.7	-1.0	7.6	-5.8

Source: IDBR. All data subject to rounding error.

This data further illustrates the difficult trading conditions the sector has faced recently. It also demonstrates that the sector is also characterised by smaller businesses, with over half of the total having turnover below £50,000 and very few in the highest turnover bands. The number has fallen by nearly 4%, less than the fall experienced by the sector in the UK as a whole. Likewise, turnover improvement seems to have been more evident for local fishing businesses. **Table 77** gives the comparable data for employment size.

TABLE 77: FISHING BUSINESSES BY EMPLOYMENT BAND

	1 – 9	10 - 19	20 – 99	100 - 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	380	0.0	0.0	0.0	0.0	380
% of 1998 stock	100.0	0.0	0.0	0.0	0.0	
Change over 1996 (%)	0.0	-100.0	-	-	-	-2.56
Y						
Stock at 1998	3,960	85	30	5	0.0	4,080
% of 1998 stock	97.1	2.1	0.7	0.1	0.0	
Change over 1996 (%)	-1.1	-64.6	-14.3	-	-	-4.7

Source: IDBR. All data subject to rounding error.

There are two fish market ports, Looe and Newlyn, and a further 47 smaller landing stations supporting local fishing communities. Newlyn ranks second of all British ports in terms of the volume and value of fish landed, and first among English ports. The catch landed in Cornwall is of high quality and diverse, with over 50 species landed in the County. This is largely as a result of easy access to the clean waters of the Atlantic Ocean. Over 90% of the fish landed in Cornwall is exported in its original state for sale or processing out of the County, mostly to France, Spain, Italy and other continental European countries. At the same time, a smaller volume of fish is imported into the area particularly from Grampian region and Humberside, mainly for direct or retail sale or processing.

The local fleet is, however, declining in size and is ageing. 69 vessels were decommissioned between 1994 and 1998, of which 35 were from Newlyn. The over-10 metre fleet now comprises of 146 vessels and the under 10 meter fleet 430 vessels. The average age of the over- 10 fleet is 27.8 years and the under 10 fleet 18.46 years. The ageing fleet has implications for safety, efficiency and long term viability. Only six of the over 10 metre fleet are under 10 years old.

The age of the fleet is a major cause for concern, but the industry also faces other threats from a reduction in quotas, increased competition for catches and quotas from mainland Europe, and environmental pressures. Consequently, the volume of fish landed is decreasing.

The fish processing industry also faces many problems. It suffers from a low value added content and a lack of forward-looking business planning. However, as the demand for processed and retail packaged products is increasing, the opportunities for adding value to the region’s fish have never been greater. Increasing Cornwall's processing activity will provide opportunities for employment and other benefits to local communities.

KEY POINTS

Although the fishing industry is in transition, it is an important source of employment in parts of Cornwall and Scilly.

Cornwall and Scilly and its harbours remain an attractive destination for fishing vessels to land their catch.

There is scope for adding further value to fish landed in Cornwall and Scilly.

THE CULTURAL INDUSTRIES

The cultural and creative industries have become of increasing interest in recent years as many areas have recognised their potential to increase employment as increased leisure time allows the public more time to participate in cultural and creative activities. Likewise, these industries have become increasingly important components of the tourism product and have been recognised as contributing to an improvement in the image of an area.

Glasgow, for example, has focussed on developing its image as a cultural centre to overcome previously negative perceptions of the City which, in turn, has helped to improve its economic performance generally. Public arts projects can also contribute to regeneration initiatives and have been used in a number of areas as a focus for regeneration activities.

The 'cultural industries' cover a wide spectrum of activities, some established and traditional such as artists and actors, including contemporary arts and the performing arts and others which are very new, such as interactive leisure software. Three definitions can broadly be applied to the creative industries, as summarised in **Table 78**:

- **the arts** – activity that cannot be replicated, for example individual performances and paintings. The market does not tend to lead to an optimal outcome of arts activity and much of the arts receive public subsidy;
- **cultural industries** – creative pieces that can be mechanically reproduced. This sector includes television, film, print, and reproductions. An original painting would be referred to as art, however if a print were made of the picture for resale it would form part of the cultural industries. The cultural industries have traditionally been considered high value activities;
- **creative industries** – definition recently developed to extend the definition of cultural industries to include advertising, architecture and software. These industries are considered to utilise many of the creative talents used in the cultural industries.

TABLE 78: ARTS, CULTURAL INDUSTRIES AND CREATIVE INDUSTRIES

The Arts	Cultural Industries	Creative Industries
Arts & Antiques	Design	Advertising
Crafts	Fashion	Architecture
Performing Arts	Film	Software & Multimedia
	Music	
	Publishing	
	Television & Radio	

While the definition can be split into component parts, it must be remembered that there is a vertical linkage running through the industries. Software companies are now using artists, designers, and engineers in their development processes. In terms of sectoral value chains, individuals will often move from traditional arts activity through to highly commercial creative industries during the course of their careers. The creative industries are essentially based on the creative skills of people being utilised for commercial purposes. Often they are utilising technology (e.g. digital media) to assist their activities. The cultural and creative industries are increasingly encompassing a wider range of activities and many people are now utilising modern technology in the development of cultural and creative outputs.

As with many other 'new' industries, it is difficult to establish an accurate picture of their economic contribution, as they do not fit with standard classifications. There are also difficulties in that there is a high level of self-employment and flexible working, while many activities, such as design, are hidden within larger industries. However, based on an assessment of statistical source and through primary research, the employment estimates shown in **Table 79** have been derived.

TABLE 79: ESTIMATED EMPLOYMENT IN CULTURAL INDUSTRIES IN CORNWALL, 1998

Artists, etc	142
Craftspeople	220
Performing Arts	166
Film	105
Publishing	419
Television and Radio	119
Museums and Heritage Organisations	440
Advertising	117
Software and Multimedia	316
Total	2,044

Source: Cornwall County Council

What is important in respect of the arts, cultural and creative industries is its growth record and potential. The sector is estimated to be growing at twice the rate for the economy as a whole.

However, it is dominated by small businesses with owner/managers that are experienced and talented in their professional activities, but who lack many of the skills required to run a successful business. This is illustrated by the IDBR data where businesses are sorted by turnover band, given at Table 80, although these data are for a wider sector than just cultural activities.

TABLE 80: RECREATION, CULTURE AND SPORTING ACTIVITY BUSINESSES BY TURNOVER BAND

	1 – 49	50 - 99	100 - 249	250 - 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	140	125	80	35	25	405
% of 1998 stock	34.6	30.9	19.8	8.6	6.2	
Change over 1996 (%)	-12.5	31.6	6.7	40.0	25.0	6.6
UK						
Stock at 1998	21,395	15,100	11,690	4,830	5,245	58,260
% of 1998 stock	36.7	25.9	20.1	8.3	9.0	
Change over 1996 (%)	-1.4	7.5	8.4	12.1	14.4	5.1

Source: IDBR. All data subject to rounding error.

A total of 405 businesses were active in this sector during 1998, an increase of 6.6% over 1996. This is a higher rate of increase than for the UK level. There is also evidence that businesses are growing in scale and that the extent of dependency on the smallest turnover band has fallen over time. Indeed, there is also evidence that local performance more than matches that for the UK. Nevertheless, the sector remains dominated by very small businesses, with two-thirds having a turnover of less than £100,000.

Table 81 provides comparable employment data. All Cornwall and Scilly businesses employ fewer than 100 people with the number employing 20 or more increasing by one-third between 1996 and 1998.

TABLE 81: RECREATION, CULTURE AND SPORTING ACTIVITY BUSINESSES BY EMPLOYMENT BAND

	1 – 9	10 - 19	20 - 99	100 - 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	345	35	20	0.0	0.0	400
% of 1998 stock	86.3	8.8	5.0	0.0	0.0	
Change over 1996 (%)	6.2	0.0	33.3	-	-	6.7
UK						
Stock at 1998	52,095	3,300	1,955	420	90	57,860
% of 1998 stock	90.0	5.7	3.4	0.7	0.2	
Change over 1996 (%)	6.3	-4.8	-0.3	18.3	20.0	5.5

Source: IDBR. All data subject to rounding error.

KEY POINTS

Cornwall and Scilly has a diverse cultural industry sector, although many of the business face similar problems.

Although small in number there is considerable scope for growth, and the high number of visitors to the region each year, represent a large market for many sectors.

