



# Cornwall and Isles of Scilly

## Employment and Skills Strategy



## Evidence Base



CORNWALL &  
ISLES OF SCILLY  
LOCAL ENTERPRISE PARTNERSHIP



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grow great  
business...

## Acknowledgements

The Cornwall and Isles of Scilly Employment and Skills Board would like to thank the many individuals and organisations that have contributed evidence and information to support this evidence base.



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## Introduction

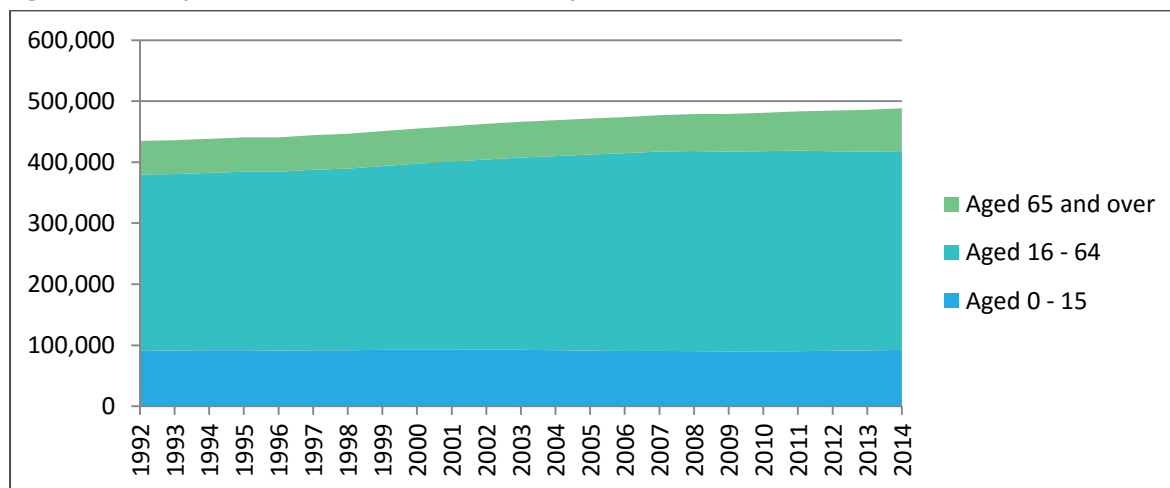
The evidence base presented in this report explores a full range of socio-economic indicators for Cornwall and the Isles of Scilly to help understand how the economy and labour market have changed since the production of the original Employment and Skills Strategy in 2012 and to inform the evolution of priorities in the refreshed Strategy. Where possible the most up to date data and statistics have been drawn from reliable sources such as Nomis, ONS, census etc. Where available, data has been drawn for the whole LEP area i.e. Cornwall and the Isles of Scilly, but where this is not the case, we refer to Cornwall or the Isles of Scilly as appropriate. We also recognise that the needs on the Isles of Scilly may differ from those on the mainland and so where data is available, we provide an additional commentary highlighting these differences.

## Overview

### Population

Figure 1 shows that the population of Cornwall and the Isles of Scilly was 547,600 in 2014, having grown by 16% since 1992 (74,000 people), which is a faster rate than that seen in England over the same period (13%). 49% of this growth has been in the 65 and over group, meaning that this age group has grown by 39% since 1992. This compares with a 25% growth rate of this age group in England. 49% of the overall growth in Cornwall and the Isles of Scilly over this period was also seen in the 16-64 age group, resulting in a growth rate of 13%, the same as the working age growth rate observed in England. The Isles of Scilly population now stands at 2,300, having grown at a similar rate to that seen across the wider LEP area.

Figure 1: Total Population, Cornwall and the Isles of Scilly



Source: Nomis: mid-year population estimates

Cornwall's Demographic Evidence Base<sup>1</sup> confirms that migration is the single greatest driver of population change, with internal migration accounting for the largest proportion of net migration in Cornwall. The demographic ageing seen above has been bolstered by the cumulative effect of working age net migration over the last 30 years. The report also highlights

<sup>1</sup> Cornwall 2011, Demographic Evidence Base, Cornwall Council

how the expansion of the Higher Education infrastructure and better employment prospects has led to reductions<sup>2</sup> of younger people leaving Cornwall. However, these trends are neither fixed nor guaranteed, and are fragile. Contrary to popular belief, migration is predominately for economic and lifestyle reasons, not retirement purposes. Many of those moving to Cornwall are returners and there is every reason, and some evidence to believe, that this is still a strong trend.

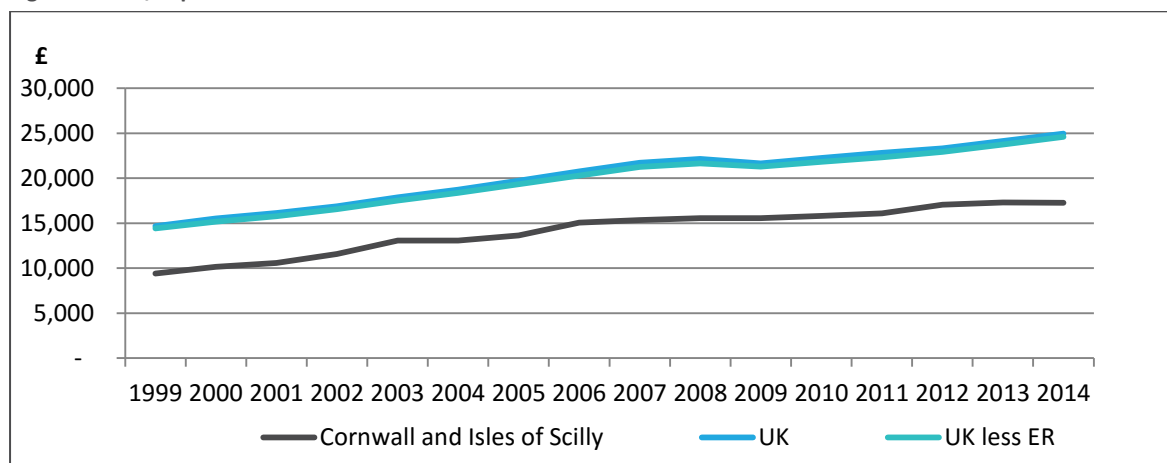
**Key Issue: The demographic ageing population has implications for the labour market and delivery of health and social care.**

## Output and Productivity

The economic output of Cornwall and the Isles of Scilly in 2014 was £9,462m as measured by nominal Gross Value Added (GVA)<sup>3</sup>. This represents 1.5% of the UK economic output. Overall, output has grown in nominal terms since 2008 at a rate of 15.2%, lower than the UK average of 18.1%. Between 2013 and 2014, the rate of growth slowed to -0.1%, the lowest of all LEP areas. Declines in real estate and public sector activities of public administration, health and education were a factor in this slower growth rate<sup>4</sup>.

In per capita terms (see Figure 2 below), the figure for 2014 was £17,278, down by 0.1% on the 2013 figure of £17,303. This is the second lowest for all LEP areas, with only the Black Country having a lower GVA per capita. Per capita GVA in real terms is lower than it was in 2006 by some 4%.

Figure 2: GVA/Capita



Source: ONS Sub-Regional GVA, March 2016

Figure 3 shows per capita GVA as an index against the UK per capita average. In 2014 the figure for Cornwall and the Isles of Scilly was 70.2%, down on the 2013 figure of 72.9%.

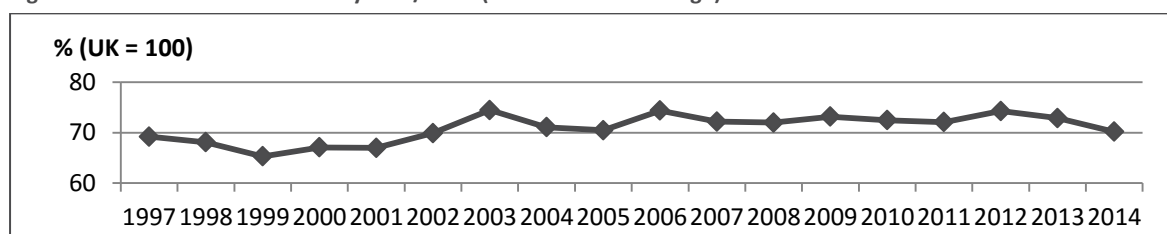
<sup>2</sup> Note: Subsequent data shows that Cornwall and the Isles of Scilly continues to experience a net outflow of students and graduates.

<sup>3</sup> Source: ONS Sub-Regional GVA

<sup>4</sup> GVA for Local Enterprise Partnerships: 1997 to 2014. ONS 18<sup>th</sup> February 2016

Between 1999 and 2014 the per capita index rose from 65.3% to 70.2%, up 4.9 points, showing an improvement relative to the UK average. However, this disguises the fact that the best figure of 74.5% was reached in 2003, (with 74.4% in 2006 and 74.3% in 2012). Since then the position of Cornwall and the Isles of Scilly has deteriorated.

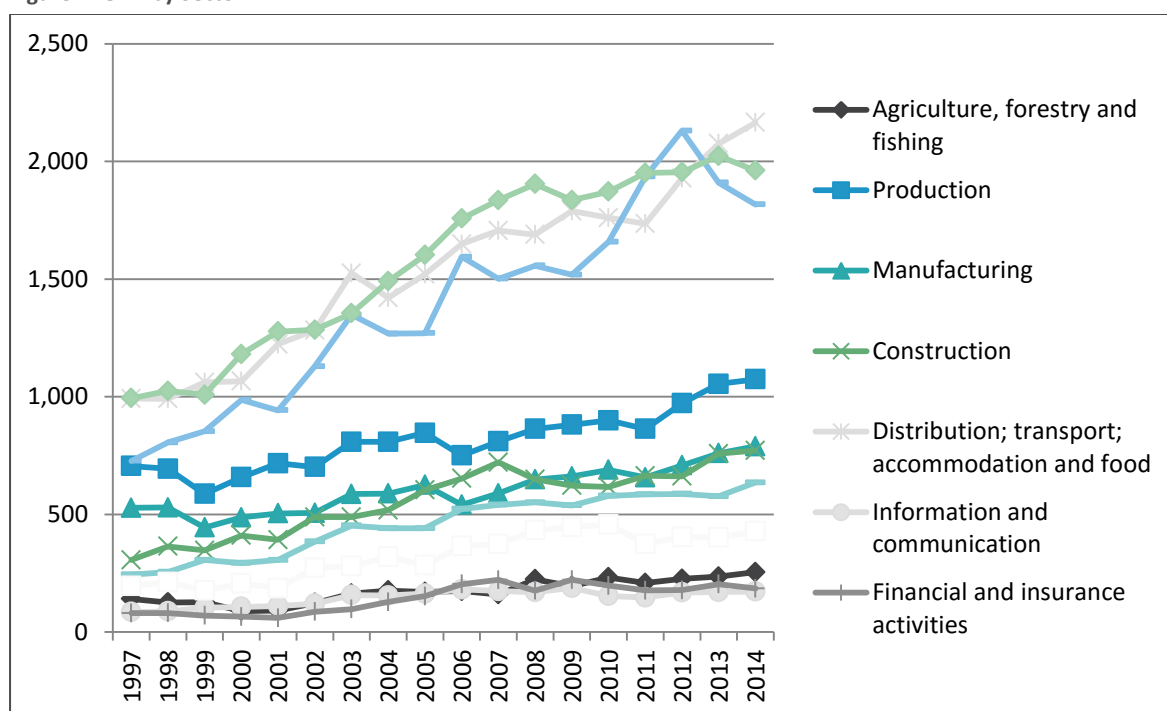
Figure 3: Cornwall and Isles of Scilly GVA/Head (indexed to UK average)



Source: ONS Sub-Regional GVA (income Approach), February 2016

However, GVA per capita is not a particularly good measure of labour productivity as it includes all the residential population, not just those in employment. Therefore it is impacted by the number of children, pensioners and other economically inactive people within the area. It also does not account for people commuting into and out of an area. Therefore, GVA per hour worked or GVA per filled job are more appropriate measures of sub-regional productivity, as they correct for these issues.

Figure 4: GVA by Sector



Source: ONS, Regional Gross Value Added (Income Approach)

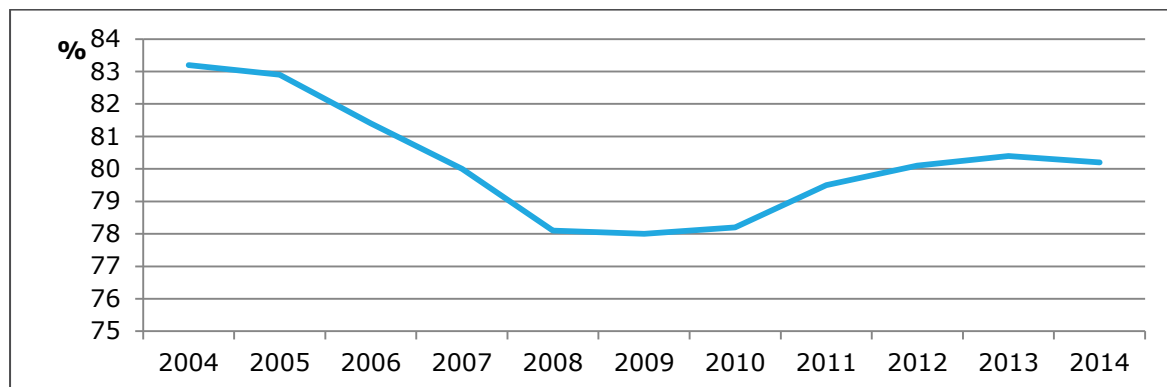
### Labour Productivity

Labour productivity measures the amount of output produced by a unit of labour input. A higher level of productivity means that a higher level of output is being produced per unit of labour input. The chart overleaf (figure 5) uses the smoothed data<sup>5</sup>. This shows that

<sup>5</sup> The smoothed data reduce the volatility by using weighted data from up to 5 years in producing the estimate for each year.

productivity fell from 2004 to 2009, and then levelled out before rising from 2011 onwards. The latest figure shows a flattening of the data. Overall, the trend shows a decline in labour productivity since 2004. At an index of 80%, Cornwall and the Isles of Scilly's labour productivity is the lowest of all LEP areas.

Figure 5: GVA/Hour Worked (Indexed to UK average)

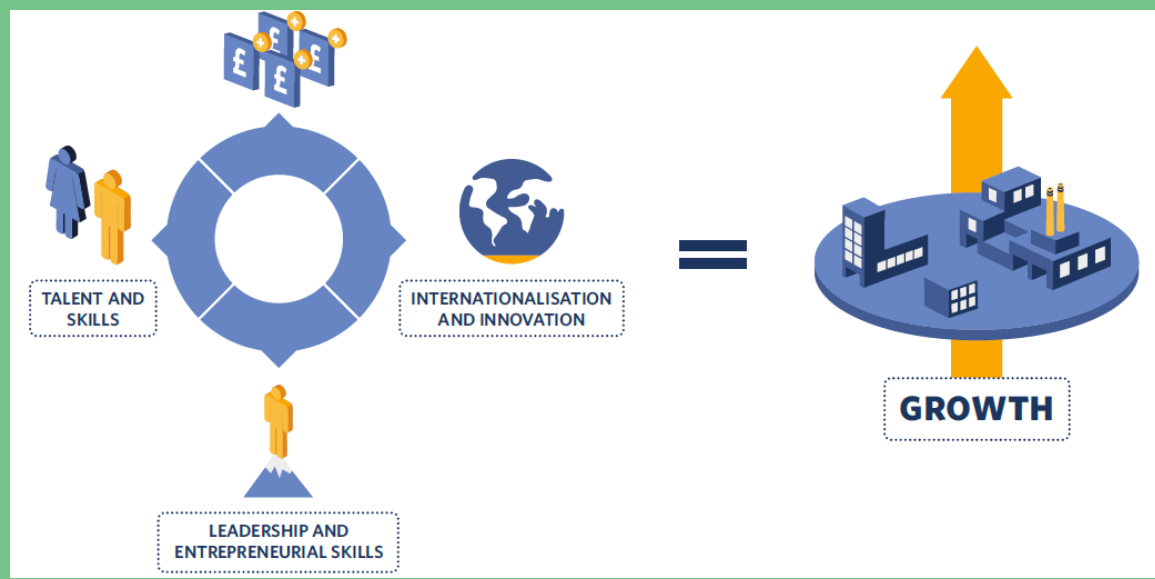


Source: ONS, Sub-regional productivity, March 2016

### So What?

Labour productivity is the lowest of all LEP areas and a critical issue for improving economic performance. Productivity matters because increasing productivity is critical to increasing economic growth in the long term. Economic output can only be increased by either increasing the amount of inputs or by raising productivity. Increasing productivity is, therefore, an important aim for both national and local economies. The preferred measure of labour productivity is GVA per hour worked.

Research<sup>6</sup> suggests that four key factors limit SME growth as illustrated below, highlighting the importance of talent and skills as well as leadership capabilities for growth.