AGRICULTURE

Introduction

The region's agriculture has been shaped by its favourable climate and challenging geology. Some 260,267 hectares are farmed, 3% of the area in England. This represents 77% of the land area in Cornwall and Scilly.

Physical Features:

Climate

The region is well known for its high rainfall, strong winds and comparatively mild winters. The influence of the Gulf Stream is shown in several ways:

- The summers are relatively cool, e.g. average monthly temperature for August (the warmest month) is 17°C at Penzance.
- The daily range of temperatures is less than other parts of the country.
- Temperatures in Penwith are on average 2°C higher than in North Cornwall - this effect being greatest in the winter months.
- Frosts are less severe and less frequent than other parts of the country. Last frosts in West Cornwall are usually no later than the first week in March, although they have been recorded as late as May.

Cornwall's mean rainfall is 1172mm (46") (1941-1970) with mean variations up to 1800mm (70") on the highest parts of Bodmin Moor to 900mm (35") around Newquay and Padstow on the North Coast. South Westerly winds are dominant with wind speeds that often cause structural damage. Horticultural crops require shelter belts to prevent damage in the west of the county and on Scilly.

Climatic advantage is becoming less economically significant as more protected horticultural cropping is practised further up the country and the flow of competing imports from warmer parts of Europe increases due to infrastructure improvements. Nonetheless the length of the growing season for grassland will continue to benefit the dairy and beef enterprises, especially as more extensive systems will be encouraged under CAP reforms. Winter grown vegetables, especially cabbage and cauliflower, early potatoes and flowers continue to supply windows in their markets.

Geology and Soils

The area is geologically unique. The underlying rocks of Cornwall are comprised of the Killas, (shales and mudstones) and Devonian carboniferous sedimentary rocks. These were later intruded into by granite bosses. The subsequent metamorphosis that occurred as a result of this intrusion gave rise to the mineral loads and china clay deposits that have been so important in the county's industrial history. The principal exposures of granite are Bodmin Moor, the Carnmenellis area, the West Penwith Moors and the Isles of Scilly.

The soils are of three distinct types:

- Those derived from granite. These are essentially poor due to high acidity, high organic matter, low in phosphates and highly mineralised. They are best suited for use as improved grassland if free draining. Where rock is near the surface, as in large areas of moorland, unimproved and rough grazing is possible.
- Shillet is the most common soil type to be found in Cornwall. It is a free draining sandy loam of the Devonian series, ideally suited to grass production and range of crops. It tends to be low in phosphates and acidic. These soils are often prone to drought conditions in May or June.
- Culm of the carboniferous measures is heavy clay with a high silt content found in the Bude area. They tend to be low in phosphates with impeded drainage, are difficult to manage in winter, but are highly productive, if adequately drained, as summer grazing.

Agricultural Land Classification

MAFF has devised a system of grading agricultural land according to its quality and versatility. The categories, used in **Table 71 (over)**, are identified from 1 (excellent high quality) to 5 (very poor quality). In certain cases where detailed site surveys have been carried out for specific planning purposes, Grade 3 land has been further sub divided into 3(a) and 3(b). Approximately 25% of the area is covered by the Less Favoured Areas Directive (LFA). Most of these areas coincide with farmland classified as Grades 4 and 5 and to be found on, or bordering, higher moorland. The exception to this is the Isles of Scilly.

TABLE 82: AGRICULTURAL LAND CLASSIFICATION IN CORNWALL [1]		
	% for Cornwall	% for England
Grades 1 & 2	7.3	16.1
Grade 3	53.7	43.6
Grade 4	17.9	12.7
Grade 5	6.7	8.3
Non-Ag	10.7	10.1
Urban	3.7	9.2
Total	100.0%	100.0%

Source: Based on MAFF's Provisional Agricultural Land Classification map (OS 1" to 1 mile).
[1] **% for Scilly unavailable.**

Agricultural Land Use

Grassland in various forms is predominant in Cornwall, utilising 72% of the farmed land, compared with 59% in the South West as a whole, and 48% in England. It follows that Cornwall is an area mainly devoted to livestock farming **- see Table 83**, and has therefore been all the more vulnerable to the effects of BSE (see below). On Scilly, cropping with Narcissus flowers for autumn/spring markets is the main farming activity. The 10-year comparison shows a substantial fall of some 15,600 hectares in all categories of grassland. There are various factors affecting this including loss of land to development, the planting of farm woodland, Set-aside, and crops and fallow which have increased marginally by some 1,670 hectares over the same period (largely because of increases in non-cereal crops such as oil-seed rape and forage maize).

TABLE 83: AGRICULTURAL LAND USE CORNWALL AND SCILLY				
	1988	1998	% Farmed Area 1998	% Change 1988-98
Grassland< 5 years	46,728 ha	40,348 ha	15.0%	-13.7%
Grassland > 5 years	145,776 ha	138,693 ha	51.6%	-4.9%
Rough Grazing	15,629 ha	13,486 ha	5.0%	-13.7%
Crops & Fallow	59,821 ha	61,491 ha	22.9%	2.8%
Farm Woodland	5,431 ha	6,675 ha	2.5%	22.9%
Other Land	4,984 ha	5,406 ha	2.0%	8.5%
Set-aside	0 ha	2,767 ha	1.0%	-
Total Agricultural Area	278,369 ha	268,866 ha	100%	-3.4%

Source: MAFF Census

Horticulture remains important in the region. However, there has been a decline in some areas (eg, soft fruit in the Tamar Valley), and an increase in some sectors (eg, bulbs, flowers, and nursery stock).

Farm woodland has shown a significant increase from 5,431 hectares to 6,675 hectares (22.9%) and this reflects the continuing general trend due to incentives such as grant schemes and also increased conservation interest. Woodland now forms 2.5% of the agricultural area in Cornwall and Scilly. Set-aside was introduced during the decade and this now stands at 2,767 hectares.

Economic Trends

Land Tenure

The total agricultural area in Cornwall is currently 268,866 hectares, of which 30.4% (81,708 hectares) were rented in 1998. Over the decade 1988 to 1998 rented land has fallen by 12.1% which follows the continued national decline. The Agricultural Tenancies Act 1995 was designed to encourage the increase in the letting of land and make legislation simpler and more flexible. The full effects of the Act have yet to be analysed, but according to the figures it would appear that there has been little influence in Cornwall to date.

On Scilly 80% of the farmed land area is within Duchy of Cornwall tenancies. Land on the island of Tresco is subject to a special lease arrangement.

Farm Structure

The number of holdings in Cornwall has fallen by 10.3% over the decade from 7,473 to 6,703, see Table 84. The largest falls were in the 20 to 50 hectare category (13%) and smallholdings of less than 5 hectares (22.1%). Significantly, holdings of 100 hectares and over increased by 8% from 523 to 565 units. Nevertheless, Cornwall and Scilly has an overall average farm size of 40 hectares compared with 57 hectares for the remainder of the South West, and a national average of 73 hectares. Therefore, the county remains one of small farms (mostly made up of small fields) which bear relatively high overheads (limited economies of scale), and are in greater need of support for restructuring. On Scilly, 20 holdings of less than 5 ha and 35 of 5-20 ha are recorded.

TABLE 84: HOLDINGS BY AREAS OF CROPS & GRASS [1]

	1988	1998	% Change
Less than 5 ha	1,845	1,437	-22.1
5 ha & < 20 ha	2,049	1,976	-3.6
20 ha & < 50 ha	1,878	1,634	-13.0
50 ha & < 100 ha	1,178	1,091	-7.4
100 ha & over	523	565	8.0
Total Number of Holdings	7,473	6,703	-10.3

[1] **Excluding rough grazing**

Table 85 shows the trend when holdings are sorted by EC Farm Types, and again the story is one of decline for all types, the main exceptions being cereals and pigs and poultry.