<sup>6</sup> Unlocking Productivity: Internationalisation and Innovation in SMEs. Enterprise Research Centre, 2016

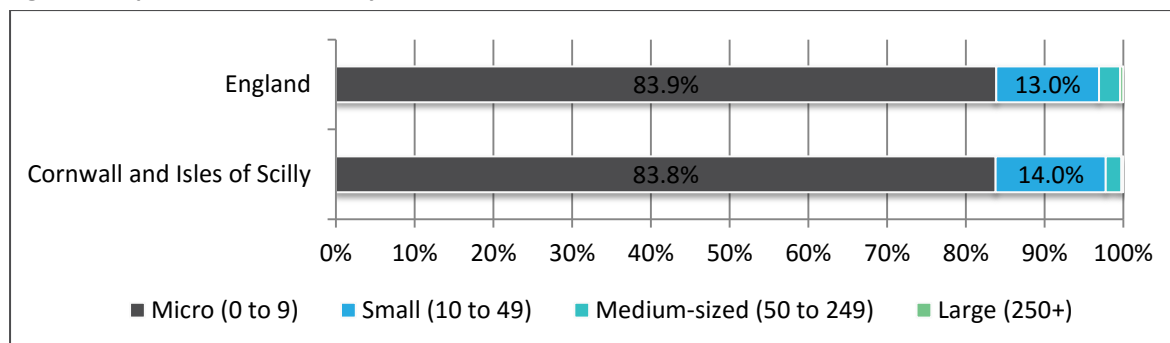


## Enterprise

### Business Population

There were 23,145 registered enterprises in Cornwall and the Isles of Scilly in 2015, with 27,540 business units<sup>7</sup>. This is an increase to that seen in 2012 (25,785 business units), however, this may in part be due to changes in the methodology for counting enterprises introduced in 2015.

Figure 6: Proportion of Businesses by Size



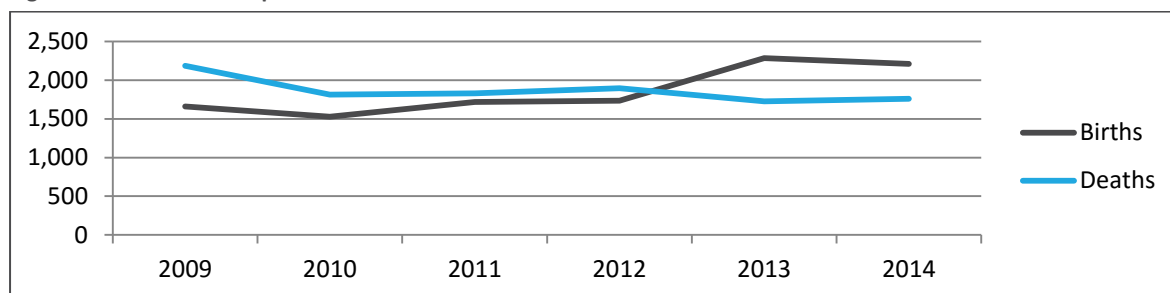
Source: Nomis, UK Enterprise Counts, 2015 (local units)

These figures do not include the very smallest businesses, which are not registered for VAT or PAYE. The figures also exclude self-employed people, unless they are registered for VAT, or PAYE. Whilst Figure 6 above suggests that the Cornwall and the Isles of Scilly has approximately the same number of micro businesses as that shown for England, the high levels of self-employed will inflate this figure. Whilst Cornwall and the Isles of Scilly has approximately the same number of micro businesses than the England average, it has significantly fewer medium and large businesses.

### Business Start-ups/Closures

Figure 7 below shows that the business birth rate has been on an upward trend and the death rate on a downward trend, with a cross over point, where births have started to exceed death from 2012. This has resulted in an increase in the number of enterprises since the publication of the original Employment and Skills Strategy in 2012.

Figure 7: Business Start-ups and Closures Since 2009

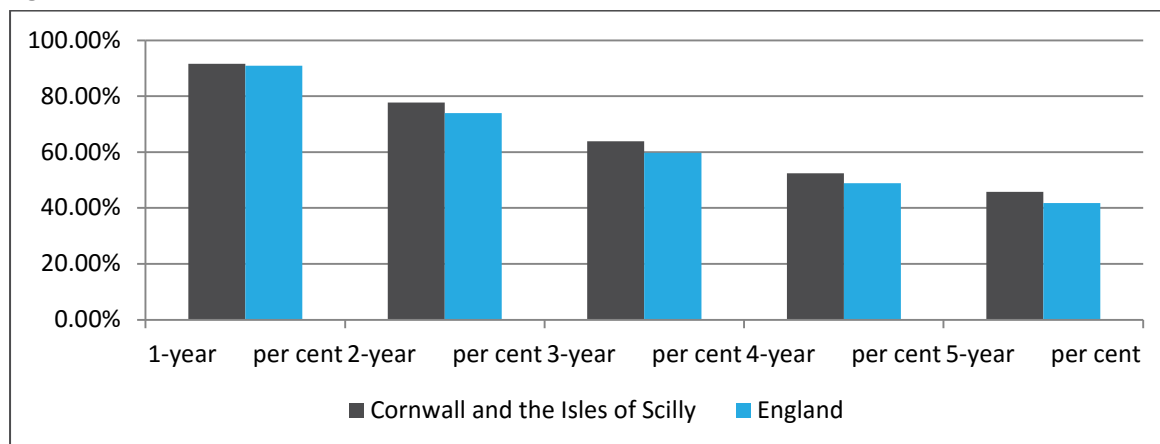


Source: ONS Business Demography, 2014

<sup>7</sup> An enterprise is the smallest combination of legal units under common ownership. It may consist of one or more local units. A business unit is a separate site where economic activity takes place. A unit may be an enterprise in its own right or part of an enterprise.

The business demography series also examines business survival rates over time. Figure 8 below shows that survival rates are higher for businesses located in Cornwall and the Isles of Scilly than they are for England. Whilst on the surface this may appear to be a positive feature, it also indicates a lack of churn/competition in the business environment, which is an important factor in driving productivity improvements.

Figure 8: Business Survival Rates for Businesses Formed in 2009



Source: ONS Business Demography, 2014

## Self-Employment

The Annual Population Survey shows that Cornwall and the Isles of Scilly have 51,500 self-employed individuals (16-64). This is 15.9% of the working age population, significantly higher than the average for England of 10.4%. The rate is the highest of all the LEP areas. Census data suggests that self-employment is even higher on the Isles of Scilly, at 24%. Whilst this demonstrates an enterprising culture, it can also reflect:

- Strong demand for 'lifestyle' businesses; and,
- Self-employment as a necessity, reflecting an absence of attractive employment options.

High self-employment levels also pose challenges in relation to:

- The capacity of those individuals to benefit from training and development support, networking opportunities and business support processes; and,
- How those entrepreneurs can be supported to become employers and high growth businesses.

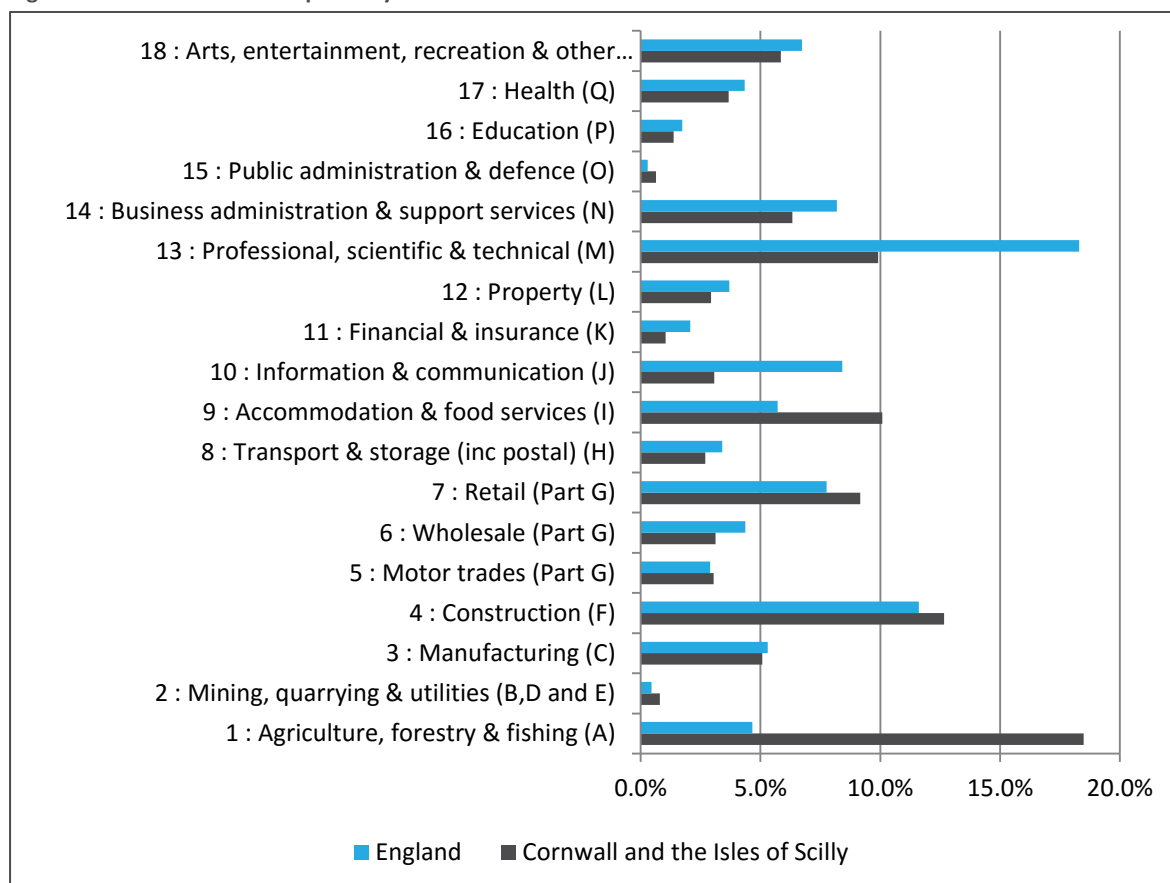
**Key Issue:** The area has a high proportion of small and micro businesses, in particular 'self-employed' business owners. This is a critical issue to bear in mind when considering engagement of businesses in skills and training. These businesses tend to be the ones that most need help but are often the least able to engage as any time away from the business has a cost implication which could include lost sales, additional temp staff, etc.

## Business Distribution by Sector

Figure 9 below shows the distribution of Cornwall and the Isles of Scilly's enterprises between the different industrial sectors. Whilst accepting that the data excludes a large number of sole traders and the smallest businesses, it does provide an indication of trends relative to the national picture. The key differences in sectoral distribution are as follows:

- Cornwall and the Isles of Scilly has a markedly higher proportion of enterprises in:
  - Agriculture, Forestry and Fishing; and,
  - Accommodation and Food Services;
- Marginally lower differences are also seen within Construction and Retail;
- But there is a markedly lower proportion of enterprises in:
  - Professional, Scientific and Technical; and,
  - Information and Communication; and,
- Marginally lower proportion of enterprises in Business and Support Services.

Figure 9: Distribution of Enterprises by Business Sector



Source: Nomis, UK Enterprise Counts, 2015

**Key Issue:** The LEP area has a lower proportion of businesses in sectors with high labour productivity rates and wages. Therefore it needs to increase the number of these and also focus on improving the position of other business sectors that are present. A small change in them can make a massive difference overall.

## Innovation

Innovation is a recognised driver of productivity. Figure 10 below provides a basket of innovation indicators which show that innovation is low in the Cornwall and Isles of Scilly economy.

Figure 10: Innovation Indicators

	CloS		UK	
	No.	%	No.	%
R&D Expenditure (GERD) (2013)	£20.2m	0.21% of GDP	£28,875m	1.69% of GDP
Persons with tertiary education (ISCED) and/or employed in science and technology(2014)	133,000	32.8%	18,653,000	39.5%
High and medium high technology manufacturing (2014)	6,000	2.4%	1,126,000	3.7%
Knowledge-intensive market service (except financial intermediation and high-technology services) (2014)	18,000	7.2%	2,425,000	7.9%
Patent applications to the EPO (2012)	5.83	10.8/m inhabitants	2,270.47	35.8/m inhabitants

Source: Eurostat

However, a recent report by the Enterprise Research Centre, benchmarking local innovation using the results of the UK Innovation Survey 2013, found a mixed picture for Cornwall and the Isles of Scilly, when exploring different measures of innovation. Figure 11 below shows that whilst businesses in the area were less likely to be undertaking R&D and new to the market innovation, they were undertaking 'strategic and marketing innovation', 'collaboration for innovation' and 'process innovation'. Overall, the results suggest that innovation *within businesses* in the LEP area is more common than the traditional measures of innovation set out above would suggest.

Figure 11: Measures of Innovation from the UK Innovation Survey, 2013

Aspect of Innovation	Result	LEP Ranking (where 1 is highest performance and 39 lowest)
Product and Service Innovation	19%	19
New to the Market Innovation	45%	26
Process Innovation	14%	8
Strategic and Marketing Innovation	30%	6
Research and Development	13%	37
Collaboration for Innovation	23%	7
Overall Rank		13

Source: Benchmarking Local Innovation. The Innovation Geography of the UK. Enterprise Research Centre, December 2014

**Key Issue:** Firms' ability to innovate successfully plays an important role in their ability to sustain growth and competitiveness. For local areas this means that the more innovative local companies are the stronger the prospects for growth.

## The Labour Market

### Overview

Figure 12 below shows that Cornwall and the Isles of Scilly has good economic activity and employment rates, slightly higher than the England average. For both these measures the change over the last 10 years has been positive, with the percentage of people in Cornwall and the Isles of Scilly employed and active increasing at a faster rate than that seen in England.

Figure 12 also shows that the LEP area has a lower than average proportion of working age people 'who are employees', the lowest of all LEP areas. This reflects the high proportion of self-employment. Whilst the proportion of working age people that are inactive is lower than the national average (21.5%, compared to 22.2%), in absolute terms this represents 70,200 people. Census data suggests that the Isles of Scilly:

- Has a higher proportion in self-employment than mainland Cornwall;
- Has a higher economic activity rate; and,
- Has lower unemployment.

Figure 12: Key Labour Market Statistics

	CloS	England	CloS	England
	% Sept '15		% change in 10 years	
Economic activity rate - aged 16-64	78.3	77.8	4.1	1.1
Employment rate - aged 16-64	74.5	73.6	3.2	1.1
% aged 16-64 who are employees	57.5	62.8	-0.8	-0.2
% aged 16-64 who are self employed	15.9	10.4	3.2	1.2
Unemployment rate - aged 16-64	4.9	5.5	0.9	0
Unemployment rate - aged 16+	4.6	5.3	0.7	-0.1
% who are economically inactive - aged 16-64	21.7	22.2	-4.1	-1.1

Source: Nomis, Annual Population Survey, Sept 2015

### Employment

#### Overview

Figure 13 overleaf shows that the proportion of people employed full time in Cornwall and the Isles of Scilly is significantly less than the proportion employed full time in England. When compared to other LEP areas, Cornwall and the Isles of Scilly have the lowest proportion of full time workers. Similarly, the male full time employment proportion is significantly less than the England average and again, the lowest of all the LEP areas. The converse is true for part time employment. For female employment, whilst the full time proportion is lower than the England average, the difference is not statistically significant. On female full time employment, the LEP is ranked 28/39, reflecting the slightly better performance on this measure.

A relatively high proportion of employees in Cornwall and the Isles of Scilly are in 'non-permanent employment' (6.1%, compared to 5.1% for England), the LEP is ranked 4 out of 39 on this indicator, reflecting this elevated proportion.

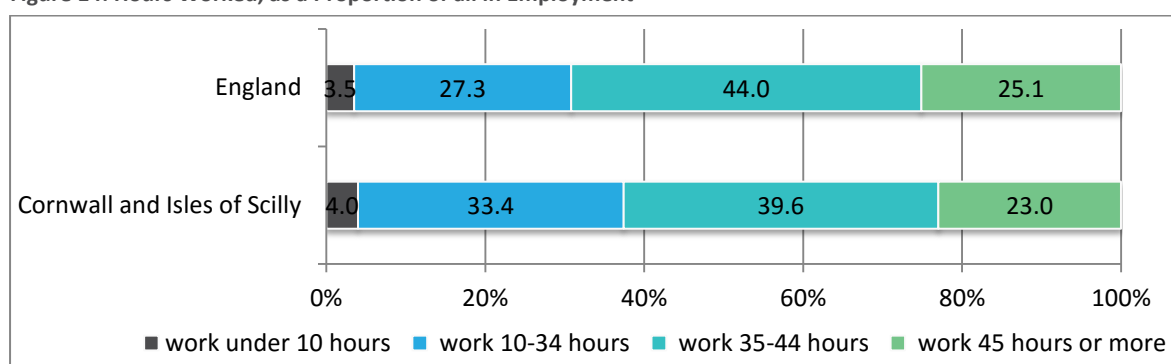
Figure 13: Proportion of the residents aged 16-64 - Employed Full time/Part-time by Gender

	CloS	England	LEP Ranking (highest =1)
% in employment working full-time - aged 16-64	69.9	74.3	39
% in employment working part-time - aged 16-64	29.8	25.4	1
% of males in employment working full-time - aged 16-64	83.8	88.3	39
% of males in employment working part-time - aged 16-64	15.8	11.3	1
% of females in employment working full-time - aged 16-64	54.1	58.3	28
% of females in employment working part-time - aged 16-64	45.9	41.4	10
% of all in employment in non-permanent employment	6.1	5.1	4

Source: Nomis, Annual Population Survey, Sept 2015

Figure 14 below provides some granularity in relation to the hours worked by those in employment, showing that a significantly higher proportion of the Cornwall and Isles of Scilly population who are in employment work between 10 and 34 hours per week (33.4% compared to 27.3% for England). Similarly, a significantly lower proportion work between 35 and 44 hours per week. Whilst a lower proportion work 45 hours or more, the difference is not statistically significant. However, the data does not provide an indication of whether people working part time would like to work more hours. It has been suggested that caring responsibilities as well as systemic failures in the benefit system may be a factor in influencing the number of hours worked. Whilst part-time working often suits individual requirements, high levels within an economy will have a direct impact on output levels as well as average wages.

Figure 14: Hours Worked, as a Proportion of all in Employment



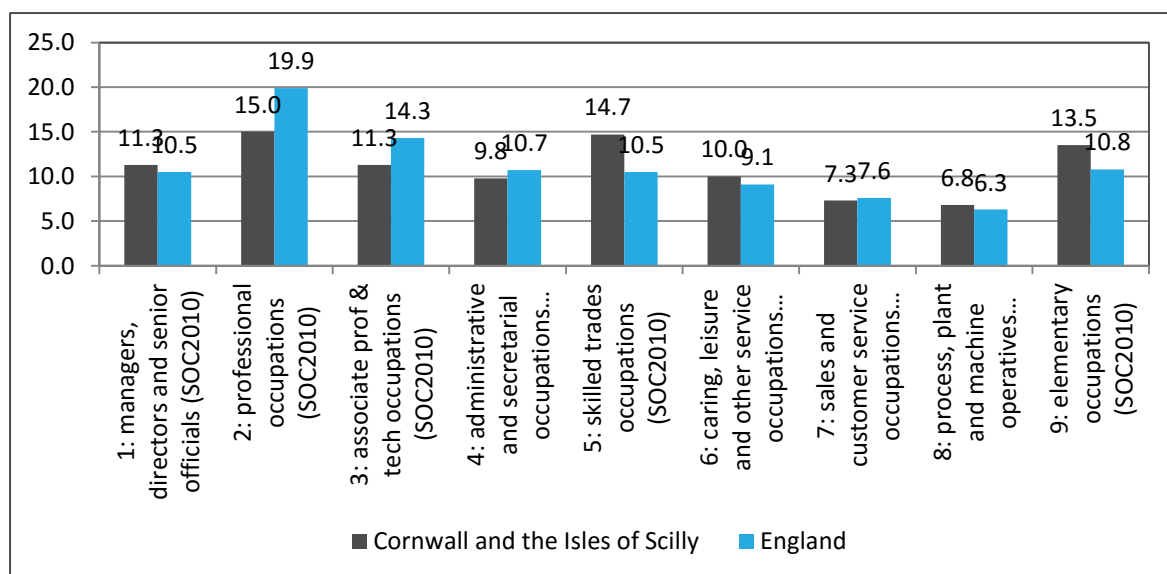
Source: Nomis, Annual Population Survey, Sept 15

**Key Issue:** On average, the workforce in Cornwall and the Isles of Scilly is working less hours per week than the workforce in the rest of England. This will have a direct bearing on economic output and average wages in the area. High levels of part time and non-permanent employment are associated with low levels of progression, an issue highlighted by stakeholders, but difficult to measure directly.

### Employment by Occupation

Figure 15 below shows the proportion of employment by occupational areas for Cornwall and the Isles of Scilly and England. Statistically significant differences can be seen for the proportion of people employed under 'Professional Occupations' and 'Skilled Trades Occupations', with an under-representation and over-representation respectively. Data from the Census shows that relatively, the Isles of Scilly has significantly more 'Managers, Directors and Senior Officials' and 'Skilled Trades' than mainland Cornwall, potentially reflecting its high levels of self-employment.

Figure 15: Employment by Occupation



Source: Nomis, Annual Population Survey, Sept 2015

Analysis of STEM related occupational groups shows that Cornwall and the Isles of Scilly has a lower proportion of those in employment who fall into the following groups:

- Science, Research, Engineering and Technology professions (SOC 2010) – 3.8% for Cornwall and the Isles of Scilly, compared to 5.5% for England, ranking 34<sup>th</sup> of all LEPs; and,
- Science, Engineering and Technology Associate professions (SOC 2010) – 1% compared to 1.7% for England and the lowest proportion of all LEPs.

The UKCES Working Futures<sup>8</sup> work highlights the following occupational projections for the Cornwall and Isles of Scilly LEP area:

- 15,000 additional higher level jobs (for Managers, Professionals and Associate Professionals), with almost half of these in professional roles. Higher skilled jobs are expected to grow at a similar rate in the UK as a whole (16% in Cornwall and the Isles of Scilly compared to 17% in the UK over the course of the decade);
- 6,000 fewer jobs in middle ranking Administrative, Secretarial and Skilled Trade occupations. Nevertheless, these areas of decline are expected to remain significant sources of employment by the end of the decade. For example, there are still expected

<sup>8</sup> UK Commission for Employment and Skills, LMI Summary Cornwall and Isles of Scilly LEP

to be around 22,000 Administrative and Secretarial job in 2022 in the LEP area, despite the loss of around 4,000 jobs in the previous decade;

- Around 6,000 additional jobs in Caring or Leisure roles; and,
- Women are expected to take around two-thirds of the additional high level jobs created in the LEP area over the decade, as well as most of the additional jobs in caring roles. However, female workers will be hit by the losses noted above in Sales, Administrative and Elementary jobs.

**Key Issue:** Demand for higher level skills is expected to grow, as well as jobs in Caring and Leisure, reflecting national trends for increasing polarisation of employment.

In terms of replacement demand (jobs created by people leaving the labour force temporarily or permanently), it is estimated that this will contribute around eight times as many job openings as net job growth over the next decade: 96,000 openings compared with 12,000. Replacement demand means that there will be a need to recruit suitably skilled people across all broad occupational groups, including those projected to decline where:

- For some occupation groups (mostly higher skilled ones), it is expected that there will be strong net growth in the number of jobs, supplemented by large replacement demands. For example, net growth of 7,000 jobs in professional roles is projected to be supplemented by 17,000 job openings arising from replacement demand; and,
- For those occupational areas in which it is expected to see a net decline in the number of jobs, replacement demand means that we can still expect a strong supply of job openings. For example in administrative roles, it is projected that a net loss of around 1,000 jobs will be more than offset by 8,000 job openings resulting from replacement demand.

**Key Issue:** Replacement demand is estimated to contribute around eight times as many job openings as net job growth in the next decade.

### **Employment by Sector**

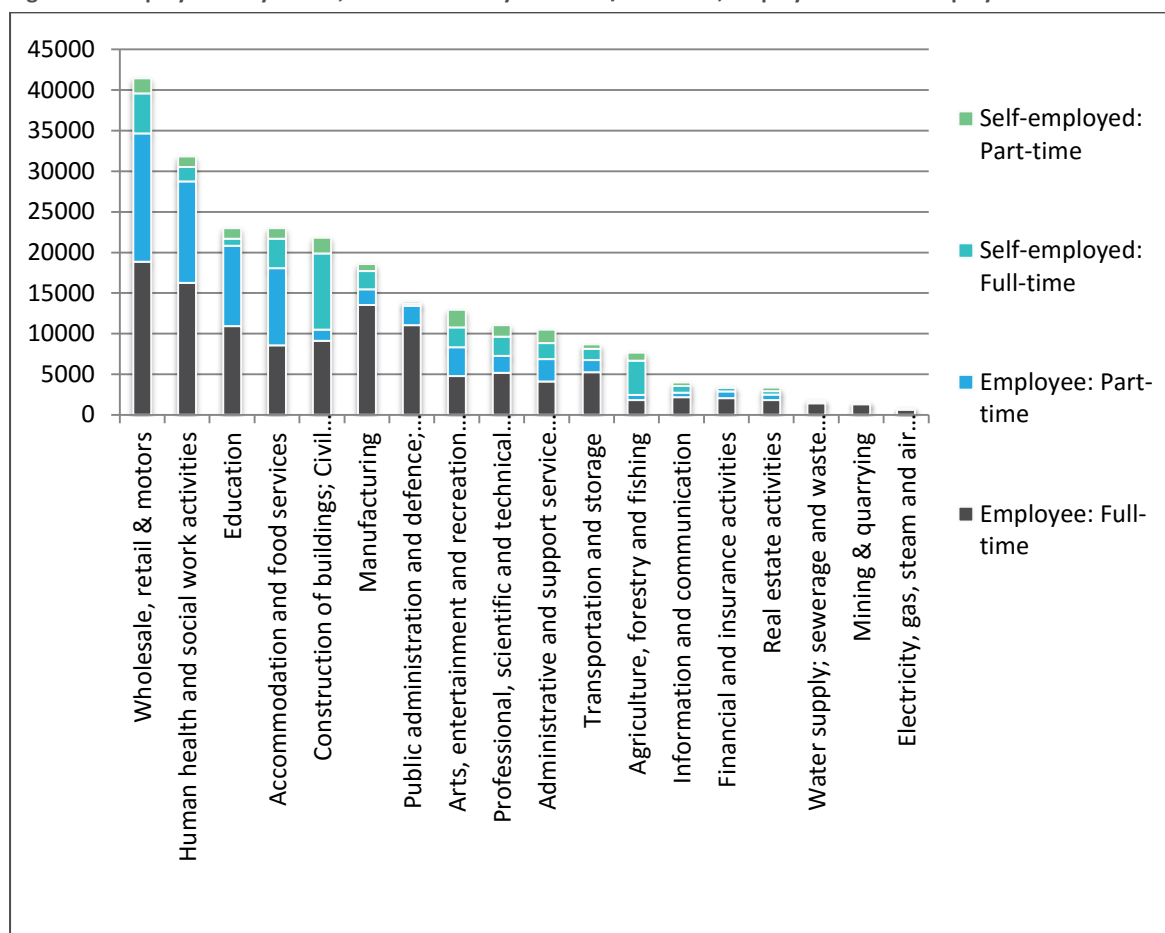
Figure 16 overleaf shows employment broken down by sector from the Census which highlights the importance of Retail; Health and Social Care; Education; Hospitality; Construction; Manufacturing; and, Public Administration in total employment terms.

The graph also illustrates the importance of part-time workers to most sectors, accounting for 35% of all employed workers. This is particularly common in the top four sectors, but not Construction or Manufacturing.

Self-employment – including both part time and full time - accounts for 22% of the workforce and is particularly important in Agriculture, Forestry and Fishing (68%); Construction (52%); Arts, Entertainment and Recreation (36%); Administrative Support Services (35%); and, Professional, Scientific and Technical activities (34%).



Figure 16: Employment by Sector, Broken down by Full-Time/Part Time, Employed and Self Employed



Source: Census 2011

At a high level, this graph also illustrates the importance of public sector employment in sectors such as 'Human Health and Social Care' and 'Education'<sup>9</sup>, as well as 'Public Administration, Defence and Compulsory Social Security'.

Public sector employment accounts for 16.5% of employees<sup>10</sup> in Cornwall and 33% on the Isles of Scilly<sup>11</sup>. As a comparison, the proportion for the South West of England is 18.6%. The Labour Force Survey, whilst known to over-estimate<sup>12</sup> public sector employment suggests that employment in the public sector is lower than the average for England, at 18.2%, compared to 21.6%. This is a downward trend over the last five years reflecting austerity cuts.

The Isles of Scilly has a different pattern of sectoral employment with the largest sectors being Administration and Support Services; and, Accommodation and Food Services (which was showing a decline). The other main sectors are Wholesale and Retail Trades; and, Transport and Storage<sup>13</sup>.

<sup>9</sup> Whilst these sectors are likely to be a mixture of public and private sector, a high proportion is expected to be public sector.

<sup>10</sup> As BRES excludes most of the self-employed, the % share is largely of employees. This reduces the public sector element share of total employment

<sup>11</sup> BRES, Public Sector Employment 2013

<sup>12</sup> The Labour Force Survey over-estimates public sector employment, as it is based on respondents 'self-classification', where respondents working for private sector contractors within the public sector, often miss-classifying their response.

<sup>13</sup> Island Futures. A Strategic Economic Plan for the Isles of Scilly. May 2014

## Growth Projections

Economic modelling can be used to estimate future economic trends. Cornwall Council has utilised models from both Experian and Cambridge Econometrics which have produced similar estimates of growth and identified the following shared projections:

- The diminishing role of public sector employment in terms of overall employment growth;
- Significant employment growth in the health and social care sector, highlighting the influence of demographic changes such as ageing on service requirements;
- Manufacturing employment to fall, although GVA will grow relatively healthily, demonstrating the impact of productivity improvements at sector level; and
- Increasing contribution to employment growth from accommodation and food services.

Figure 17 below shows Cambridge Econometrics' projections for the 10 largest sectors in employment terms by 2030 and the 10 fastest growing sectors between 2014 and 2030 in employment terms.

Figure 17: Ten Largest Sectors and 10 Fastest Growing Sectors

10 Largest Sectors in 2030 (by employment)	10 Fastest Growing Sectors (by employment 2014-2030)
Food & beverage services 11%	Other manufacturing & repair – 91.8%
Retail trade – 10%	Chemicals – 67.2%
Construction- 9%	Food & beverage services – 49.3%
Education – 7%	Other professional services – 34.1%
Health – 7%	Business support services – 29.7%
Residential & social – 7%	Arts – 27.1%
Business support services – 6%	Other services – 25.3%
Accommodation – 5%	Residential & social – 19.3%
Other services – 4%	Construction – 13.9%
Public Administration & Defence – 4%	Other transport equipment – 13.2%

Source: Cambridge Economics, C151 - April 2015, forecast version 12799

Cornwall Council also commissioned independent<sup>14</sup> research to provide an objective assessment of the potential growth scenarios to inform its Local Plan. This research concluded that 25,000 to 46,000 new jobs should be considered as a planning assumption, from 2015 to 2030, within the Local Plan period.

## So What?

Existing key employment sectors will continue to provide the majority of employment in the LEP area in the foreseeable future.

<sup>14</sup> Cornwall Employment Projections to Inform Housing Needs Analysis. Supporting Technical Advice. Ash Futures Ltd. August 2015.

## Earnings

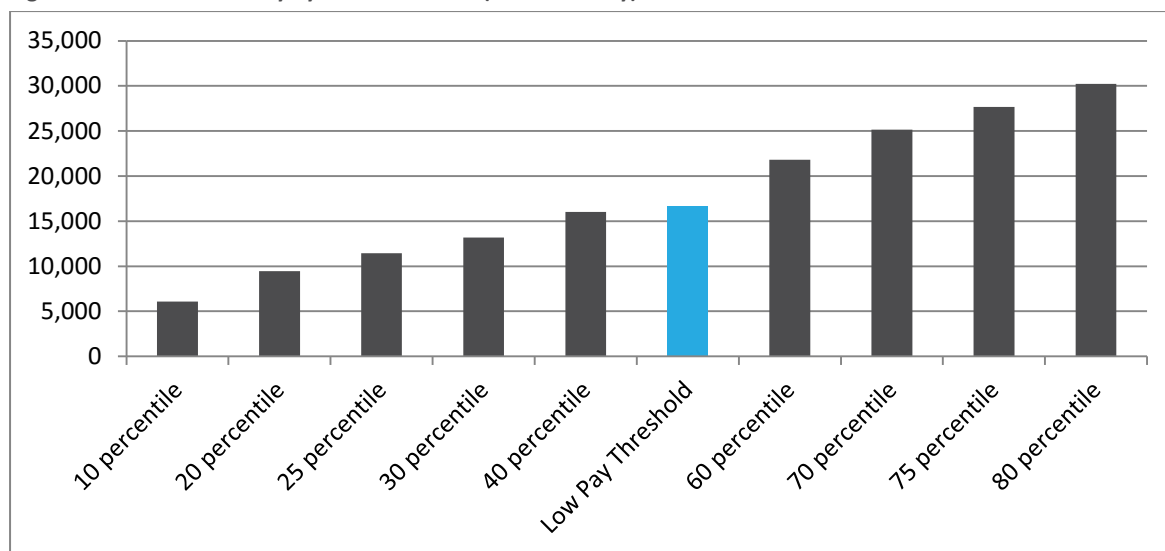
The Annual Survey of Hours and Earnings, workplace analysis, shows that:

- The median gross annual pay in 2015 for all employees employed in Cornwall and the Isles of Scilly was £17,340, 76.3% of the England average (£22,720). Since, 2012, the gap with England has widened, with annual pay increasing by 4.2% for England, but only 1.1% for Cornwall and the Isles of Scilly;
- For full time workers pay increased by 6.4% over this period, with gross annual full time pay equating to £22,237, 79.8% of the England average; and,
- For part time workers, median annual pay has not risen as quickly as the national average and therefore gross annual part time pay equates to £9,036, 98.2% of the annual average.

A significant factor contributing to the pay gap with England is the under-representation in professional occupations (referred to above), which are typically paid a higher hourly rate.

The 'Low Pay Threshold' is typically defined as 60% of full-time median adult earnings (gross).<sup>15</sup> Using the Annual Survey of Hours and Earnings, 2015, this figure is £16,639. Figure 18 below provides a breakdown of the Gross Annual Pay by percentile for employees resident in Cornwall, which shows that the 'Low Pay Threshold' is just above the 40<sup>th</sup> percentile, showing that 40% of employees resident in Cornwall fall below the 'Low Pay Threshold'. When combined with higher than average living costs (particularly housing), the impact of low pay can be significant.