TABLE 85: HOLDINGS BY EC FARM TYPES (BASED ON STANDARD GROSS MARGINS)

	1992	**1998**	**% Change 1992 – 97**
Cereals	199	313	57.3%
General Cropping	268	233	-13.1%
Horticulture	448	395	-11.8%
Pigs and Poultry	157	178	13.4%
Dairy	1,427	1,136	-20.4%
Cattle & Sheep (LFA)	635	475	-25.2%
Cattle & Sheep (Lowland)	1,935	1,938	0.2%
Mixed	598	577	-3.5%
Other types	1,367	1,458	6.7%
Total Number of Holdings	7,034	6,703	-4.7%

Source: MAFF Census

Agricultural Employment Trends

Farms in the region are mainly run by family labour. Farmers, their spouses, partners and directors made up 64% of the total agricultural workforce of in 1998, only 5,645 were separately employed and 2,286 of these were on a casual or seasonal basis, see Table 86. (Because of changes in the nature of information collected by the MAFF census, it is not possible to provide direct comparison between all categories from 1988 to 1998. However, Table 75 does serve to indicate the key trends).

The total workforce declined by 6.0% over the decade to 1998. There was also a dramatic decline in the full-time workforce, by 30.5%; and a 55.2% increase in part-time workers.

The trend to shed regularly hired farm labour will continue as businesses restructure and cut costs, although the reliance on family labour will stabilise the rate of job losses to some extent. The decline in the total workforce including farmers and their families will, however, continue to reflect the reduction in the number of holdings as some farmers retire, without successors, and sell to those able to expand.

The decline in employment on farms and the reduced spending by many agricultural businesses have important consequences on the many ancillary jobs that are agriculturally dependent. Suppliers of farm equipment, buildings, feedstuffs and fertilisers are particularly affected. Also, services to agriculture, including vets, contractors, agents and professional advisers, are all operating in a shrinking market.

TABLE 86: TRENDS IN AGRICULTURAL EMPLOYMENT					
	1998	**1992**	**1998**	**% change 1998-1992**	**% change 1998-1998**
Full Time Workforce	10,535	9,668	7,320	-8.2%	-30.5%
Part Time Workforce	3,638	3,786	5,645	+4.1%	55.2%
Seasonal or casual	2,051	2,055	2,268	0.2%	11.5%
Total Agricultural Workforce	16,224	15,509	15,251	-4.4%	-6.0%
Source: Agricultural Census.					

Age Structure of Farmers in the South West Region

The University of Exeter, using data collected from the Farm Business Survey, has looked at the age structure of farmers in Cornwall, Devon, Dorset and Somerset. Over the period 1975-1995, the number of farmers aged 55 and over increased from 29% to 37% **- see Table 87**. This remains a significant issue in Cornwall and Scilly.

TABLE 87: AGE STRUCTURE OF FARMERS IN THE SOUTH WEST					
Year	Age <35	Age 35-44	Age 45-54	Age 55-64	Age 65+
	%	%	%	%	%
1975	10.7	29.0	31.5	20.9	7.9
1995	7.3	26.5	29.2	24.5	12.5
Source: University of Exeter, Farm Business Survey.					

Value of Agricultural Output

The contribution of agriculture to the economies of Cornwall and Scilly is significant - see **Table 88**. In addition to producing raw products with no added value, estimated at over £300 million per annum, the industry plays a vital role in shaping the appearance of the landscape and influencing the quality of the distinctive environment.

TABLE 88: 1997/98 STANDARD OUTPUTS FOR CORNWALL AND SCILLY	
	£ million
Dairying: milk	120.5
Dairying: cull cows/calves	1.2
Other cattle	75.1
Sheep	23.9
Pigs	6.8
Poultry	5.3
Cereals and Set-Aside	30.3
Potatoes	8.0
Oilseed Rape	1.2
Other cash crops	5.4
Horticulture	26.3
Total Value	304.0
Source: Calculated from MAFF census data (June 1997) and survey data for the South West (97/98).	

The Decline in Farm Incomes

Most farming sectors enjoyed a recovery in profitability from 1991/92 to 1995/96. However, there has been a sharp recession since then, all the more unusual and serious in that all sectors have been affected. Mixed businesses have not had the traditional benefit of 'swings and roundabouts'. The main factors underlying the decline have affected the country as a whole. However, Cornwall has suffered especially severely because of its heavy reliance on livestock, its structure of small farms, lack of added value, and its distance from main markets. The problems facing lowland cattle and sheep farmers is particularly significant to the region’s rural economy as 30% of holdings are specifically involved in this type of farming.

The principle causes of the decline have been the BSE crisis (effects felt since early 1996), the strength of sterling (effects on both commodity and support prices from 1996 onwards), and price falls for most major commodities since 1997 because of world market developments.

Figures for the South West as a whole published in March 1999 from the Farm Business Survey carried out by Exeter University's Agricultural Economics Unit show the severity of this farming recession (**see Table 77**), and fairly reflect the situation in Cornwall. The 'average' farm recorded a fall of 58% in net farm income between 1996/97 and 1997/98, to less than £7,000. This is barely a third of the real income achieved in the 1980s. The University predicts a further across-the-board fall in incomes, by 50-55% in the case of dairy farms, although the reductions are generally likely to be lower than in the previous two years.

TABLE 89: NET FARM INCOME IN REAL TERMS (1997/98 PRICES)

	Specialist Dairy	Mainly Dairy	Lowland Cattle & Sheep	SDA Cattle and Sheep	Mainly Cropping
1987/88	37,196	42,651	22,230	15,278	31,681
1988/89	45,598	46,033	22,346	17,949	16,467
1989/90	36,652	28,998	9,010	9,055	25,206
1990/91	25,690	15,108	4,059	3,771	6,888
1991/92	26,758	21,259	6,452	10,248	14,279
1992/93	36,469	28,331	9,468	14,972	15,051
1993/94	37,723	38,938	10,794	21,443	13,273
1994/95	30,003	36,767	8,308	15,370	24,019
1995/96	32,995	61,130	14,826	17,710	28,851
1996/97	23,655	37,126	8,126	17,828	19,422
1997/98	13,612	21,325	-713	7,045	439

Source: Agricultural Economics Unit, Exeter University.

(Despite the severe fall in incomes in 1997/98, a significant number of farms surveyed by Exeter University achieved an increase in income (e.g., 19% of specialist dairy farms, and 23% of lowland livestock farms). This highlights the potential benefits of technology transfer, training and business support).

Important factors for key sectors include: -

- Dairy - milk price has declined from about 25p/litre in 1996 to nearer 17p/litre in 2000. The end of the Calf Processing Aid Scheme in July 1999 reduced the value of calves from £50 to, in some cases, nil. Before the BSE crisis 450,000 calves per year were exported.
- Beef - although BSE occurs mainly in the dairy herd, it has caused the loss of the beef export market, a fall in domestic consumption (only recently recovered) and higher costs caused, for example, by Meat Hygiene Service charges. The strong pound sterling has also encouraged imports.
- Sheep - the strong pound has reduced exports. The lamb price fell by 25-30% in 1998/99, and cull ewes are also difficult to sell.
- Pigs - strict welfare codes and the post-BSE bonemeal ban have increased costs (the latter by an estimated £6/pig). Prices depressed by cheap imports.
- Poultry - prices of meat and eggs depressed by strong pound and world surpluses.
- Cereals - strong pound favours imports and hinders exports, world prices declined (eg, affected by the downturn in the economies of the Far East, and reduced sales to the former USSR).
- Horticulture - some success stories (eg, ornamentals), but vegetable prices held down by price cutting competition between major multiples and by the strength of the pound. Distance from main markets is a handicap.

The impact of the Agenda 2000 reforms of the CAP will reduce market price support but increase direct payments to farmers. Further reform of the CAP is likely to follow world trade negotiations and EU enlargement. These trends and reforms, coupled with increases in agri-environment and rural development funding, and consumer-led quality demands, will encourage a more diverse and more market-orientated rural economy.

KEY POINTS
With over 15,000 people employed in agriculture, the industry remains very important to the economic prosperity of Cornwall

and Scilly. The importance increases when associated off farm employment is taken into account, and when the location of many of the jobs is considered. The industry is experiencing an exceptionally difficult trading period, and this may continue for some time. Farmers contribute directly to the distinctive environment that agriculture and other sectors promote and market to attract visitors to the region and add value to produce.

THE ENVIRONMENT

The environment of Cornwall and the Isles of Scilly is a key strength and one that sets it apart from other areas in England. The varied and dramatic landscapes, the rich and diverse wildlife, the overall sense of place and quality of life for which the Cornwall and the Isles of Scilly are well known, are already of immense value to those who live in, work in and visit the region. Environment related economic activity is estimated to contribute around 100,000 jobs and £1.6 billion to the South West Region, equivalent to over 4% of employment and 3% of GDP. The sector is summarised in **Table 93**.