Figure 18: Gross Annual Pay by Percentile 2015 (Cornwall Only)



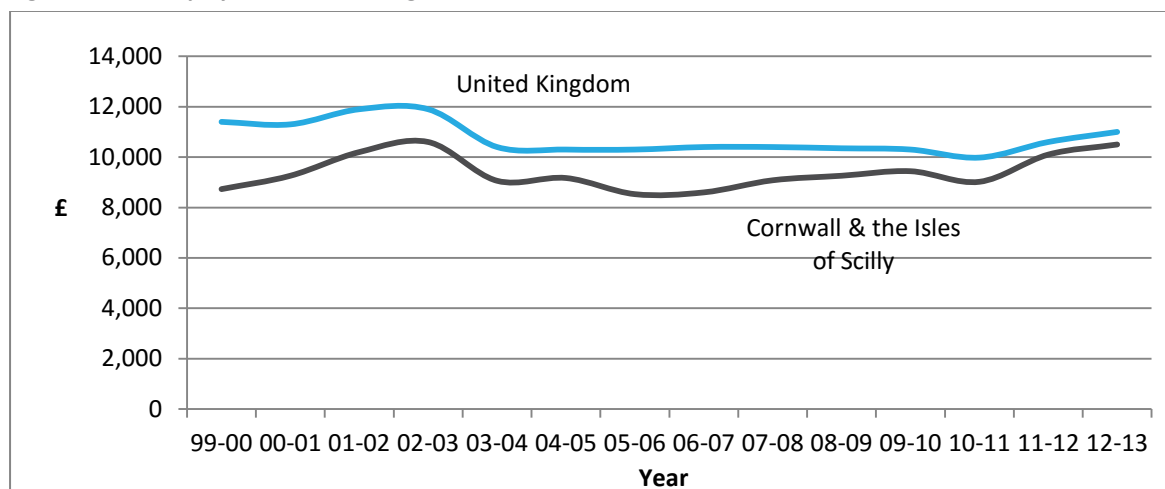
Source: Annual Survey of Hours and Earnings, Residents Based Analysis, 2015

Figure 19 overleaf shows that median earnings for the self-employed in Cornwall and the Isles of Scilly have historically been lower than the average for the United Kingdom. When compared with data from the Annual Survey of Hours and Earnings (above), we can see that the median

<sup>15</sup> Rising to the Challenge: A policy Agenda to tackle low Pay. The Work Foundation. July 2014

pay for the self-employed (£10,500) is considerably lower than the median pay for employees (£17,340) and is also below the low pay threshold for many.

Figure 19: Self Employed Median Earnings



Source: HMRC, Personal Income Data

### So What?

A recent report by the Work Foundation<sup>16</sup> describes how low pay has become a significant issue post-recession, as the share of jobs in low paid industries is now higher than in 2008. The recession and recovery has also seen the rise of temporary and part time jobs as well as self-employment. The report highlights some of the key challenges associated with low pay:

- **Low pay is associated with in-work poverty**, replacing unemployment as one of the major drivers of poverty;
- Low pay is associated with **'churning' between work and benefits**, which can result in financial hardship and has scarring effects on future employment prospects; and,
- Whilst low pay may be transitory phase for some, earnings mobility is relatively limited in Britain, leaving some low paid workers, notably women working part time, **stuck in low pay for prolonged periods**, with implications for child poverty and poverty later in life.

The report explores the characteristics associated with low pay, concluding that **women, young people, older workers, people without qualifications, some ethnic minorities, lone parents and disabled people were likely to receive low pay**. It also explores the association with particular occupations, concluding that people in **elementary roles, sales and customer service jobs and personal service jobs** accounted for three-quarters of the low-paid workforce in the UK, given the LEP area is over represented in these occupations, this is significant. Similarly, low paid jobs were also concentrated in certain sectors, including **hotels and restaurants, wholesale and retail and administrative and support services**. Again, these sectors feature strongly in the Cornwall and Isles of Scilly LEP area. The report also found strong links with **part time work and temporary work**, both of which feature significantly in the local economy.

<sup>16</sup> Rising to the Challenge, A Policy Agenda to Tackle Low Pay, The Work Foundation, July 2014

The report argues that the reasons for low pay are strongly **linked to productivity**, with recent work on low pay sectors showing that these firms, especially smaller firms, predominantly **deploy a competitive strategy based on low skill, low cost and low value added**. This is reflected in relatively poor productivity performance compared to many other advanced economies. These low cost, low skill product strategies have implications for low paid workers beyond simply the pay packet, notably the insecurity of low paid work and limited opportunities for earnings mobility. Together this means that **low wage jobs often operate as dead-ends**, rather than an escalator into employment offering better wages and prospects.

The report concludes that in order to address the low pay challenge, a national framework should go beyond policies directly targeting low wages and progression routes, but also address the 'black box' of employer practices to challenge the low skill, low value business models that predominate in the low wage sectors.

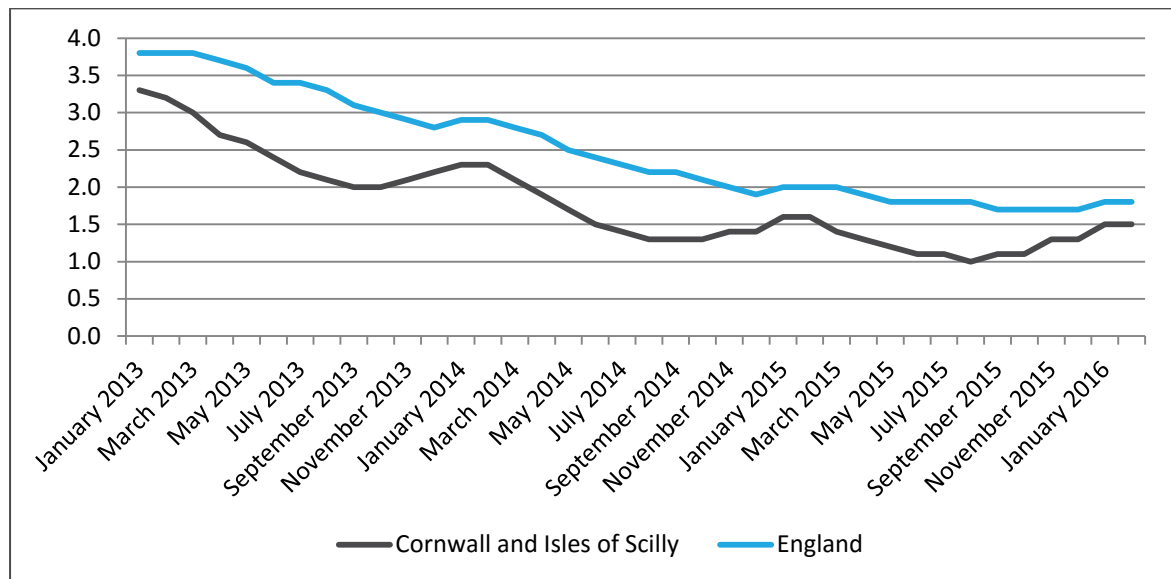
## Unemployment

As indicated in Figure 12 (previously), the unemployment rate (16-64) for Cornwall and the Isles of Scilly, as measured by the Annual Population Survey, shows a fall from 5.8% in 2012 to 4.9% in September 2015. It is now lower than the England average of 5.5%. The Annual Population Survey (September 2015) shows the rate for Cornwall and the Isles of Scilly is lower than the average for England across all age groups, although it is highest for 16-24 year olds where it is 13.9%, or 5,900 individuals. 16-24 year olds represent 48% of all unemployment in the working age population.

The claimant count data provides a more granular analysis of the nature of unemployment in the area covering both people claiming Jobseeker's Allowance, plus those who claim Universal Credit who are out of work. Figure 20 below shows the claimant count data, expressed as a proportion of the resident population. The pattern confirms that the unemployment rate is lower for Cornwall and the Isles of Scilly, however, the trend shows a much more pronounced seasonal effect, with clear 'peaks' over the winter period, reflecting the sectoral distribution of employment in the area.

In terms of absolute numbers, the February 2016 claimant count for people aged 16+ stood at 4,855, which is almost half the April 2013 figure of 8,963 (reported in the original Employment and Skills Strategy evidence base). The figure has now dropped below the pre-recession figure of 5,285 for 2007 (reported in the original Employment and Skills Strategy). These figures are getting close to what economists would describe as 'full employment' however, the other factors, such as high levels of part-time employment, self-employment, non-permanent employment and economic inactivity, all bring additional levels of flexibility to the labour market, indicating that it may not be as 'tight' as these figures would suggest. The drop seen in the claimant count may reflect the introduction of a sanctions regime in recent years, pushing people towards self-employment. The claimant count for the Isles of Scilly was five individuals in March 2016.

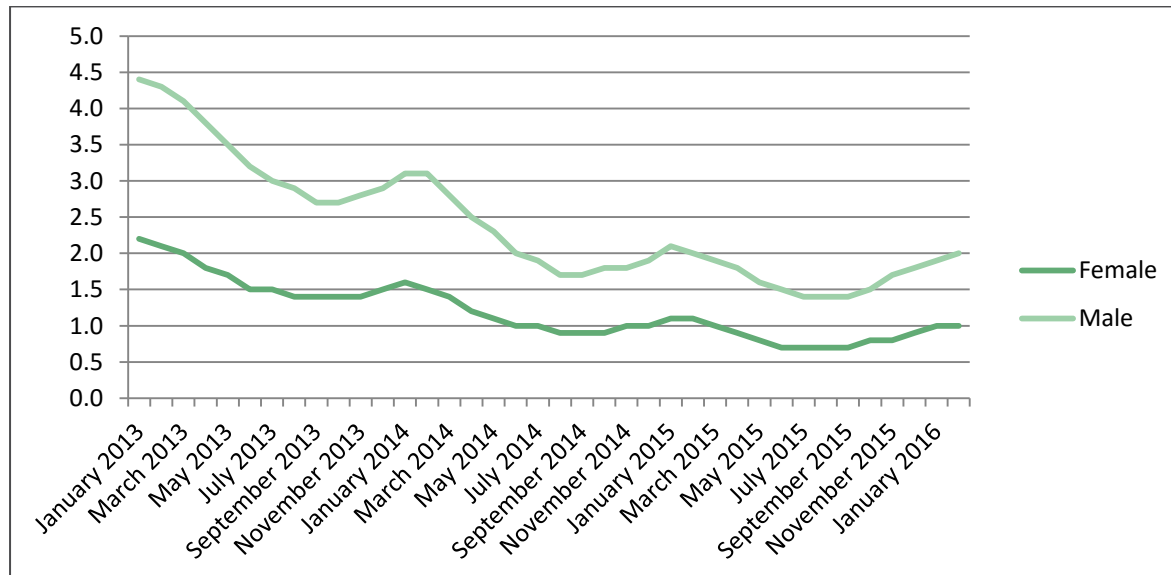
Figure 20: Jobseekers Allowance Claimants, by Month



Source: Nomis, Claimant Count

Figure 21 shows the claimant rate for men is higher than that for women and has been for several years. However the trend shows a narrowing of the gap over the last year, with the rate for men falling by 2.5 % between January 2013 and January 2016 and by 1.8% for women over the same period.

Figure 21: Job Seekers Allowance Claimants, by Gender



Source: Nomis, Claimant Count

A breakdown of JSA claimants in Feb 2016, by gender and age group reveals the following differences from the England average within the claimant population:

- Cornwall and the Isles of Scilly has a slightly higher proportion of young people and older people claiming JSA (23% of the claimant count was aged 16-24 in Cornwall, and

21% in England and 26% of the claimant count was aged over 50 years in Cornwall, compared to 23% in England);

- Cornwall and the Isles of Scilly has a slightly higher proportion of young men (15% of the claimant count, compared to 13% for England);
- Cornwall and the Isles of Scilly has a slightly lower proportion of claimants aged 25-49 (51% of the claimant count, compared to 56% for England); and,
- Cornwall and the Isles of Scilly has a slightly higher proportion of women aged over 50 (10% of the claimant count, compared to 8% nationally).

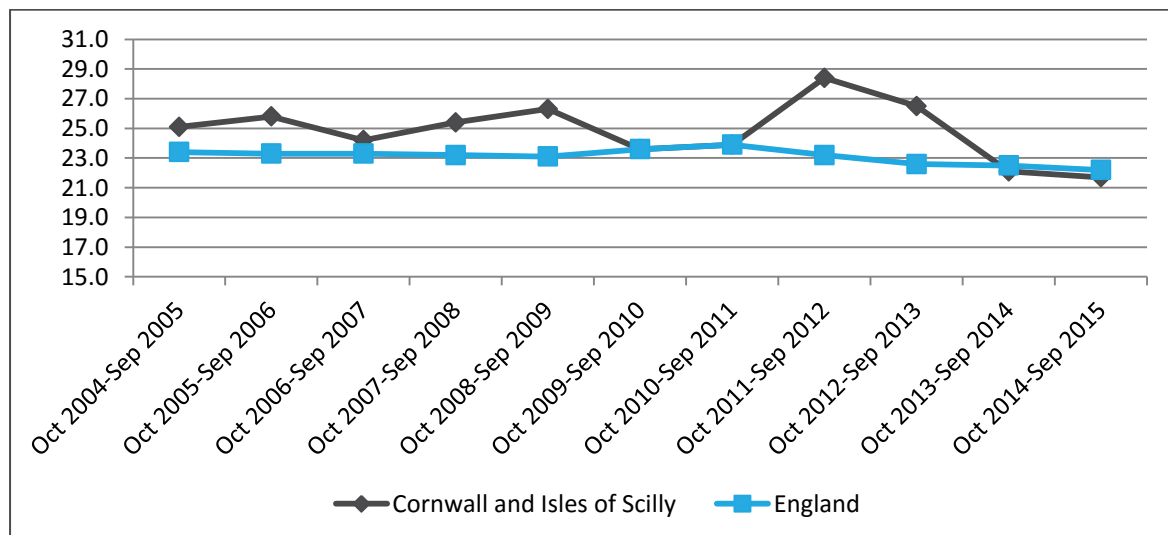
In Cornwall and the Isles of Scilly, 69% of claimants are claiming for less than six months, compared to 60% for England. Whilst figures for up to one year claim duration are comparable between Cornwall and the Isles of Scilly and England (13% and 14% respectively), there is a sizable difference between the proportion claiming for over one year (18% for Cornwall and the Isles of Scilly, representing 665 individuals and 26% for England). These figures indicate that long term unemployment is a diminishing issue in Cornwall and the Isles of Scilly.

**Key Issue: Unemployment is a less significant issue than it was when the original Strategy was developed.**

### Economic Inactivity

The Annual Population Survey (September 2015) found that 21.7% of people aged 16-64 were economically inactive in Cornwall and the Isles of Scilly. Whilst this is lower than the average for England of 22.2%, it still represents 70,200 individuals in the LEP area. Figure 16 below shows that the economic inactivity rate rose sharply during 2011 and 2012, but has since reduced.

Figure 22: Proportion of the Population that are Economically Inactive, Over Time



Source: Nomis, Annual Population Survey, Sept 2015

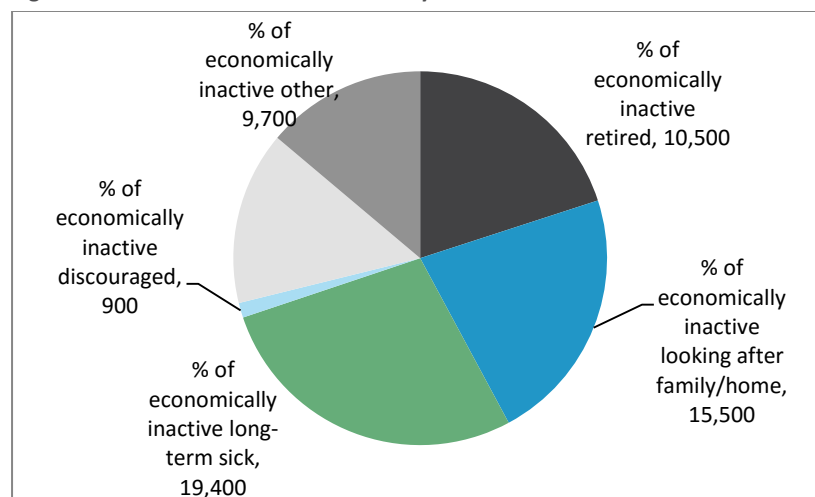
Both male and female inactivity rates are currently below the average for England. When broken down by age, we can see that the proportion of young people in Cornwall and the Isles of Scilly is significantly lower (27.6%) than the proportion of young people that are inactive in England (37.5%). This is largely accounted for by the lower proportion of people that are

inactive because they are a student in Cornwall and the Isles of Scilly. We also see that the inactivity rate rises sharply between 50 and 64 at 29% in Cornwall and the Isles of Scilly, compared with 27.8% in England. This highlights the issue of premature loss of older workers caused by illness or disability, caring for loved ones or losing a job. It has also been calculated that if everyone in the UK worked one year longer, real GDP could increase by around 1%<sup>17</sup>. For Cornwall and the Isles of Scilly with could mean around £84m in GVA based on nominal GVA by LEP 2012<sup>18</sup>.

**Key Issue: Premature loss of older workers is damaging to the economy as well as the health and well-being of the individual.**

Figure 23 shows that 'long term sickness' accounts for 27.6% of inactive people, compared to 21% of the inactive population for England. Similarly Cornwall and the Isles of Scilly had a higher proportion of 'retired inactive' people at 14.9% compared to 13.7% for England. However, Cornwall and the Isles of Scilly has a lower proportion of students (19.9% compared with 26.1%) and people looking after home or family than the England average (22.1% compared with 26.1%).

**Figure 23: Reasons for Economic Inactivity**



Source: Nomis, Annual Population Survey, Sept 2015

Figure 24 below shows that 26.3% of the inactive population in Cornwall and the Isles of Scilly want a job, compared to 24.2% in England.