TABLE 89: SOURCE OF ENVIRONMENT- RELATED JOBS AND OUTPUT
The Environment Sector: c38,000 jobs, c£833 million output
The Environment Industry: firms that provide goods and services which are needed for environmental protection
Environment Management: use of environmental management systems by businesses to assess and reduce their impact on the environment
Renewable Energy: wind energy, biofuels and their potentials
Waste Management: recycling and alternatives to landfill
Natural Environment Sector: economic activity associated with the protection and enhancement of the natural environment
Regenerating the primary sector: c600 jobs, c£13.1 million output
Agriculture and the Environment: environmental land management schemes, organic farming
Regional Produce: using the high quality of the environment to brand regional produce, local purchasing, countryside products
Forestry: working woodlands, multi-purpose forestry, community forests, the South West Forest Project
Capitalising on a high quality environment: c55,000 jobs, c744 million output
Tourism: rural/countryside tourism, sustainable tourism activities, coast and clean seas
Films and Media: dedicated regional centres of excellence, quality environments as film locations
Inward Investment: links between inward investment and quality of life factors, company location
Quality of life: quality of life underpinning life in much of the region for its residents
Source: South West Regional Development Agency

Some commentators consider this to be a highly conservative estimate, placing the overall value of the environment at five to 10% of the South West's total GDP. Nevertheless, with the right approach the environment has the potential to contribute even further to the sustainable development of the Cornwall and the Isles of Scilly, securing widespread economic, social and environmental benefits. It is a fast growing sector and significant opportunities exist to increase the employment and economic output of a number of environment-related activities. For example, it is estimated that, at the South West level, the following additional activities can be secured:

- environment industries, an additional 24,000 jobs and £370m output;
- renewable energy, an additional 12,000 jobs and £260m output;
- organic farming, an additional 160 jobs and £3.5m output; and
- local purchasing, an additional 2,000 jobs and £44m output.

KEY POINTS
A significant increase in employment and output can be secured if Cornwall and Scilly can take advantage of the forecast growth in environmental related employment. The County is in an good position to take advantage of any Regional attempts to develop environmental related employment and business opportunities.

OTHER IMPORTANT SECTORS

This section considers briefly the business stock in other key sectors of the CIS economy. These have been defined as sectors where there are relatively high concentrations of businesses and/or employment, or where there are known links between these and other sectors. For example, food and drink manufacturing activities account for a small proportion of the local business stock, but potentially have a critical role to play through better exploiting local primary produce.

High Technology and R&D Intensive Industries

These are critical activities in generating future income and employment for all regional economies. However, they are difficult to scale reflecting variations in the definitions of what comprise high tech and R&D intensive. Table 90 shows the best fit of the IDBR two-digit sectoral data with the DTI Regional Competitiveness Indicators' definition.

This is defined in terms of pharmaceuticals (SIC 24.4), office machinery and computers manufacture and maintenance (30.0 and 72.5), aerospace (35.3), precision instruments (33 except 33.3) and electrical, electronic and telecommunications engineering (31.1, 31.2, 31.4, 31.6, 32, 22.14 and 22.3). The data in **Table 90** covers all businesses in sectors 22, 24, 30, 31, 32, 33, 35, and 72, and will therefore capture a larger number of businesses.

TABLE 90: HIGH TECHNOLOGY AND R&D INTENSIVE BUSINESSES BY TURNOVER BAND

	1 – 49	50 – 99	100 - 249	250 - 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	215	185	100	45	65	595
% of 1998 stock	36.1	31.1	16.8	7.6	10.9	-
Change over 1996 (%)	-6.5	68.2	0.0	28.6	-7.1	11.2
UK						
Stock at 1998	38,990	45,950	20,130	9,495	18,825	133,385
% of 1998 stock	29.2	34.4	15.1	7.1	14.1	-
Change over 1996 (%)	15.2	65.1	25.0	10.4	12.6	29.4

Source: IDBR. All data subject to rounding error.

Leaving aside the caveats mentioned above, there is a maximum of 600 businesses in this sector and the number has grown by over 11% over the period 1996 to 1998. This is one of the largest growth rates for any sector definition within the Cornwall and Scilly economy, although the increase is well below that experienced at the UK level. Again, a higher proportion of the Cornwall and Scilly stock is in the smaller turnover bands. Comparable data for employment bands is given in **Table 91.**

TABLE 91: HIGH TECHNOLOGY AND R&D INTENSIVE BUSINESSES BY EMPLOYMENT BAND

	1 – 9	10 - 19	20 - 99	100 – 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	535	30	25	5	0	595
% of 1998 stock	89.9	5.0	4.2	0.8	0.0	
Change over 1996 (%)	15.1	-14.3	-37.5	-	-	11.2
UK						
Stock at 1998	117,535	6,910	5,555	1,745	435	132,175
% of 1998 stock	88.9	5.2	4.2	1.3	0.3	
Change over 1996 (%)	33.7	4.7	-5.0	12.2	7.4	29.2

Source: IDBR. All data subject to rounding error.

Food and Drink

A strong food and drink processing sector is important if Cornwall and Scilly is to fully exploit the high quality local primary produce which is supplied by the agriculture and fishing sectors. The data indicate, however, a small local processing sector which has experienced no growth in numbers recently - **see Table 92**.

TABLE 92: FOOD AND DRINK PROCESSING BUSINESSES BY TURNOVER BAND

	1 – 49	50 - 99	100 - 249	250 – 499	500+	Total
Cornwall and the Isles of Scilly						
Stock at 1998	20	15	25	15	30	105
% of 1998 stock	19.0	14.3	23.8	14.3	28.6	
Change over 1996 (%)	-20.0	-25.0	25.0	0.0	50.0	0.0
UK						

Stock at 1998	850	1,115	1,540	955	3,035	7,495
% of 1998 stock	11.3	14.9	20.5	12.7	40.5	
Change over 1996 (%)	-17.1	-10.4	-4.0	1.1	6.5	-2.3
Source: IDBR. All data subject to rounding error.						

In contrast, there has been a fall in numbers at the UK level, while the changes across size bands also implies relatively better recent performance in CIS. Nevertheless, the local sector remains comprised mainly of smaller companies.

Table 93 (over) gives comparable data for employment size bands which paints a similar picture.

TABLE 93: FOOD AND DRINK PROCESSING BUSINESSES BY EMPLOYMENT BAND						
	1 – 9	**10 - 19**	**20 - 99**	**100 - 499**	**500+**	**Total**
Cornwall and the Isles of Scilly						
Stock at 1998	75	10	15	5	5	105
% of 1998 stock	71.4	9.5	14.3	4.8	4.8	
Change over 1996 (%)	0.0	0.0	0.0	-	-	5.00
UK						
Stock at 1998	4,385	1,140	1,225	505	165	7,420
% of 1998 stock	59.1	15.4	16.5	6.8	2.2	
Change over 1996 (%)	-4.6	0.9	-5.4	16.1	17.9	-2.2
Source: IDBR. All data subject to rounding error.						

Other Manufacturing

Cornwall and Scilly depends on the manufacturing sector for a high proportion of employment, while effecting performance improvements generally among manufacturing business will be critical to achieving the Programme objectives of increasing local incomes. **Table 94** gives information on manufacturing after excluding food and drink and high tech and R&D intensive sectors.

TABLE 94: OTHER MANUFACTURING BUSINESSES BY TURNOVER BAND						
	1 – 9	**10 - 19**	**20 - 99**	**100 – 499**	**500+**	**Total**
Cornwall and the Isles of Scilly						
Stock at 1998	185	185	185	95	140	820
% of 1998 stock	22.6	22.6	22.6	11.6	17.1	
Change over 1996 (%)	-22.9	15.6	19.4	11.8	12.0	3.8
UK						
Stock at 1998	16,695	18,675	24,080	15,920	34,225	109,595
% of 1998 stock	15.2	17.0	22.0	14.5	31.2	
Change over 1996 (%)	-9.1	0.8	-2.0	2.4	7.4	0.7
Source: IDBR. All data subject to rounding error						

The other manufacturing sector in Cornwall and Scilly has performed relatively well over the period, with the number of businesses increasing by almost 4%. This is at a time when growth at the UK level was less than 1%. The performance of existing businesses was also relatively good, with large proportions graduating up the turnover scale than evident at the UK level. Nevertheless, the local sector is still more heavily dependent on very small enterprises. Comparable employment data are given **in Table 95**.

TABLE 95: OTHER MANUFACTURING BUSINESSES BY EMPLOYMENT BAND						
	1 – 49	**50 - 99**	**100 – 249**	**250 - 499**	**500+**	**Total**
Cornwall and the Isles of Scilly						
Stock at 1998	640	70	65	15	5	815
% of 1998 stock	78.5	8.6	8.0	1.8	0.6	
Change over 1996 (%)	5.8	-17.6	-13.3	50.0	-	4.5
UK						
Stock at 1998	76,160	14,765	13,345	3,755	735	108,765
% of 1998 stock	70.0	13.6	12.3	3.5	0.7	
Change over 1996 (%)	1.9	2.0	-8.7	7.4	4.3	0.7
Source: IDBR. All data subject to rounding error.						

Importance of Key Sectors

These sectors cover both traditional industries which continue to provide employment to many smaller communities within Cornwall and Scilly, and sectors where there is considerable potential for growth. **Table 96**, shows the scale and relative importance of these key sectors within the Cornwall and Scilly.

TABLE 96: KEY SECTORS OF THE CORNWALL AND SCILLY ECONOMY, 1998		
	Stock	**% of Cornwall and Scilly**
Agriculture, etc	3,830	23.8
Fishing	380	2.4
High-tech and R&D	595	3.7
Food and drink	105	0.7
Other manufacturing	820	5.1
Hotels and restaurants	1,695	10.5
Recreation, culture and sport	405	2.5
All Key Sectors	7,830	48.6
Source: IDBR. All data subject to rounding error.		

Nearly 8,000 businesses were active in key sectors, accounting for almost half of the stock in 1998. While this figure will, to some extent, overstate their importance (see especially the discussion relating to high tech and research and development intensive industries below) it does help to identify the minimum scale of the target population for general SME competitiveness and sector-specific interventions. Also, as already discussed and will be confirmed again below, all but a few of these businesses are smaller, micro-businesses.

KEY POINTS
Nearly 8,000, or half of all Cornwall and Scilly businesses, are in key sectors.
Recent performance has varied across sectors.
Growth is evident for all key sectors excepting agriculture and fishing, and in many cases Cornwall and Scilly performance has been at or above the UK level.
Cornwall and Scilly, however, remains relatively dependent on very small businesses in these sectors.

TRANSPORT, INFRASTRUCTURE & COMMUNICATIONS

INTRODUCTION

The Strategic Transport Network for Cornwall consists of the railway network - both main line and branch line, the strategic road network - consisting of the Primary Route Network and three other County Routes considered of particular importance, and the major ports and airports serving the County. There is a need to give increasing emphasis to the management of traffic, and initiatives that will give greater potential for public transport use and more encouragement for journeys to be made on foot or by cycle.

TRAVEL TO WORK INFORMATION

Travel to work information, given in Table 97, includes details of the distances travelled to work. Compared with Great Britain, not only does Cornwall have much higher proportions of people working at home, but many more people travel less than 2 kilometres to work. This is in spite of Cornwall's relatively dispersed settlement pattern.

TABLE 97: DISTANCE TRAVELLED TO WORK, 1991 (NUMBER OF JOURNEYS)			
Distance Travelled	**Cornwall**		**GB**
	Numbers	**% of total**	**% of total**
Work at Home	18,650	12.5	5.5
Under 2 km	48,130	32.1	25.9
2-4 km	25,430	17.0	23.9
5-9 km	24,090	16.1	19.6

10-19 km	21,640	14.4	14.8
20-29 km	5,720	3.8	4.7
30 km plus	6,200	4.1	5.6
Total	149,860		
Source: Census of Population 1991.			

Table 98 indicates the distance travelled to work in terms of the percentage of the population.

TABLE 98: TRAVEL TO WORK, 1991 (% OF POPULATION)						
Distance	**Urban**		**Rural**		**Total**	
	No	**%**	**No**	**%**	**No**	**%**
Under 2 km	35,280	48.9	12,850	21.7	48,130	36.7%
2 up to 5 km	12,910	18.0	12,520	21.2	25,430	19.4%
5 up to 9 km	8,820	12.2	15,270	25.8	24,090	18.3%
10 up to 19 km	9,320	13.0	12,320	20.8	21,640	16.5%
20 up to 29 km	2,600	3.6	3,120	5.3	5,720	4.4%
30 up to 40 km	900	1.2	900	1.5	1,800	1.4%
40 km plus	2,230	3.1	2,170	3.7	4,400	3.3%
Total	72,060		59,150		131,210	
Source: Census of Population, 1991.						

Table 99 summarises the mode of travel in different types of area. It divides parishes in Cornwall into three groups; large towns with a population of 10,000 or more, small towns with a population of 3,500, and rural areas.

TABLE 99: PROPORTION OF WORKERS USING DIFFERENT MODES OF TRAVEL, 1991 (%)				
	Large Town Parishes	**Small Town Parishes**	**Rural Areas**	**Average**
Public Transport	4.7%	3.6%	3.4%	3.9%
Car Driver	57.1%	56.9%	71.2%	61.7%
Car Passenger	9.4%	8.9%	8.0%	8.8%
Cycling	4.9%	6.8%	5.3%	5.7%
Walking	23.0%	22.1%	10.9%	18.7%
Other	0.9%	1.7%	1.2%	1.2%
Source: Census of Population, 1991.				

For public transport use, large towns have an advantage, with 4 7% of journeys by public modes using train or bus, compared with 3 6% in small towns and 3 4% in rural areas. These variations do not appear large but, in terms of number of passengers on buses or trains, they are significant. For cycling, which includes both motor and pedal, the small towns have the highest proportions of people using this mode - 6 8% compared with 4 9% in large towns and 4 5% in rural areas. There are large differences between the urban and rural areas in terms of the proportions of people walking to work - 22% to 23% in towns but only 11% in rural areas.

Car drivers make up 57% of all workers in towns but, in rural areas, the proportion is 14 percentage points higher at 71%. This is the least energy-efficient mode of travel. It is clear that, in Cornwall, the location in which people live has a substantial effect on their choice of mode of travel. In rural areas, the use of cars is 25% higher than in towns. Workers in households without a car form a minority, at 11% in towns and under 5% in rural areas. The proportion of people using public transport to get to work, however, does not vary greatly between towns and rural areas. The urban/rural differences lie in the number cycling - at 12% in towns and 22% in rural areas, and in walking - at 52% in towns but only 37% in rural Cornwall.

The proportion of households with two or more cars is higher in rural areas and the possession of an extra car affects travel patterns. Having an extra car reduces use of public transport from 4 2% to 1 8%, walking by 11%, and travelling as a car passenger by 5%. Car use leaps from 58% to 81%.

In all car-owning households, rural dwellers are more likely to drive - 75% of workers drive to work as against 63 5% in towns. There is little variation between urban and rural areas in the use of public transport in car-owning households. The other main difference is among walkers in car-owning households - 19% of those in towns walk to work but only 9% in rural areas.

These patterns are influenced by the presence of a greater number of two-car households in rural areas but, even within each of the ownership categories, there are still major urban/rural differences. In both, the proportion of drivers is 8 points higher outside the towns, while walkers are 11 points lower in one-car households and 6 points in those with two or more cars.

This analysis shows very clearly that people who live in the rural areas of Cornwall both own more cars and make more use of them to travel to work. On all counts, towns offer better opportunities to save energy by allowing people to cycle or walk to work. The only point which is perhaps less clear is how far living in towns leads to more use of public transport. Overall, the large towns show a slight advantage and this may result from the fact that such a location enables people to manage without owning a car at all.

CAR OWNERSHIP

The 1991 Census showed that 75% of Cornish households had at least one car and 25% had two or more. In the rural areas of the County these figures were even higher, at 84% and 33% respectively. Car ownership in the rural areas of Cornwall was, however, less than the average for all rural areas of England and Wales - nationally 85% of households in rural areas had at least one car and 41% two or more. In terms of Cornwall:

- car ownership of the resident population was 0 387 perhead;
- vehicles registered in Cornwall were 233,002;
- average age of cars in Cornwall was 7 6 years.