**Figure 24: Key Labour Market Statistics**

	CloS	England	CloS	England
	% Sept '15		% change in 10 years	
% who are economically inactive - aged 16-64	21.7	22.2	-4.1	-1.1
% of economically inactive who want a job	26.3	24.2	4.1	1.5
% of economically inactive who do not want a job	73.7	75.8	-4.1	-1.5

Source: Nomis, Annual Population Survey, Sept 2015

<sup>17</sup> Fuller Working Lives, a Framework for Action. June 2014. DWP

<sup>18</sup> Fuller Working Lives in Cornwall and the Isles of Scilly LEP area. DWP analysis



Key Issue: High levels of economic inactivity will have implications for the number of individuals suffering from poverty and economic inclusion and directly links to the size of the benefits bill. From an economic perspective, increasing economic activity increases inputs into the economy, driving up output. Tackling health related worklessness (and associated caring needs) will be vital to addressing economic inactivity.

### Health as a Barrier to Work

Census figures show that 28.8% of households in Cornwall and the Isles of Scilly had one person within the household with a long term health problem or disability, compared to 25.7% for England, highlighting the importance of health issues as one of the main causes of inactivity. Benefits data shows that of the 40,710 receiving working age benefits, 34,610 were in receipt of at least one benefit in relation to disability, incapacity or caring. Employment Support Allowance data highlights that 9,795 (48%) of the 20,585 claimants were suffering from mental health conditions, and 2,915 (14%) were suffering from musculoskeletal conditions in May 2015.

Whilst slightly outdated, the Child Poverty Needs Assessment for Cornwall 2011 highlighted that mental health is the main reason for half of the health-related benefit claimants being out of work in the worst performing neighbourhoods in Cornwall. More recent data shows the number of people aged 18-64 with mental health needs receiving services during the year, provided or commissioned by the Local Authority, in Cornwall rose from 2,350 in 2009-10 to 7,265<sup>19</sup> in 2013-14<sup>20</sup>. The report compares this data to other areas which helps to show the scale of the issue, with Cornwall having 2,330 people per 100,000 of the population receiving a mental health service in 2013-14 compared with 870 in Devon, 140 in Dorset and 395 in Somerset. The Isles of Scilly had 75 people per 100,000 of the population receiving a service in the same year.

### So What?

A recent report by the Work Foundation<sup>21</sup> exploring the link between long term health conditions on employment and the wider economy estimated that the annual cost of worklessness and sickness related absence related to working age ill-health costs the UK over £100bn per year. Mental health was responsible for the loss of 70m working days in 2007, and days lost to stress, depression and anxiety has risen by 24% since 2009.

The report highlights that the number of people with one or more long term conditions is expected to rise in the coming decades and that there are substantial barriers to employment for people with long term conditions, which have an impact on individuals in a number of ways including lost earnings; impaired career prospects; and early exit or prolonged absence from the workforce.

The Marmot review in 2010 identified a causal relationship between work and health outcomes: *“Being in good employment is protective of health. Conversely, unemployment contributes to poor health”*.

<sup>19</sup> Note: The difference between the number of people receiving treatment for mental health issues and those claiming ESA benefits for mental health issues is likely to reflect a shortage of mental health provision in the NHS.

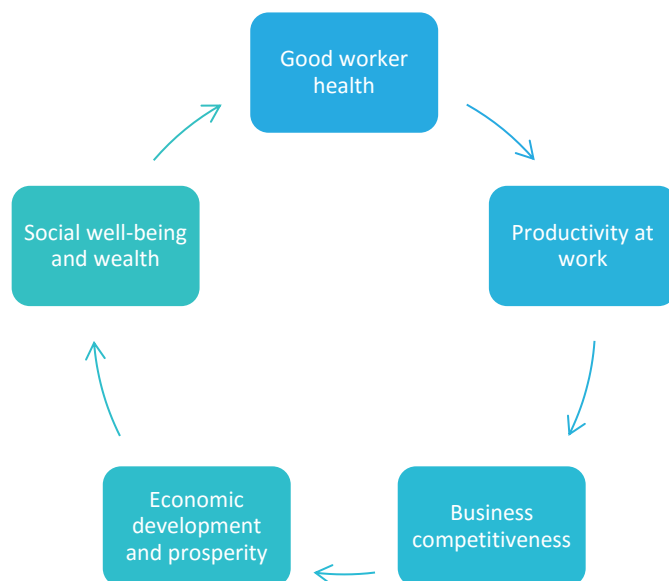
<sup>20</sup> Care Sector Business and Skills Analysis: NASCIS Report, Appendix 7, p18 Feb 2015

<sup>21</sup> The Impact of Long term Conditions on Employment and the Wider UK Economy. The Work Foundation. February 2016

## Workforce Health

NHS England's Five Year Forward View, published in October 2013, highlighted that sickness absence-related costs to employers and taxpayers in the UK stood at £22bn per year. In addition, it noted that individuals collectively missed out on £4bn a year in lost earnings – highlighting the economic impact of workforce ill-health.

The World Health Organisation describes how good worker health contributes to high productivity and successful enterprises, which in turn supports economic prosperity and the social well-being and wealth of communities, as illustrated in the 'health and work cycle' below<sup>22</sup>:



Whilst there is a lack of local data on 'absence from work due to ill-health', health data<sup>23</sup> suggests that Cornwall has higher levels of: obesity in adults, incidence of malignant melanoma, hospital stays for self-harm and alcohol related harm. Priorities in Cornwall include reducing smoking, physical inactivity, unhealthy diets, excess alcohol and lack of social connections. These five behaviours lead to five health conditions (cardiovascular disease, cancer, mental illness, lung disease and musculo-skeletal problems).

**Key Issue: Improving workforce health has the potential to benefit individuals and employers.**

## Workforce Skills

### Skills Levels

Since 2004, there has been an increase in the proportion of the population holding qualifications at all levels in Cornwall and the Isles of Scilly as well as in England. In 2014 32.6% hold at least a Level 4 (L4+) qualification, compared with 20.8% in 2004. However, this rate of growth has been matched by a similar growth in England, which means that Cornwall and the Isles of Scilly still lags behind the national average. However, at other qualification levels, the

<sup>22</sup> Health, work and health related worklessness. A guide for Local Authorities. Public Health England. May 2016

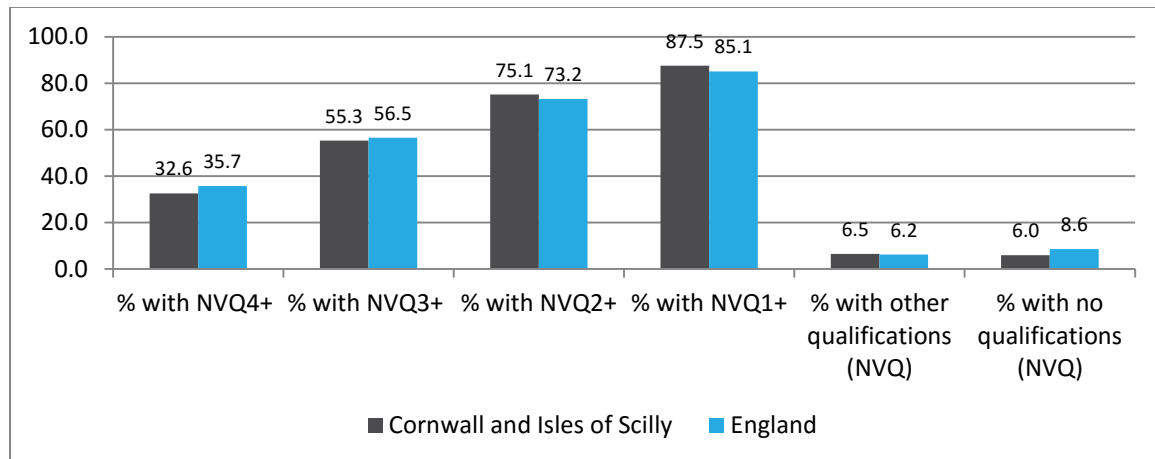
<sup>23</sup> Public Health England, Local Health Profile, 2015

gap is more marginal and Cornwall and the Isles of Scilly performs slightly better than the national average at NVQ Levels 1 and 2. As has been the case in England, the number of people with no qualifications has dropped since 2004 and Cornwall and the Isles of Scilly continue to have a lower proportion of the population with no skills (6% in Cornwall and the Isles of Scilly, compared to 8.6% in England). However, in absolute terms, 81,200 working age people are not qualified to NVQ L2 and this is highly correlated with low skilled, low paid and insecure employment<sup>24 25</sup>.

**Key Issue:** Whilst improvements have been made in the number of people qualified at Level 2, there continues to be a large number of people without a Level 2 qualification and this is strongly linked to low paid, insecure employment.

Census data shows that relatively, the population of the Isles of Scilly has a higher level of qualification than mainland Cornwall and the national average, with higher proportions holding NVQ L4+ qualifications and smaller proportions holding no qualifications.

Figure 25: % of 16-64 with Qualifications, 2014



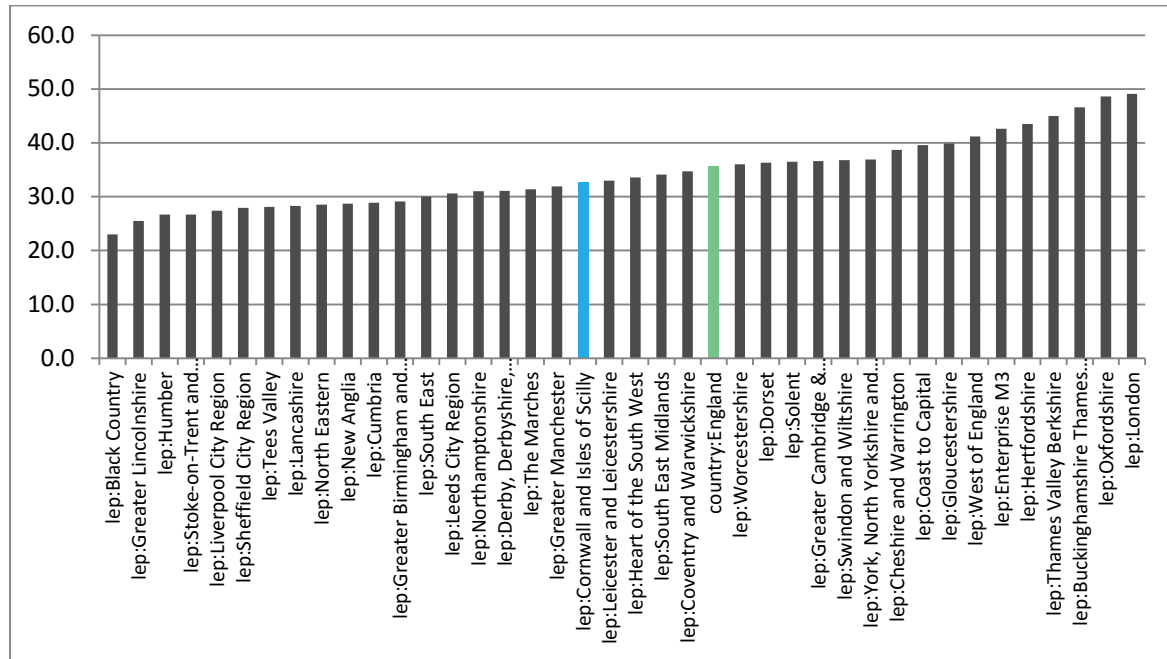
Source: Nomis, Annual Population Survey

When we compare performance with other LEP areas, the most significant gap lies at higher qualification levels. At Level 4, the LEP is ranked 21<sup>st</sup> out of 39 LEPs but at Level 2, it is ranked 16<sup>th</sup>. Figure 26 overleaf shows the position of Cornwall and the Isles of Scilly at Level 4 compared to other LEP areas. It is clear that the top performing LEP areas at Level 4 are also those with the highest levels of productivity. By contrast, Figure 27 shows the position of Cornwall and the Isles of Scilly with respect to other LEP areas for the proportion of the population with no qualifications, where Cornwall and the Isles of Scilly ranks 13<sup>th</sup> of 39 LEPs. Interestingly, the top performing LEP areas on this measure are not necessarily high performing in relation to productivity.

<sup>24</sup> ONS, Earnings by Qualification, 2011

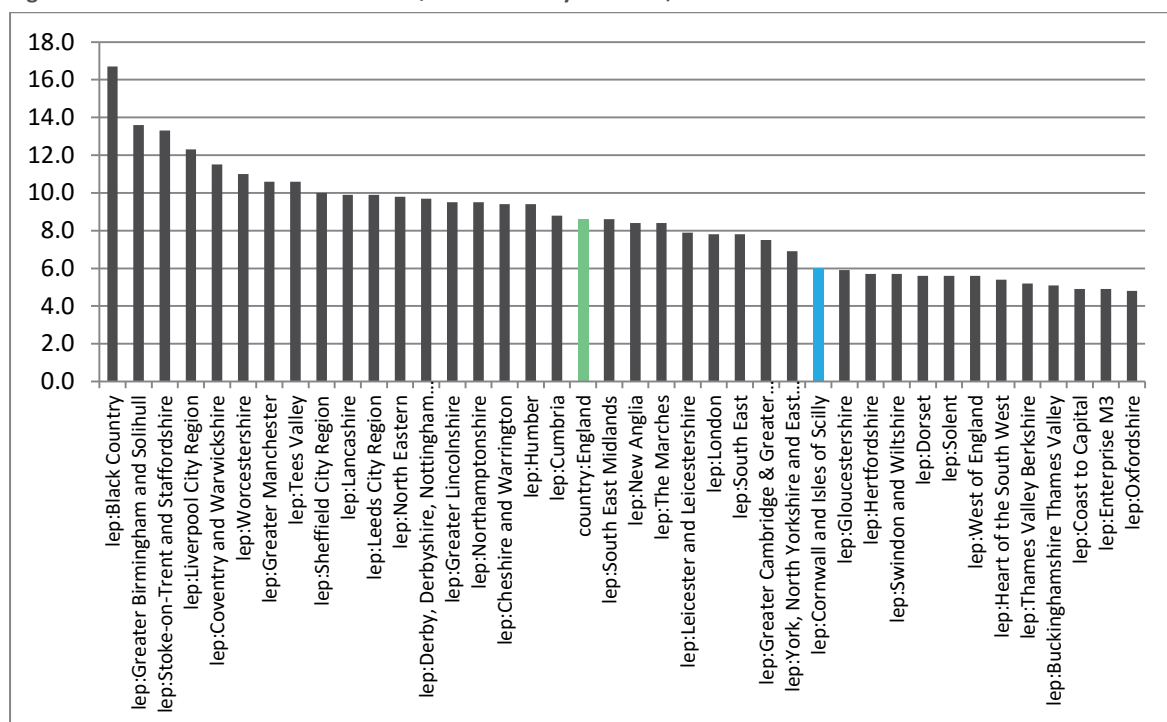
<sup>25</sup> <http://www.poverty.org.uk/31/index.shtml>

Figure 26: % of 16-64 Year Olds with NVQ Level 4+ Qualifications, by LEP area, 2014



Source: Nomis, Annual Population Survey

Figure 27: % of 16-64 Year Olds with no Qualifications by LEP Area, 2014

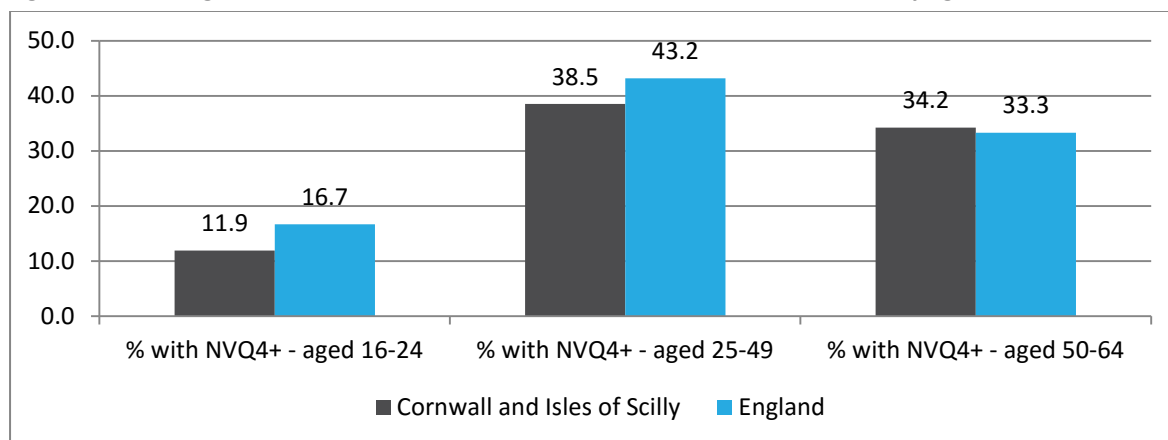


Source: Nomis, Annual Population Survey

Figure 28 below, shows that that the higher level skills gaps appear to be greatest in the younger age groups, with 11.9% of 16-24 year olds holding NVQ L4+ qualifications, compared to 16.7% in England. Similarly, 38.5% of 25-49 year olds hold an NVQ L4+ compared to 43.2% in England. Interestingly, amongst the 50-64 year old group, a slightly higher proportion of people held an NVQ L4+ compared to the England average. A similar pattern is also observed in Census

data, suggesting that the effect is real, and not as a result of sampling error in the Labour Force Survey.

Figure 28: Percentage of 16-64 Year Olds With NVQ level 4+ Qualifications, Broken Down by Age, 2014



Source: Nomis, Labour Force survey

**Key Issue:** Higher level skills are closely linked to innovation and productivity and are essential to the transformational agenda currently being pursued by the LEP.

### Skills Shortages/Gaps

The 2015 Employer Skills Survey conducted by UK Commission for Employment and Skills provides the most robust source of data relating to vacancies and skills shortages, which is detailed in Figure 29 below. This data suggests that Cornwall and the Isles of Scilly has a slightly higher than average proportion of skills-shortage vacancies and a mixed picture with respect to skills gaps within the workforce.

Figure 29: Employer Vacancies and Skills Shortages

	England	CloS
Establishments with any vacancies	20%	17%
Have at least one vacancy that is hard to fill	8%	8%
Have a skills shortage vacancy	6%	5%
Number of vacancies	797,440	6,504
Number of skill-shortage vacancies	180,159	1,723
% of all vacancies which are SSVs	23%	26%
% of establishments with any staff not fully proficient	14%	16%
Number of staff not fully proficient as a % of employment	5%	4%

Source: UKCES, Employer Skills Survey, 2015

In terms of recruitment practices, the UK Commission's Employer Perspective Survey 2014<sup>26</sup> found some statistically significant differences between employers in Cornwall and the Isles of Scilly compared to those in England. Employers in Cornwall and the Isles of Scilly were:

<sup>26</sup> <https://www.gov.uk/government/publications/employer-perspectives-survey-2014-england-and-local-data>

- Statistically less likely to cite that candidates having a particular level of achievement of academic qualifications (e.g. GCSEs, A levels or a degree) is either a critical or significant factor when recruiting (33% compared to 49%);
- Statistically less likely to have recruited anyone aged 19-24 in the past 12 months (18% compared to 27%);
- Statistically less likely to have recruited any young person in the past 12 months (20% compared to 31%); and,
- Statistically more likely to have recruited anyone over the age of 50 in the past 12 months (21% compared to 13%).

**Key Issue: Employers are finding it increasingly difficult to recruit.**

## Training

Employers in Cornwall and the Isles of Scilly provided similar levels of training to their staff as employers in England, with the rates across a number of indicators being broadly comparable (see Figure 30).

**Figure 30: Employer Training**

	England	CloS
% of establishments training staff over the last 12 months	66%	65%
% of establishments providing off-the-job training in the last 12 months	48%	50%
% of establishments providing on-the-job training in the last 12 months	52%	53%
% of training establishments providing online training or e-learning in the last 12 months	45%	45%
Number trained as % of total staff	62.64	62.99
Training days per trainee	6.791	6.615
Training days per staff	4.254	4.167

Source: UKCES, Employer Skills Survey, 2015

However, these findings are contradicted in part by the UK Commission's Employer Perspectives Survey which found some statistically significant differences between training practices amongst employers in Cornwall and the Isles of Scilly compared to those in England. Employers in Cornwall and the Isles of Scilly were:

- Statistically less likely to offer external training in the last 12 months (34% compared to 45%);
- Statistically less likely to offer any training in the last 12 months (58% compared to 69%); and,
- Statistically less likely to use commercial organisations to conduct their training (31% compared to 41%).

**Key Issue: Employers in Cornwall and the Isles of Scilly are less likely to train staff than employers in England.**

### Under-Utilisation of Skills

29% of employers in Cornwall and the Isles of Scilly identified that they had at least one employee with skills and qualifications more advanced than required for their current job role<sup>27</sup>. Whilst this is a fraction below the figure for England (30%), it nonetheless represents a large number of people. Interestingly the most prevalent reason for this (20%) was a 'lack of jobs in desired higher level roles'. This is further evidence relating to the issue of 'under-employment' which is manifesting itself both in terms of 'employees with skills more advanced than required' as well as 'high levels of part time working'.

**Key Issue:** The evidence suggests that under-utilisation of skills in Cornwall and the Isles of Scilly reflects the absence of opportunities in more desirable higher level roles.

## Sector Skills Needs

### Smart Specialisation Sectors

The LEP's Future Economy driver aims to capitalise on Cornwall and the Isles of Scilly's strengths and unique characteristics to exploit new and emerging markets with an identified competitive advantage. Five Smart Specialisation sectors have been identified and these are shown below alongside the Standard Industrial Classification code definitions used by Amion Consulting in their recent report. As the report points out, these codes are consistent with previous research but provide narrow definitions that focus on the sub-sectors linked to the use of new technology only and do not incorporate the wider supply chain, which in the case of the broader Agri-food sector extends to approximately 24,800 employees within the workforce.

Smart Specialisation Sector Definitions	
<b>Agri-tech</b>	Support to animal/crop production; seeds and plant genetics, aquaculture, manufacture of fertilisers, pesticides, agro-chemicals, natural science research, environmental consulting
<b>Digital Economy</b>	Manufacture of computers/related electronics, telecoms, process instruments, business/leisure software development & publishing, consultancy, facilities management, other IT
<b>E-Health/Well-being</b>	Hospital activities, other human health
<b>Marine Technology</b>	Building/repair of boats and ships, manufacture of steam generators, electric motors, batteries & accumulators, engines, pumps, compressors, bearings, gears, electricity production/distribution
<b>Space and Aerospace</b>	Air/space transport, support to air transport, cargo handling, satellite telecomms, renting/leasing air transport equipment, manufacture & repair of air/spacecraft & machinery

<sup>27</sup> Employer Skills Survey 2015, UKCES

To support an understanding of skills required in these sectors, the LEP commissioned the development of a '**Smart Specialisation Skills Framework**<sup>28</sup>'. This provides a useful body of evidence in relation to skills required to support the growth of these sectors as well as a framework for improving the skills supply. Key findings from the report are presented in the following sections.

### Existing Skills Shortages/Gaps

The Smart Specialisation Skills Framework also explored the evidence relating to the skills shortages and gaps across the five sectors in Cornwall and the Isles of Scilly. Figure 31 below summarises these findings, but key areas of commonality include:

- STEM skills;
- Engineers at all levels particularly technicians; and,
- Software engineers and programmers.

### Projected Employment Demand

The framework also models future demand for employment within the Smart Specialisation sectors factoring in both expansion and replacement demand. The report estimates that over the period to 2022, an additional 3,300 jobs will be required to sustain the Smart Specialisation Sectors.

Figure 31: Skills Shortages and Gaps in Cornwall and the Isles of Scilly Smart Specialisation Sectors

Agri-tech	Space/aerospace	Digital	e-Health	Marine
Lack of STEM	STEM level 3 - 6 (A levels/Diploma/NVQ3 to Bachelor's Degree)	Software Engineers	IT Literacy among Healthcare sector	STEM skills, particularly in relation to engineering at a technician level.
Agronomy		IT & Telecoms Management	Software engineering	Core engineering skills at all levels.
Plant pathology	Advanced aero-engine design and manufacture.	Systems Developers	Programming	Middle/technician level engineering skills. Level 2 – (GCSEs, Diploma, Apprenticeship, NVQ L2)
Agricultural engineering	Advanced materials and composites.	Internet Professionals	Marketing	Level3 (A levels, Diploma, Apprenticeship, NVQ3)
	Aerodynamics.	Programming	Leadership, collaboration, partnership working	and Level 4 (Higher Apprenticeship, HNC)
	Aircraft and engine control systems.	Marketing and sales		Level 6 and 7 (Degrees) - mechanical, electrical, electronics, structural, civil, control systems, computer, materials, acoustical engineering.
	Avionics.	Networking		Aerodynamics training
	Maintenance and repair skills.	Ability to use high level creative skills with high level IT skills.		Submerged - arc welding courses
	Software engineers.			Remotely Operated Vehicle (ROV) - pilot/ pilot technician
	Electronics engineers.			Confined space training
	MRO Licensed engineers (stress, fatigue, damage tolerance)			Offshore H&S
	Management and operation skills - (manufacturing, process, project, supply chain, inventory, marketing)			

Source: Smart Specialisation Skills Framework, Amion Consulting

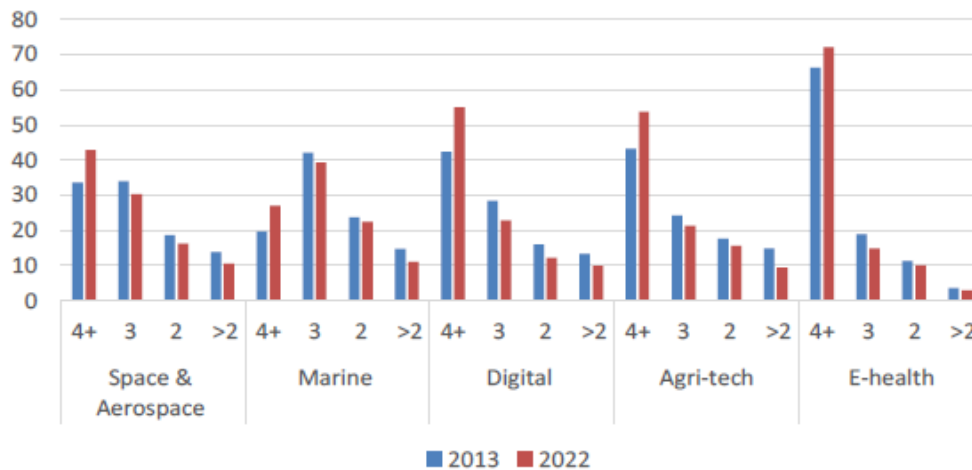
<sup>28</sup> Cornwall and the Isles of Scilly Local Enterprise Partnership, Smart Specialisation Skills Framework. Final Report. February 2016. Amion Consulting



### Smart Specialisation Skills Requirements

Based on the current numbers employed in the Smart Specialisation sectors and projections which factor in both expansion and replacement demand, and skills deepening, skills profiles for each Smart Specialisation sector have been developed to identify the change over the period 2013-2022, as shown in Figure 32 below. The proportion of jobs requiring higher level skills at NVQ Level 4 and above for all sectors is 56% compared with 45% for the economy as a whole.

Figure 32: Change in NVQ Skills Profiles for the Smart Specialisation Sectors



Source: Smart Specialisation Skills Framework, Amion Consulting

This demonstrates the need for an additional 2,000 people with higher level qualifications at NVQ L4+ by 2022. This is distributed as follows:

- 30% post graduate;
- 56% graduate; and,
- 14% foundation level graduate.

Modelling of anticipated supply against demand suggests that:

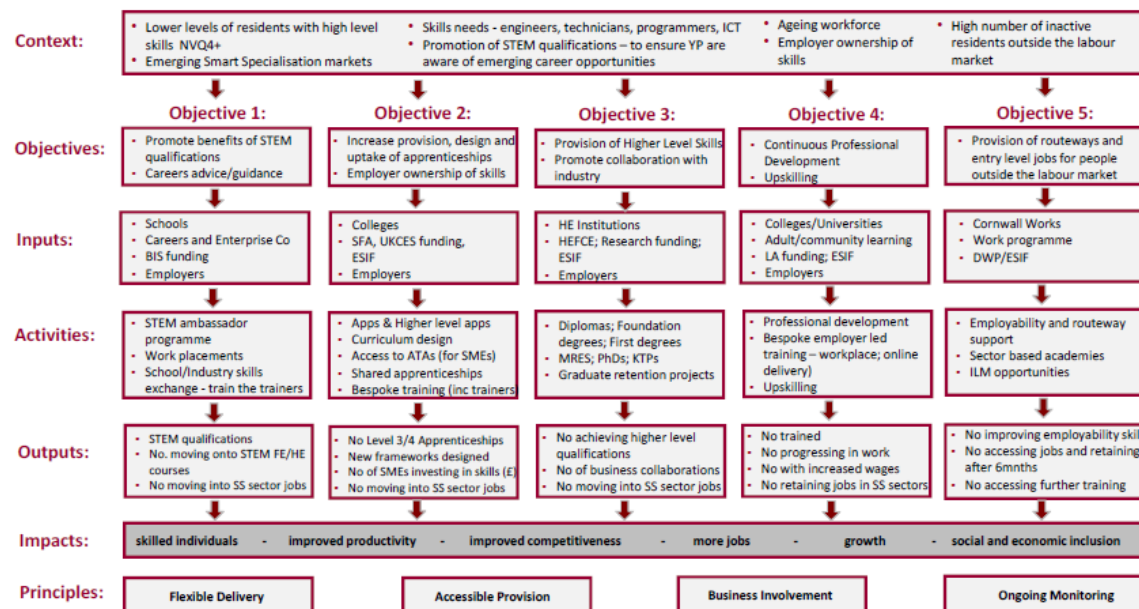
- Securing appropriate Level 4+ skills may prove troublesome particularly if the Smart Specialisation sectors are to develop into mature technology driven activities (i.e. at growth rates above current forecasts);
- Securing appropriate Level 3 skills may be difficult for some of the Smart Specialisation sectors, but not all; and,
- It is not expected that there will exist any restrictions in terms of satisfying Level 2 (or lower) requirements.

**Key Issue: Higher level and technical skills provision will be vital to the growth of the Smart Specialisation sectors.**

## The Skills Framework

Figure 33 below sets out a high level framework developed to guide future support for promoting the STEM agenda and assisting skills development for individuals wanting to move into the Smart Specialisation sectors and the businesses working within them.

Figure 33: Smart Specialisation Skills Framework for Support



Source: Smart Specialisation Skills Framework, Amion Consulting

## Other Sectors

There have also been some other sector based skills reports produced locally. Some of these, such as the Space and Aerospace Sectors, are covered within the Smart Specialisation Framework and are therefore not repeated here, whereas others sit either wholly or partially outside of that Framework and are discussed below. It should be noted that the year of publication (and therefore currency of the data within a changing landscape) as well as the level of detail provided by these reports varies quite considerably. Key features of the reports are highlighted below but it is interesting to note some common themes emerging from across them. These include: challenges of recruitment and encouraging young people into the different sectors, particularly those industries with 'poor' images; and the need for better co-ordination between skills supply and demand.

### Care Sector<sup>29</sup>

The Care Sector employs a diverse range of people, ranging from health and social care professionals such as nurses, social workers, and occupational therapists through to care staff and personal assistants. The structure of the workforce is difficult to define because of the variety of roles and the wide range of contractual arrangements covering full-time positions within public sector organisations through to zero-hours based contracts and self-employment in the private sector. Recruitment and retention are key challenges for this sector, potentially due to the image of the job roles available.

<sup>29</sup> Care Sector Business Skills Analysis, prepared by the Institute of Public Care, Feb 2015

Significant recent developments include the Care Act (2014) which, amongst other things, identifies ‘market shaping’ or ‘market facilitation’ as one of the key roles that Local Authorities need to take on. Cornwall has yet to produce a Market Position Statement identifying how it will deliver this and the process could present a challenge. Whilst both Truro and Penwith College and Cornwall College provide health and social care qualifications (with Cornwall College also offering degree level training in health, community and social sciences), the majority of training for social care qualifications in Cornwall is delivered by independent training providers, some locally based, some based outside the South West. Within this context the report recommends the development of a CloS-wide training and workforce development strategy that takes into account potential patterns of future demand as well as better co-ordinating the plethora of existing provision. Whilst not providing a detailed understanding of what those future requirements might be, the report broadly points to a need for the creation of new roles working across professional boundaries and supporting integrated delivery, for example, training and developing staff that can perform para-health skills under appropriate supervision. It also specifically suggests that such a strategy should explore how there can be a strengthening of, and an increase in, management skills within the sector.

### **Agri-food and Drink<sup>30</sup>**

A detailed food and drink manufacturing and processing study has been carried out as a vital component of the wider spectrum of activity across the food chain which begins with primary production and ends in wholesale, retail and hospitality. It illustrates that entry routes into the industry can vary considerably, from employer to employer and between sub-sectors. Entrants can include school leavers with few or no qualifications, college leavers, graduates, post-graduates and experienced professionals perhaps entering the sector from another specialism or discipline. As with the care sector, recruitment is one of the sector’s main concerns and the study suggested that the sector’s poor image amongst school children and parents has not been improved sufficiently by the recent efforts of the Industry or the Information, Advice and Guidance system.

Areas of greatest demand are predicted to be in managerial positions and other professional occupations in the future. General business skills are identified as the priority for the future workforce including: business management, capacity building, IT skills and customer service. STEM graduates are also in high demand. In terms of supply, specialist skills are often provided by the businesses themselves but Duchy College and Truro and Penwith College are the primary providers of Level 1-5 food and drink qualifications in Cornwall. However, there are particular issues around access for small and micro businesses and there is still something of a mismatch overall between skills supply and demand. The report specifically advocates the development of a Cornwall food and drink ‘hub’ as a mechanism to promote and implement actions to support the sector.

### **Low Carbon and Smart Energy<sup>31</sup>**

These pieces of research show that some parts of the sectors are well-developed whereas others, particularly those seeking to create and develop renewable energy technologies and to

<sup>30</sup> A Skills Action Plan for the Food and Drink Sector in Cornwall, prepared by Pye Tail 2013

<sup>31</sup> Smart Cornwall Integration Study, Community Energy Plus, March 2014 and Skills Action Plan for the Low Carbon Environmental Goods and Services Sector, Community Energy Plus, May 2014

help us move to a low or zero carbon future, are still at an early stage of development. Overall they indicate that staff in these sectors are very highly qualified reflecting the specialist nature of much of the work, with high levels of qualifications held in STEM subjects or subjects directly relevant to the sector. The Low Carbon research indicated that a number of factors are likely to combine over the next 10 years to produce a substantial skills and employee deficit that could greatly limit the sector's ability to grow and develop successfully. The skills required by the sector are a mixture of job or sector specific skills, and generic skills. The Smart Integration report specifically highlighted a need for managers, directors and senior staff to have more industry-wide skills. The only areas in which skills were needed by professional staff were job or sector specific. Specific types of skill needed included: advisory, telecoms, IT and power networks, overall systems approaches for Power System Engineers and data analysis. For those businesses that were installing Smart Energy solutions, the stakeholders identified one major new skills area: systems integration to ensure that the various diverse systems (energy, heating, water) were working together in the most efficient manner.