Cornwall has a relatively high level of car ownership, a reflection of its rurality - 75 5% of households have cars, whereas the average for England and Wales is 67 6%. Sixteen counties have higher ownership levels with Surrey being the highest at 82 2%. During the period 1981 to 1991, an additional 5% of all households became car owners. This is less than the national average of 6 4% and less than other counties in the South West.

The 1991 census shows clearly that the only reason why Cornwall has such a high level of car ownership is that a much higher proportion of its population lives in rural areas than is generally the case - at 35 4% compared with 15 4% in all Shire counties. It also ranks higher in urban than in rural areas but, again, this is because its towns are smaller and there tends to be an inverse relationship between the level of car ownership and the size of settlement. Comparison of settlements in Cornwall with those of like size nationally shows that Cornwall generally falls below national car ownership levels.

In 1996, there were 408 cars for every 1,000 people resident in the County - **see Table 100**. It is likely that car ownership will eventually reach a limit or “saturation level”. This is put at 650 cars per 1,000 people, considerably above current levels. The saturation level of 650 equates to the point at which 90% of the driving age group of 17 to 74 years old owns a car. In Cornwall, 60% of this age group owned a car in 1991, including those where a person owned more than one.

TABLE 100: CAR OWNERSHIP AND AVERAGE AGE (1995)

Area	Average Age Of Car Stock	Cars Per 1,000 Population
Cornwall	7.7	408
South West	8.0	437
England	7.4	389
South West	-	437 (highest)
North	-	317 (lowest)
South West	8.0 (highest)	-
Yorks & Humberside/North/North West	6.8 (lowest)	-

Source: Cornwall County Council

Table **101** gives the number of vehicles registered in the County at the end of the period 1985 -1995.

TABLE 101: VEHICLE REGISTRATIONS

Vehicle Category	Growth (1985 - 1995)
Motorcycle	-52 9%

Cars & L.G.V	+20 9%
P.S.V.	-25 9%
Other	+7 1%
Total	12 8%
Source: Cornwall County Council	

KEY POINTS

For many citizens, owning a car is a necessity, rather than an option.

Those in the most remote areas have effectively little choice but to own a car, and any moves to increase motor related taxation (for environmental or other reasons) would affect their quality of life.

ROAD TRAFFIC INFORMATION

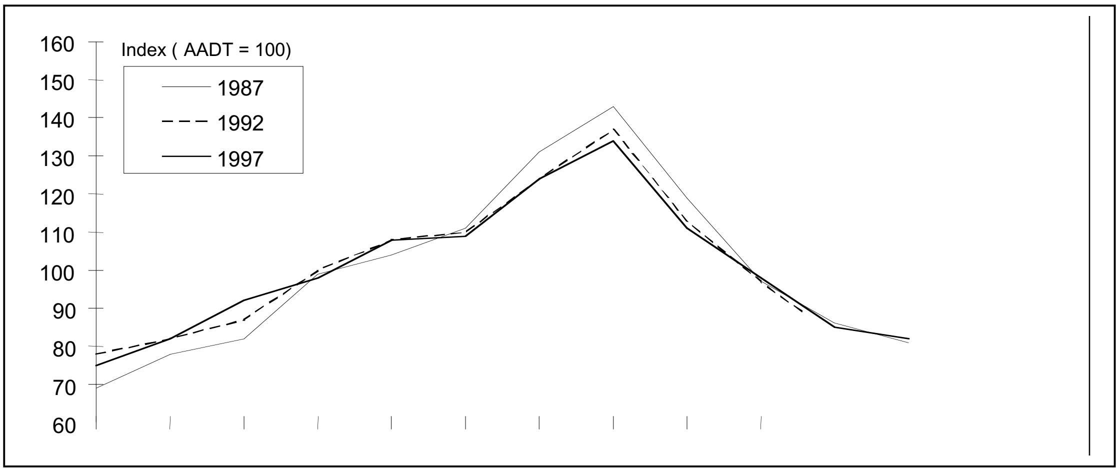
The geographical shape of the County has dictated the major road network, with the three trunk roads - the A30, A38 and A39, converging in central Cornwall and continuing through the narrow western end of the peninsula as the A30 Trunk Road to Penzance. The highway network consists of 265 km of trunk road, which are the responsibility of DETR, and 7,153 km of road for which the County Council is the Highway Authority. The road network is described in more detail broken down in **Table 102**.

TABLE 102: ROAD NETWORK IN CORNWALL	
Primary Route Network (PRN)	202km
Other ‘A’ Roads (non-PRN)	273km
‘B’ Roads	577km
‘C’ Roads	2,636km
Unclassified Roads	3,465km
Public Rights of Way	4,240km
Source: CCC Transportation & Estates Department.	

Nationally, traffic volumes have increased by more than 85% over the past 20 years and are forecasted to increase by 1 4% per annum between 1996 and 2031. Historically, growth in Cornwall has been more volatile than nationally and there have been periods where local growth has far exceeded or fallen well short of the national figures. However, longer-term trends are broadly similar. For example, in 1997, traffic volumes in Cornwall were nearly 2% higher than the previous year, slightly behind the national increase of 3%.

The new 1997 National Road Traffic Forecasts show that growth is expected to continue well into the 21st century. However, these current forecast rates of traffic growth are well below those observed during the 1970s’ and 1980s’. **Figure 5 (over)** details the observed and forecasted growth in Cornwall. The main single factor leading to traffic growth is considered to be increasing car ownership.

Figure 5: Decline in Seasonal Variation in Cornwall (1987-1997)



SEASONAL VARIATION OF TRAFFIC

There are considerable seasonal variations in traffic flows throughout the County, due mainly to the influx of tourists during the peak summer months - in 1996, 92% of tourists travelled by car, 4% by coach, 3% by train and 1% by air and other modes. Whilst seasonal variation in traffic volumes within Cornwall remain considerable, its strength has declined over the last 10 years. In 1987, August flows were 43% above annual averages whilst, by 1997, this figure had fallen to 34%.

PUBLIC TRANSPORT - BUSES

Bus services in the County are operated by Western National, Truronian and some 29 smaller operators. Overall, some 200 routes are operated, with Western National Ltd. operating some 115 of these. Regular coach services are operated by National Express between Cornwall and the rest of the country.

Since the introduction of the 1985 Transport Act, the role of the County Council has been constrained to securing those services, which meet the residual social needs that remain after the provision of commercial services by the private sector. In mileage terms, the County Council secures approximately 35% of total bus mileage. This equates to some 2 million passenger journeys. In terms of passenger journeys, the commercial bus network controls 78% of journeys and the County Council secured services equate to 22%.

In a rural county such as Cornwall there is dependency on the private car. Nevertheless, studies have shown that in communities of fewer than 3,000:

- over 96% of residents are situated reasonably close to a bus service;
- for 75% of them the standard of service availability is at least 5 journeys per day, 5 days a week; and
- some 40% of those in rural communities have services of at least hourly frequency plus some evening and Sunday services.

The County Council is seeking to develop a Strategic Public Transport Network that makes use of all three of the current principal means of public passenger transport - rail, bus and ferry. It will link the larger rural communities, which contain a minimum range of facilities to nearby towns with wider ranges of services. The communities served should comprise 90% of the County's population.

There is support for community bus and voluntary car schemes. In response to the needs of rural communities, there have been 13 Community Buses introduced, more than in any other county within Great Britain.

25% of households in Cornwall do not have access to a car. The number of people who rely on public transport, walking or cycling is even higher because even in those homes with a car not everyone has access to it - see **Table 103**. Those who cannot drive rely on lifts (4 in 10 women do not have a Driving Licence nationally). In some places the lack of a car and poor public transport combines to produce social exclusion.

TABLE 103: ACCESS TO PUBLIC TRANSPORT BY LEVEL OF SERVICE, JANUARY 1996			
Level of Service	**% of Population**		
	Urban	**Rural**	**Total**
Frequent(hourly or better)	85 4	40 8	62 2
Min. All Purpose (i.e. Strategic Stds)	96 2	75 7	85 6
Daily (not M.A.P. Std)	99 8	90 3	94 9
Less than daily but at least weekly	99 8	96 7	98 2
Nothing - (or schooldays only or summer only)	0 2	3 3	1 8
Source: CCC Transportation & Estates Department.			

KEY POINTS

Public transport is important to smaller communities, and although car ownership is high, one in four households does not have access to a car.

Although access to a regular public service is available to the majority of the population, a significant minority only have access to a more limited service.

Women are most likely to be constrained by transport.

Community based transport initiatives are being developed to assist smaller communities.

THE RAIL NETWORK

The main rail line services are operated by Great Western Trains, operating between Penzance and London, Virgin Rail, covering the Midlands and the North via Plymouth, and Wales and West, which provides regional services. The five branch line passenger services, covering Newquay, Looe, Gunnislake, Falmouth and St. Ives, are operated by Wales and West. English, Wales and Scottish Railway is the main freight operator in the County. Overall, there are 14 main line and 23 branch line stations in Cornwall, which generated some 2 56m passenger journeys during 1997.

In order to enable future extensions to the railway network and services it is proposed to safeguard disused railway lines, stations and associated land from development that would prejudice a return to transport use. This is, however, within the context of some summer services on branch lines being cut.

There is broad support for plans to expand use of the railway in respect of both passenger and freight. In addition, the Objective One Partnership seeks to secure the inclusion of the main line from Bristol to Penzance on the High Speed Rail Trans European Network.

The Devon and Cornwall Rail Partnership, an innovative group established in 1991 has acted as a catalyst to bring together a variety of public and private sector organisations with an interest in both the railways and the communities they serve. It has a strong record of increasing patronage of rural rail services and as a result of both individual branch line and overall network publicity has attracted considerable interest at regional, national and international levels.

The Cornwall Rail Development Partnership has developed the ‘Riviera’, which identifies the investment needs at every station in Cornwall. It is used as a basis for adding value to Railtrack’s investment programme by use of other local funds, supported by external grant funding.

KEY POINTS

The Penzance London mainline is a key transport route for the County.

The route is constrained by the track infrastructure and as a result journey times are slow.

The County has an extensive branch line system which could be further extended.

AIR, SEA AND LOCAL FERRY ROUTES

Air

The County's principal civil aviation facility is at Newquay Cornwall Airport. Brymon Airways, a subsidiary company of British Airways, runs daily scheduled services to London. These transferred from Heathrow to Gatwick in April 1997, when the number of flights also increased from 26 to 27 per week. Scheduled and commercial air services to and from Cornwall are seen as a lifeline for business and as necessary to attract inward investment. It is therefore particularly important to protect flights between Newquay and London. Air links operate between the mainland and the Isles of Scilly, with a fixed wing and helicopter service operating all year round.

The Atlantic Arc Group is seeking to develop both air and sea links with Europe. The development of such links will help to develop the local economy and reduce peripherality, providing an alternative for trade to the more heavily congested areas of central Europe. The demand for air services are expanding and 1998, for instance, has seen the introduction of charter holidays from Switzerland. There is an investment programme, currently at the planning stage, to improve the facilities and build on the increased activities that the recently constructed passenger terminal at Newquay has realised. In 1991 there were over 4,000 total air transport movements from the airport which involved over 35,000 passengers, both terminal and transit. As **Table 104** highlights numbers have increased considerably, with a business/leisure split of 65:35.

TABLE 104: VOLUME OF ACTIVITY FROM NEWQUAY AIRPORT

	Newquay	Plymouth
1993/94	32,139	34,549
1994/95	40,873	39,881
19995/95	44,486	45,489
1996/97	50,065	50,758
1997/98	53,365	50,685
1998/99	57,700	53,100

Soure: Cornwall County Council

KEY POINTS

The air link to London is a key transport link and is vital to the business community.

There is potential to develop employment opportunities in and around the airport.

The helicopter and fixed wing aircraft provide lifeline services to the Isles of Scilly).

Maritime

Nationally, port growth has been affected in recent years by both changes to the global shipping industry and the concentration of major freight movements through the south-east and east coast UK ports. Cornwall still possesses a number of small to medium-sized ports, at Padstow, Hayle, Penzance, Dean Quarry, Falmouth, Truro, Charlestown, Par and Fowey, through which substantially more freight, given appropriate markets, could be moved with improvements to infrastructure.

The three main commercial ports in Cornwall are Falmouth, Fowey and Par. Falmouth, the principal port in Cornwall at the mouth of the River Fal Estuary, has fishing, recreational and commercial facilities. It is the third largest natural deep water harbour in the world after Sydney and Rio de Janeiro. The port's total trade amounted to 417,000 tonnes during 1993, with most of this consisting of imported petroleum products - see **Table 105**. Falmouth is principally a ship repair port.

TABLE 105: FOREIGN AND DOMESTIC TRADE THROUGH CORNISH PORTS, 1993

	Foreign Trade		Domestic Trade		Total Trade	
	'000 Tonnes	%	'000 Tonnes	%	'000 Tonnes	%
Falmouth	312	75	105	25	417	100
Fowey	1,548	100	2	-	1,550	100
Par	676	98	12	2	688	100

Source: CCC Transportation & Estates Department.

The Port of Fowey is the fourth most important port in the South West and handled over 1 5 million tonnes of port trade during 1993. The port's trade is entirely composed of outward overseas shipment of bulk China Clay as a result of the port's facilities being leased to English China Clay International Ltd. This type of trade is also undertaken at Par, a port owned by ECCI and ranking sixth in the South West, where 71% of the volume of trade consists of exports overseas by dry bulk goods. The small Cornish ports at Penzance, Hayle, Truro, Padstow etc., handle a maximum of 50,000 tonnes per annum, comprising mainly sands and gravel.

There are several ferry services in operation in the County. As well as the 'Scillonian' link to the Isle of Scilly, there are seven year-round estuarial ferries, two across the River Tamar, two across the River Fowey, two across the River Fal and one across the river Camel.

KEY POINTS
The harbour and port facilities are a major regional asset.
There is considerable potential for expansion at a limited number of facilities.
The harbour and port facilities are a major regional asset.
The Scillonian is a life line service for the Isles of Scilly.

Freight Transport

Table 106 shows the amount of Heavy Goods Vehicle (HGV) traffic as a percentage of total road traffic in Cornwall.

TABLE 106: HEAVY GOODS VEHICLE TRAFFIC BY ROAD TYPE

Road Type	% of Traffic
Trunk Road	9.0
'A' Road	5.3
'B' Road	4.7
'C' Road	4.7
All Roads	5.9

Source: CCC Transportation & Estates Department.

The pattern of the movement of freight has changed over the last 20 years. There is little information available about goods volume in Cornwall but nationally:

- The volume of goods transported by road in GB has risen from 1 4 billion tonnes in 1976 to 1 6 billion tonnes in 1996, an increase of 14%.
- The proportion of domestic freight transported by road has increased from 56% in 1986 to 66% in 1995 whereas, over the same period, the proportion of freight moved by rail fell from 9% to 6%.
- There has been a big change in the distance goods are carried by road in GB, increasing by 58% from just under 93 billion tonne-kilometres in 1976 to nearly 147 billion tonne-kilometre in 1997;
- The average HGV journey length in Great Britain has risen from 73 kilometres in 1976 to 90 kilometres in 1996, and it is the distance goods are carried which has been largely responsible for big increase in freight traffic on Britain's roads;
- 63% of freight movement in 1996 was conducted by heavy articulated vehicles of between 33 and 44 tonnes, as opposed to only 33% in 1986.
- The number of HGVs in operation in Great Britain has decreased from 536,000 in 1976 to 421,000 in 1996, indicating an increase in the use of heavier vehicles together with the more efficient operation of HGVs; and
- The pattern of distribution has changed considerably with more use being made of centralised distribution depots, explaining the greater distance goods now travel on Britain's roads.

English, Wales and Scottish railways (EWS) are the main rail freight operator in Cornwall. China Clay is the predominant commodity transported by rail in Cornwall, with approximately 750,000 tonnes of China Clay moved to Fowey Docks annually. A further 1,100 tonnes per week is transported to Italy from Cornwall, while approximately 2,000 tonnes per week of China Clay slurry is moved to Scotland.

Recent additional traffic flows include calcified seaweed from Truro to North West England and domestic house coal from West Wales to Falmouth Docks. EWS has set the target of doubling its traffic over five years and tripling it over ten.

KEY POINTS
Cornwall has a number of port facilities that handle considerable volumes of freight.
An inter modal freight terminal would help to take traffic off the road, and allow the port facilities in Cornwall to be further developed.