There is a wide and growing range of skills provision across Cornwall and the Isles of Scilly and many of the providers are currently expanding or investing more in this area. While current skills training provision is broadly comprehensive in terms of both sector specific and industry wide skills coverage and content, there are some issues with the cost, emphasis, length and timing of courses. There is also currently a gap in that the only apprenticeship that meets the needs of the renewable sector is the newly produced wind turbine apprentice technician. More generally it is suggested that businesses need support and structural assistance to capitalise on their potential and to access the high level skills that will drive growth. Whilst evidence suggests that businesses are ready to embrace training in the context of future growth and investment, the process of finding the 'right' training for a particular individual or a business can be complex and time consuming. There is also evidence that young people are currently not being given enough advice or training about green skills which is significant given an identified need for more young people to replace an ageing workforce within the sector. The report therefore advocates the development of a single portal which can act as a one-stop-shop route to learning for this sector.

### **Creative and Digital<sup>32</sup>**

This research suggested that the overwhelming preponderance of micro-businesses and self-employed in the sector acts as a barrier to businesses acquiring a wide range of skills, with the high number of freelancers and part time workers presenting particular challenges to up-skilling the workforce. Whilst many businesses are confident of their own technical and craft skills, they nevertheless struggle to recruit additional staff with those skills. Many businesses also highlight marketing skills as a particular area of weakness. The report advocates additional research into key growth sub-sectors, such as video, film and photography to enable more targeted development of these important growing sub- sectors. It also recommends that the Digital Sector Industry should be encouraged to work closely with schools to improve the perception of IT jobs.

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<sup>32</sup> Identification of Creative and Digital Skills Needs in Cornwall and the Isles of Scilly, Perfect Moment, July 2013

### Construction Renewables<sup>33</sup>

This piece of work specifically considered the China Clay and St. Austell area of Cornwall where it set out to establish the skills needs for the renewable construction sector. Additionally the work sought to establish the extent of knowledge and understanding in relation to the green agenda among surveyed organisations. The main message emerging from this research is that there is only very limited knowledge and understanding of the green agenda among surveyed construction organisations, which has meant that few employers have invested in relevant training and qualifications in relation to renewable technologies. In consequence, the majority of respondents did not rate their skills and knowledge for work installing or maintaining renewable technologies at all highly, suggesting there may be skills gaps among the workforce in relation to providing this type of work. This is exacerbated by the fact that over 80% of the surveyed workforce do not currently employ apprentices or trainees; therefore even where organisations do possess relevant skills and knowledge for work with renewables in the construction sector, on the whole this is not being passed on to new recruits – suggesting the capacity within the current workforce may be somewhat narrow.

#### ‘Where the Work is’

The ‘where the work is tool’ is an interactive tool which enables users to explore demand for particular entry level mid-skill roles, the potential salary benefits and likely levels of competition for these positions. Using this tool, it is possible to observe the ‘level of opportunity’ for each middle-skill occupation. The opportunity score combines the number of posted openings and the number of jobseekers. A high score indicates that there are few jobseekers relative to the number of job openings and therefore positions are less competitive and a lower score means that jobseekers face greater competition for open positions. Occupations with the highest opportunity score in Cornwall and the Isles of Scilly are:

- Health and associate professionals – 89/100;
- Caring and personal services – 81/100; and,
- Food preparation and hospitality trades – 67/100.

The figures above and the more detailed analysis found on the online interactive tool demonstrate the current mismatch between demand and supply of skills in some sectors.

**Key Issue:** Employers across many sectors are highlighting the challenges of recruitment and meeting skills gaps in the workforce. Better co-ordination and making young people aware of opportunities in less desirable sectors are seen as key ingredients to solving this problem.

<sup>33</sup> Identification of Renewable Construction Skills Needs in the China Clay/St Austell area, Pye Tait Consulting, April 2013

## Skill Supply

### School Age Attainment

The data shows that at Key Stage Four (KS4) (GCSE), achievement is broadly comparable with National averages. However, this masks under-performance for the following groups<sup>34</sup>:

- The most able children and young people;
- The most vulnerable; and,
- Boys.

At Key Stage Five (KS5), we see the average point score at A Level is slightly lower, as are the proportion achieving the highest grades. However, this masks considerable variation in performance between different providers, particularly at KS5, where there are examples of outstanding practice, as well as under-performance.<sup>35</sup>

On the Isles of Scilly, the Five Island's school provides education to approximately 250 5-16 year olds. KS4 data is not presented separately for the Isles of Scilly as we have not presented results for Cornwall on a school by school basis. An important issue however for the Isles of Scilly is the need to travel to the mainland to access post 16 education.

Figure 34: Key Performance Statistics – GCSE and A Level 14/15 and Destination Statistics for 13/14

	Cornwall <sup>36</sup>	England
5+ A*-C grades GCSE	65.2%	64.9%
5+ A*-C including English and Maths GCSE	56.8%	53.8%
Average Point Score at A Level	704.4	717.8
Percentage of students achieving at least 2 substantial level 3 qualifications	90.3%	91.4%
Percentage of students achieving 3 A*-A grades or better at A level or Applied single/double award A level	10.3%	11.7%

Source: Department for Education, January 2016

**Key issue:** There is evidence of under-performance among the following groups, the most able, the most vulnerable and boys.

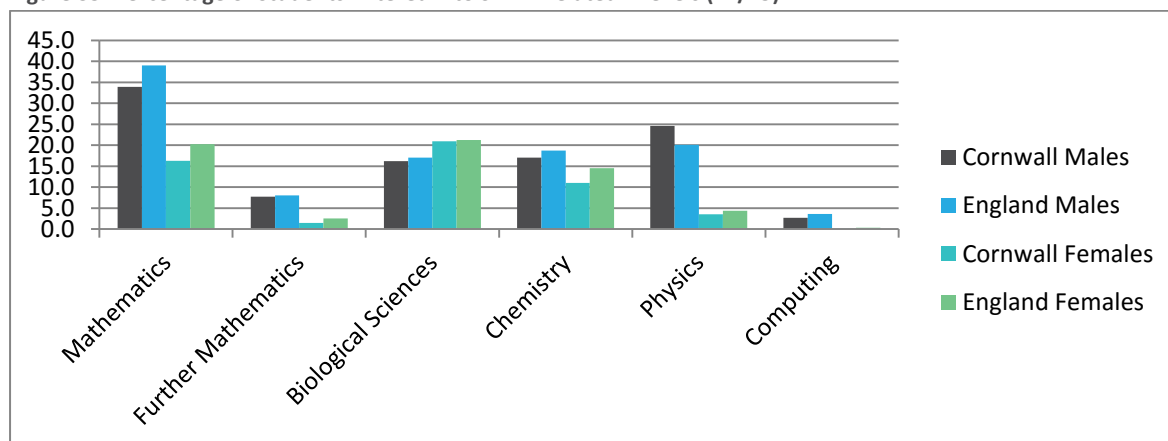
**Key Issue:** Variation in performance between providers at KS5 is an issue.

Figure 35 overleaf shows that proportion of students taking STEM related subjects at A-level. This shows that the proportion of males and females taking STEM A levels is lower than the average for England, except for Physics, where there is a slightly higher proportion of young men taking this subject in Cornwall and the Isles of Scilly than nationally.

<sup>34</sup> Cornwall Strategic Education Plan 2016-2020, draft. Cornwall Council

<sup>35</sup> Review of Provision and Outcomes (16-19), Cornwall. On behalf of Cornwall's Raising Aspiration and Attainment Partnership Board. June 2014

Figure 35: Percentage of Students Entered into STEM Related A levels (14/15)



Source: Department for Education, January 2016

However, in terms of achievement, 32% of all A-levels achieved (grades A-E), were in STEM subjects, very similar to the national profile of 32.5%. It should also be noted that A-level statistics do not include BTEC qualifications such as Science, Engineering, IT/Computing, which is a growing area of provision, particularly in the colleges. There are also examples of high quality STEM provision within the area linked to national accreditations.

**Key Issue:** Delivery of STEM education at KS5 will continue to be important for the delivery of the future skills required by the Smart Specialisation sectors.

The draft Strategic Education Plan for Cornwall highlights the following issues affecting delivery of education in Cornwall:

- Geography and settlement patterns increase the cost of delivering education in an area as large and dispersed as Cornwall, meaning that children and young people often have to travel to learn in order to access a broad range of academic and vocational opportunities (and this is particularly an issue on the Isles of Scilly);
- National funding formulae which currently leave Cornwall as one of the least well-funded authorities nationally increase the challenge of being able to sustain many small schools and ever growing transport budget; and,
- Ensuring greater equality of opportunities and access to local specialist provision is an aim that Cornwall Council hopes to realise through a new National Fair Funding Formula currently being consulted upon by the Government.

**Key Issue:** Children and young people often have to travel significant distances to learn, especially children from the Isles of Scilly.

### Destinations

In terms of destinations, we see in Figure 36 that at both KS4 and KS5, the proportion continuing on to sustained education or employment/training is comparable with the national averages. Similarly, at both stages, the proportion going on to apprenticeships is 5%, consistent with the national average. However, data on the proportion going on to Higher Education shows a significant gap between Cornwall and the Isles of Scilly and England averages. The



Cornwall wide figure masks differences between progression to Higher Education from schools and colleges, where the data shows:

- The proportion of pupils going on to Higher Education from state funded colleges is higher than the national average for state funded colleges (41% Cornwall and the Isles of Scilly compared to 39% nationally); and,
- The proportion of pupils going on to Higher Education from state funded schools is considerably lower than the national average for state funded schools (47% Cornwall and Isles of Scilly compared to 58% nationally).

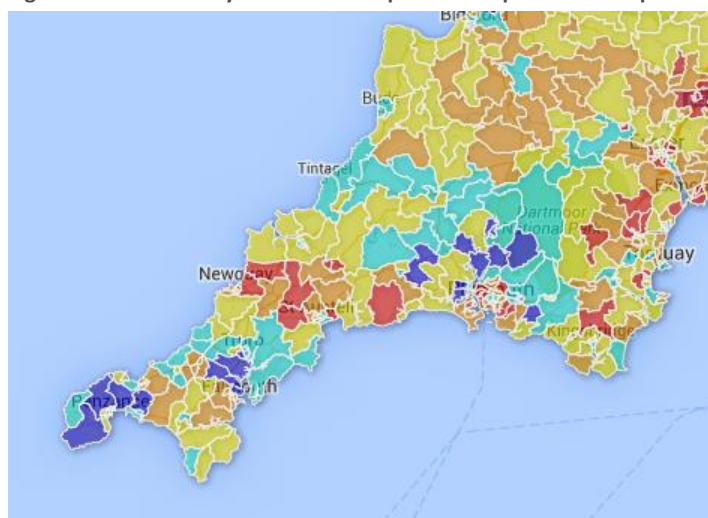
**Figure 36: Destination of School Leavers at KS4 and KS5**

	CloS	England
% of KS4 going to a sustained education or employment/training destination. (state funded mainstream schools)	91%	92%
% of KS4 going on to apprenticeships	5%	5%
% of KS5 going to a sustained education or employment/training destination. (state funded mainstream schools and colleges)	72%	73%
% of KS5 going on to apprenticeships	5%	5%
% of KS5 going on to sustained employment/training destination	12%	7%
% of KS5 going on to UK HEI (state funded mainstream schools and colleges)	43%	48%
% of KS5 going on to top third of HEIs (state funded mainstream schools and colleges)	14%	17%

Source: Department for Education, January 2016

**Key Issue: Young people are less likely to go on to Higher Education than their counterparts elsewhere**

**Figure 37: HEFCE Analysis of HE Participation Compared with Expectations Based on Attainment (Source: HEFCE)**



Recent HEFCE analysis<sup>37</sup> shown in Figure 37 identified gaps in local areas where the Higher Education participation of young people is below the level expected, based on their GCSE level attainment. This analysis suggests that there are local areas where more young people could be expected to participate in Higher Education, based on their GCSE profile, than are actually progressing to Higher Education. In quintile 1, shaded

red, young participation is much lower than expected. In quintile 5, shaded blue, participation is much higher than expected. In quintile 3, shaded yellow, young participation rates are as expected.

<sup>37</sup> <http://www.hefce.ac.uk/analysis/yp/gaps/>



## Higher Education

HEFCE statistics<sup>38</sup> in Figures 38 and 39 below, show that despite the growth of Higher Education provision in Cornwall and the Isles of Scilly, there continues to be a net outflow of students and graduates from the area.

Figure 38 shows that over the years 12/13 and 13/14 12,095 students grew up in the LEP area. At the same time, 8,165 students studied in the LEP area either with a Higher Education or Further Education provider (from Cornwall and elsewhere), resulting in a net outflow of -3,930 or 32% of the student population, a proportion that has increased since the previous period (08/09 and 09/10).

Figure 39 shows that over the years 12/13 and 13/14, the Higher Education providers produced a total of 6,905 'employed graduates'. However, only 2,595 students found employment in the LEP area, resulting in a net graduate outflow of -4,100. Figure 40 illustrates these patterns in map format.

Figure 38: Student Mobility

	HEI	FEC	TOTAL
<b>Total students that grew up in the LEP</b>			
2008-9 & 2009-10	10,600	3,755	14,355
2012-13 & 2013-14	9,020	3,075	12,095
<b>Total students that studied in LEP</b>			
2008-9 & 2009-10	5,675	4,570	10,245
2012-13 & 2013-14	4,655	3,510	8,165
<b>Net outflow</b>			
2008-9 & 2009-10	-4,925	+815	-4,110
2012-13 & 2013-14	-4,365	+435	-3,930
<b>Students that grew up and studied in the LEP</b>			
2008-9 & 2009-10	3,370	3,345	6,715
2012-13 & 2013-14	1,575	2,800	4,375

Figure 39: Graduate Mobility

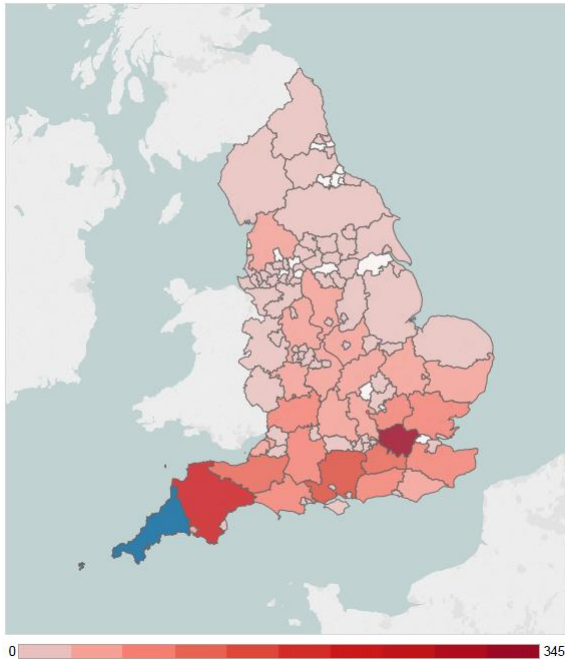
	HEI	FEC	TOTAL
<b>Total students that found employment in the LEP</b>			
2008-9 & 2009-10	1,670	715	2,385
2012-13 & 2013-14	2,075	520	2,595
<b>Total employed graduates that studied in LEP</b>			
2008-9 & 2009-10	3,875	880	4,755
2012-13 & 2013-14	6,280	625	6,905
<b>Net outflow</b>			
2008-9 & 2009-10	-2,205	-165	-2,040
2012-13 & 2013-14	-4,205	-105	-4,100
<b>Total students that studied and found employment in the LEP</b>			
2008-9 & 2009-10	300	685	985
2012-13 & 2013-14	670	480	1,150

**Key Issue: The LEP area has significant net outflow of both students and graduates.**

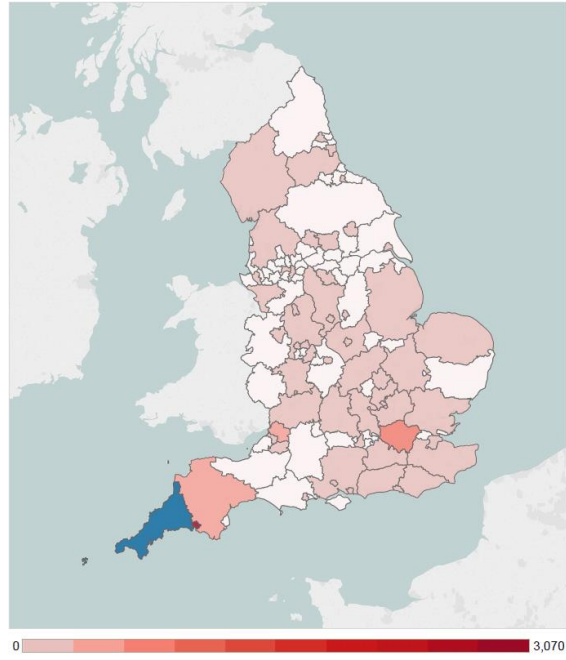
<sup>38</sup> <http://www.hefce.ac.uk/analysis/maps/student/>

Figure 40: HEFCE Student and Graduate Employment Mobility Maps

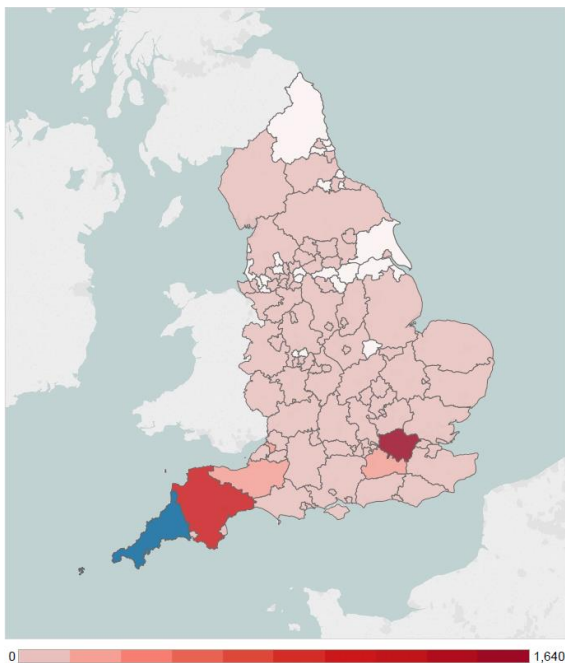
Where did students who study in Cornwall and the Isles of Scilly Grow up?