TELECOMMUNICATIONS INFRASTRUCTURE

Introduction

Telecommunications is an important issue in relation to the peripherality of Cornwall. There is undoubtedly some potential for telecommunications to address issues associated with distance from markets, as well as increasing linkages between and within isolated communities. This section assesses the current state of the telecommunications infrastructure in Cornwall.

Demand for Telecommunications

There are approximately 200,000 residential telephone lines and 55,000 business lines in Cornwall, a rate of approximately 52.9 lines per 100 population. This is very close to the UK average but well behind the higher densities of Sweden (68.2), Switzerland (64.0) and the US (64.0).

The overwhelming majority of demand for telecommunications comes from domestic and small business users.

Supply of Infrastructure and Services

There is limited competition between service providers in Cornwall. British Telecom effectively provides the sole fixed line infrastructure network serving Cornwall at present. All of BT's 99 exchanges in Cornwall are now digital, with many connected to the network by high speed, high capacity fibre optic cables. The vast majority of telephone lines in Cornwall are capable of carrying ISDN, with some limitations for more remote customers situated further from exchanges or served by overhead lines. Other operators can provide indirect access to subscribers using BT lines and can compete on price and services with BT. There are, however, few areas with alternative fixed link infrastructures.

Cable services are limited in Cornwall. The only available cable infrastructure is being developed in Saltash by Eurobell. There are no plans for extension of cable services elsewhere in the County. A number of optic-fibre connections exist, including those serving larger customers who receive their communications services from BT via fibre, and as a medium for CCTV networks in and between Penzance, St. Ives, Hayle, Redruth, Camborne and Helston. NTL provides this CCTV service, and plans to develop further high-speed fibre optic communications networks, initially serving West Cornwall.

There is significant use of telecommunications infrastructure through private or Intranet systems, including Cornwall County Council's own networks, the University and College networks, and some large corporate networks. There could be opportunities for investing in the area's infrastructure if corporate users collaborate to invest in high-speed, high- capacity infrastructure.

In terms of mobile telephone coverage, an estimated 90% of the resident population is able to access cellphone services. Gaps in coverage occur both due to the topography of the County and to the lack of established cells in the more remote and less populated parts or Cornwall. This can deter mobile business users who require consistent and continuous services. Cornwall has a poorer overall mobile phone coverage relative to many other parts of the country.

Overall, the BT infrastructure within the County provides extremely high capacity links, and there is no significant limitation on commercial use imposed by the current network. Though some homes and business premises are not able to access ISDN and/or mobile telephone services, this applies to only a small minority of cases. The vast majority of business sites and premises can obtain high quality, high bandwidth services, sufficient to allow multimedia, videoconferencing, Internet and other applications in addition to normal telephone and data services.

There are some local constraints on telecommunications use in the remoter parts of the County. This can be an issue for businesses and households, in terms of the cost of connecting to high bandwidth services. In such cases there may be a strategic need for improved services access.

The infrastructure is being extended and enhanced in the County, through the investment of BT, NTL, Eurobell and others. In general, infrastructure and associated technology have provided services sufficient to meet demand and stay competitive with other areas to date. A major issue for the future is ensuring that the area does not fall behind in the next phases of service development. There may also be cost implications to the lack of competition in Cornwall and this places the area at a disadvantage to attract inward investors. However, indications are that competition is increasing in the area and that the impact of such concerns is likely to be reduced in the future.

Cornwall has no ‘Smart Parks’ or ‘Smart Buildings’ for commercial occupation. Such projects have ensured that a high speed, high capacity telecommunications infrastructure is available in purpose-built sites or premises. Such projects also present an opportunity to bring together users to achieve a critical mass and offer a high profile to assist area marketing. Another gap in provision is in high profile points of delivery for specialist services to the public or business community, such as videoconferencing or multimedia applications.

Finally, any consideration of telecommunications provision and development in Cornwall should recognise that physical infrastructure is not the only issue of concern. Any strategy for Cornwall should also address the capability of personnel, the quality of development and support services, and the relationships with and between key agencies and institutions. There are particular problems in relation to the Isles of Scilly and ICT infrastructure. The costs of upgrading or introducing new services are prohibitive, particularly to the off islands.

KEY POINTS
The telecommunications infrastructure of Cornwall is adequate and can be regarded as good relative to the Isles of Scilly.
There is limited competition in the provision of services with BT the market leader.
Access to some services is a problem for some remote rural areas. This is especially the case for mobile phones, ISDN and cable services.

INDUSTRIAL AND COMMERCIAL PROPERTY

A review of the current availability and condition of property was carried out by an independent firm of consultants. The study indicates variable quality within the existing stock and limited access in a number of key sites. It also identifies relatively limited development opportunities in some existing estates. The details are summarized **in Table 107.**

TABLE 107: REVIEW OF EXISTING INDUSTRIAL ESTATES

Name	Location	Availability	Condition	Access
Scarne	Launceston	1 unit, poor condition	Poor	Close to A 30
Pennygillam	Launceston	Some speculative units	Good	Close to A 30
Newport	Launceston	Some small plots	Mixed	Poor access
Callywith Gate	Bodmin	No spec units, some land available	Good	Adjacent to A30
Business Park	Bodmin	No spec units, some land available	Good	Adjacent to A30
Carminow	Bodmin	No units available	Fair	Adjacent to A30
Walker Lines	Bodmin	No development sites	Good/fair	Adjacent to A30
Victoria	Roche	No site available	Good	Poor site access
Cardew	Redruth	Some small units	Good	Adjacent to A30
Treleigh	Redruth	Development land available	Good	Adjacent to A30

Pool	Redruth	No development land	Good	Poor
Pool industrial	Redruth	No land or premises	Fair	Poor
Formal	Camborne	2 units	Fair	Poor
Long Rock	Penzance	New spec units	Good	Penzance A30bypass
WatermaTrout	Helston	New/second hand units	Moderate	A394
Tregoniggie	Falmouth	Small units only	Good	Reasonable
Bickland	Falmouth	Small unit and site	Good	Reasonable
Business park	Falmouth	2 hectares	Good	Reasonable
Treliske	Truro	No availability	Good	A 390
Newham	Truro	No availability	Moderate	Reasonable
Holmbush	St Austell	One unit available	Mixed	Reasonable
Moorlands	Saltash	Some units available	Fair	A38
Gilston	Saltash	Small area of development land	Fair	A38
Source: Lambton, Smith and Lampton.				

The report concluded that “there is probably a perceived need for more space, largely generated through existing occupiers wishing to expand, however, the maintenance of rentals at relatively low levels are a disincentive for the private sector investment in development”

This conclusion is supported by evidence from the 1999 Employer Survey carried out by PROSPER. This indicated that a significant number of companies, in all size bands, regarded current property as a constraint to further growth. The data is presented in **Table 108**.

TABLE 108: PROSPER 1999 EMPLOYER SURVEY	
Size Employment Numbers	**Proportion Indicating Constraint To Growth Due To Current Premises Limitations**
5-10 employees	58%
11-24 employees	47%
25-199 employees	42%
200+ employees	34%
Source: Prosper 1999 Employer Survey.	

The Survey also indicated that constraints applied across a number of sectors. The data is presented in **Table 109**.

TABLE 109: PROSPER 1999 EMPLOYER SURVEY	
Sector	**Proportion Indicating Constraint to Growth Due to Current Premises Limitations**
Manufacturing	39%
Distribution	56%
Transport	61%
Banking Finance	44%
Source: Prosper 1999 Employer Survey.	

The survey also found a high proportion of companies who thought it quite likely that they would want or need to move premises in the next 3 years. Even allowing for a degree of optimism, the percentage figures are high and, when applied to the large business base, indicate a potential significant increase in demand. It is not clear, given the low rentals, whether the market will be prepared to meet this demand. The data is presented in **Table 110.**

TABLE 110: PROSPER 1999 EMPLOYER SURVEY	
Sector	**Likelihood of Company Needing or Wishing to Move in Next 3 Years**
Manufacturing	15%
Distribution	12%
Transport	24%
Banking Finance	20%
Source: Prosper 1999 Employer Survey.	

KEY POINTS
The current provision is variable with constraints regarding access and some poor quality environments. Land and premises are available, but in relatively small units and parcels of land in the majority of cases, and the evidence suggests that the market rents are insufficient to secure a commercial return to investors). Property is a constraint to a significant number of companies in a number of sectors. A significant number of companies have indicated their need to move premises over the next 3 years.