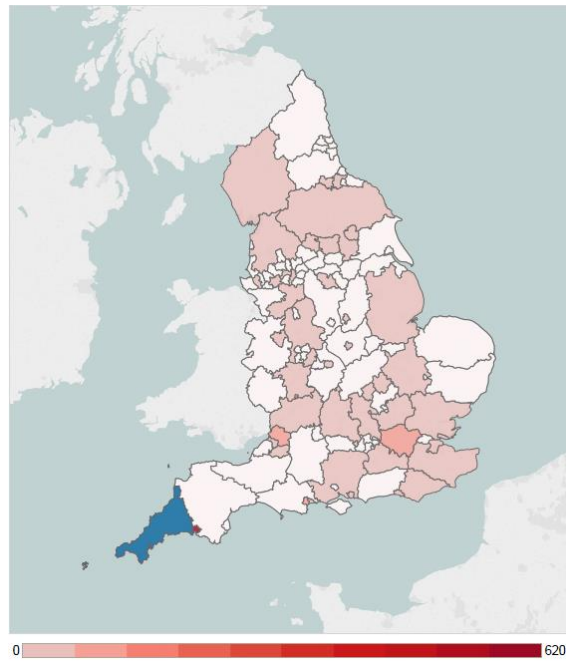
Where did students who grew up in Cornwall and the Isles of Scilly go to study?



Where did students who studied in Cornwall and the Isles of Scilly Find Employment?



Where did students who found employment in Cornwall and the Isles of Scilly study?



Source: <http://www.hefce.ac.uk/analysis/maps/student/>

In terms of Higher Education provision by subject area (figure 41), we can see that the LEP area has a net outflow of both students and graduates in relation to STEM subjects, Modern Foreign Languages and Arts, Humanities and Social Science. Clinical subjects were the only area where the LEP has a net inflow of graduates (but outflow of students). Of particular concern is the net outflow of STEM students and graduates, given the expected need for people with these skills in the Smart Specialisation sectors in the future. Recent national research<sup>39</sup> has found a strong and robust correlation between employment of STEM graduates and Highly Innovative Firms, suggesting that STEM graduates are vital to driving innovation in an area. However, other studies have highlighted that whilst STEM subjects are important, it is the multi-disciplinary mix of STEM and the Arts (STEAM) that generates imaginative ideas and problem solving skills to meet the challenges of a fast changing, fragmented digital world<sup>40</sup>.

Figure 41: HE Provision by Subject Area – Total data 2008/09-2013/14<sup>41</sup>

	Arts, Humanities and Social Science	Clinical Subjects	Modern Foreign Languages	STEM Subjects
Total students that studied in LEP	21,355	755	1,310	6,295
Total students that grew up in LEP	25,285	5,425	1,510	8,795
Net flow in/out of LEP	-3,930	-4,670	-200	-2,500
Students that grew up and studied in the LEP	13,180	700	510	3,650
Total students that found employment in the LEP	5,525	1,125	245	1,480
Total employed graduates that studied in the LEP	11,980	875	1,565	3,735
Net flow in/out of the LEP	-6,455	250	-1,320	-2,255
Students that studied and found employment in the LEP	2,895	185	125	635

Source: HEFCE

**Key Issue: The net outflow of STEM students and graduates is a threat to the development of the Smart Specialisation sectors.**

## Adult Education

Figure 42 shows that the vast majority of adult education is in the form of 'education and training' where the volume of starts was 75,560, down from a peak in 2012/13 where education and training was in excess of 85,000. Over the period, there has also been significant falls in

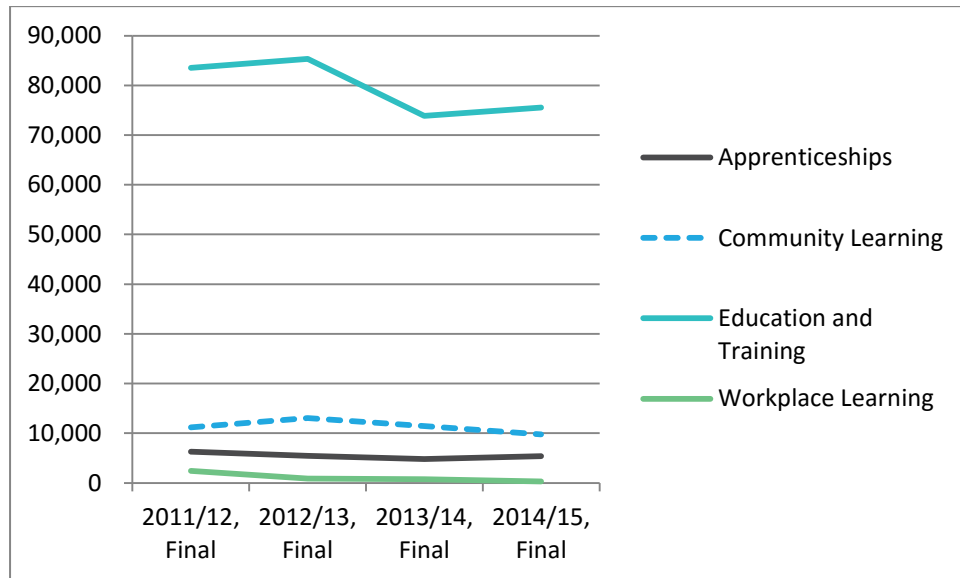
<sup>39</sup> UK Innovation Survey: Innovative Firms and Growth. Exeter Business School, Brighton Business School, SPRU – Science and Technology Policy Research. March 2014

<sup>40</sup> Imagi-Nation, the Business of Creativity. A review by Ian Livingstone and PWC. Sept 2015.

<sup>41</sup> Note, this data is collected over a 6 year period from 2008/09 to 2013/14, therefore it does not align with figures 38 and 39 above.

community learning and workplace learning, with workplace learning dropping from 2,400 starts in 2011/12 to 270 starts in 2014/15. The reasons for these changes are not clear, but may reflect recent changes to funding arrangements, such as the introduction of learner loans.

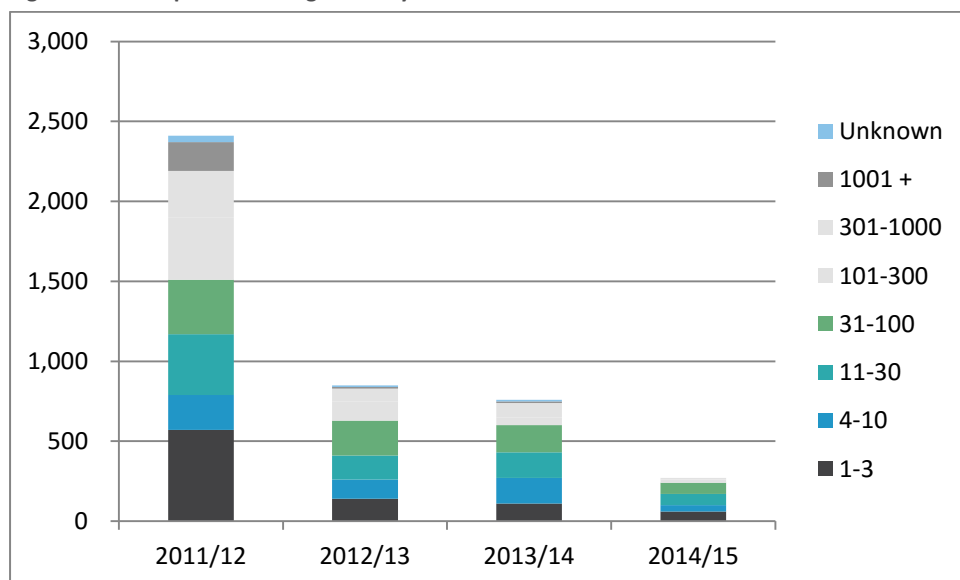
Figure 42: Starts by Type



Source: SFA Data Cube, Learner Based

Figure 43 below shows that achievements in workplace learning are declining rapidly, whilst this may reflect changes in the system of measurement, it may also reflect an increasing focus on 'apprenticeships' by providers as the resources available for workplace learning have reduced significantly.

Figure 43: Workplace Learning Starts by Size of Business



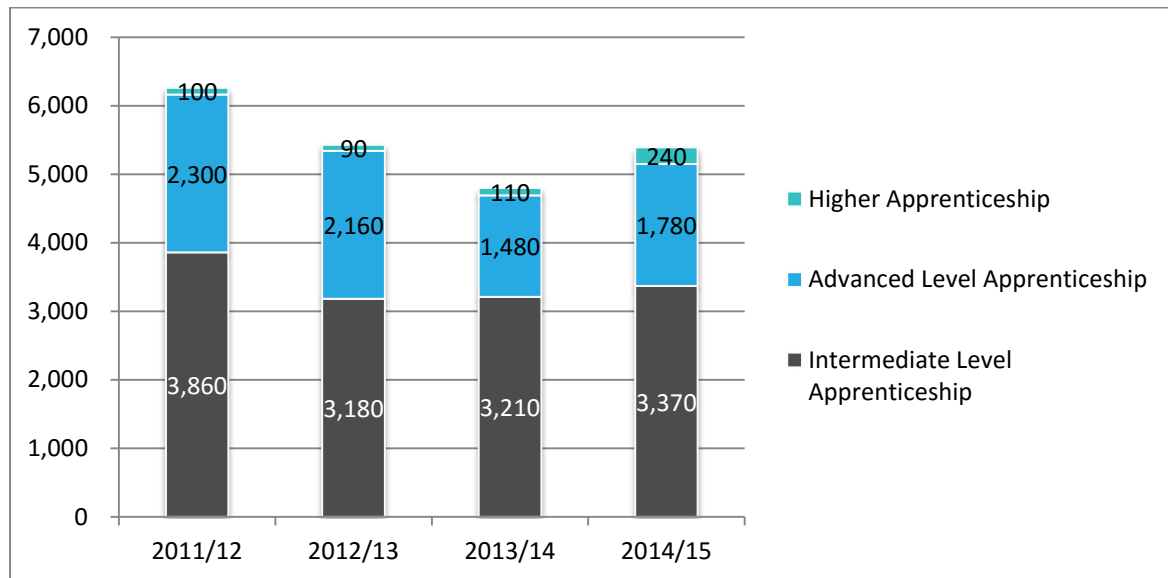
Source: SFA data cube, Learner Based

### Apprenticeships

Figures 44 and 45 below show that apprenticeship starts and achievements were on a declining trend from 2011/12 to 2013/14, however, in 2014/15 we see this trend change with an

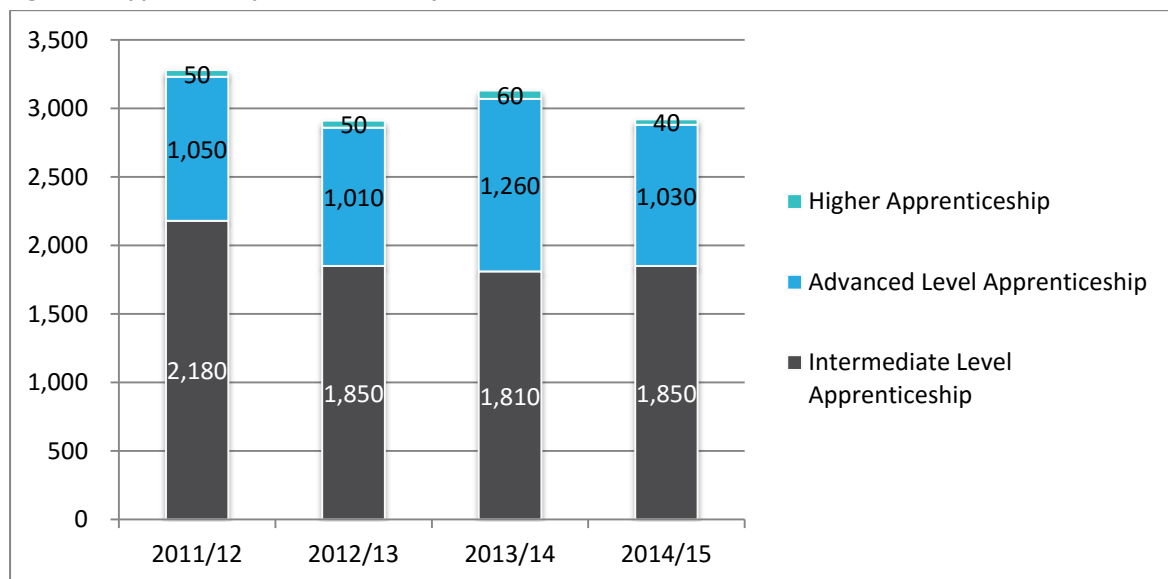
improvement in terms of both starts and completions. The vast majority of apprenticeships are intermediate or advanced level, although the proportion of higher level apprenticeship has started to increase over the period. The total number of starts recorded in 14/15 was 5,400 and achievements were 2,920.

Figure 44: Apprenticeship Starts by Level



Source: SFA Data Cube, Learner based.

Figure 45: Apprenticeship Achievements by Level

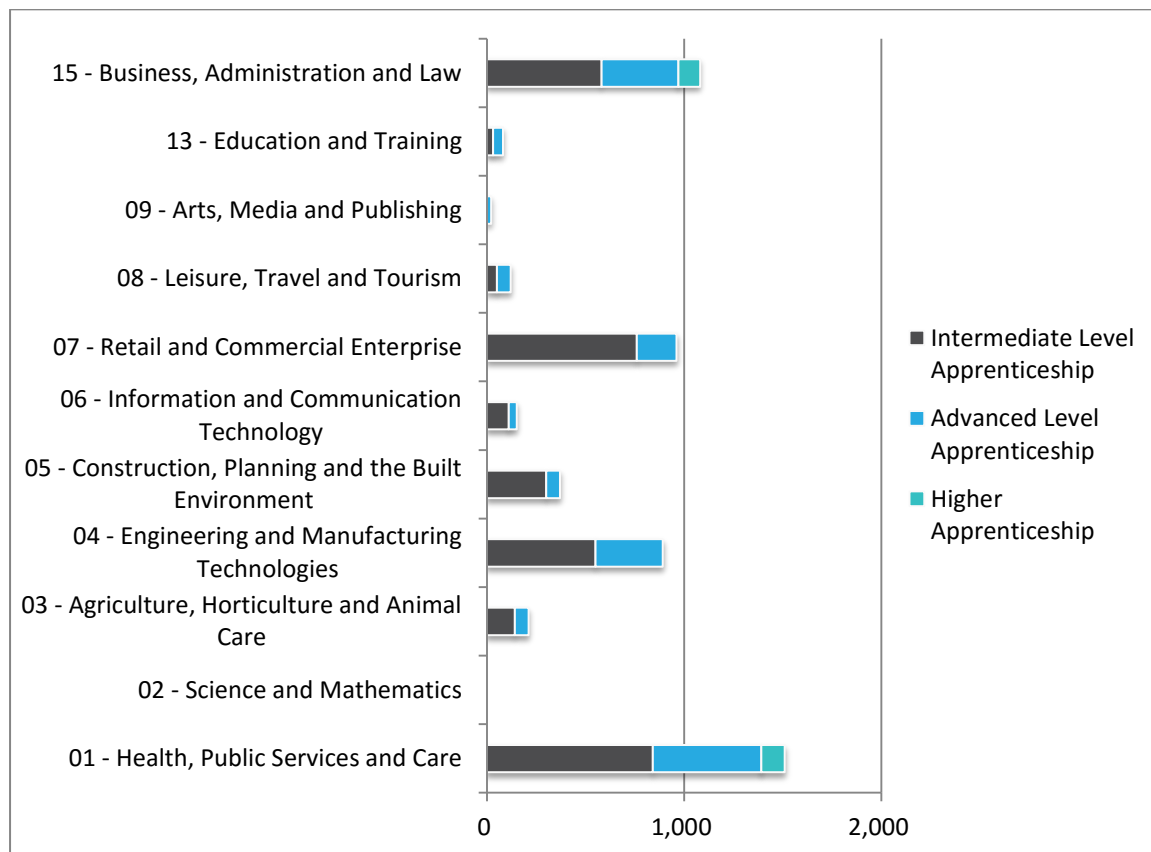


Source: SFA Data Cube, Learner based.

**Key Issue: Higher level apprenticeship take-up is low, but increasing.**

Figure 46 overleaf shows the number of apprenticeship starts by framework subject area. This shows that the most popular subjects for apprenticeships are 'Health, Public Services and Social Care,' 'Business Administration and Law,' and, 'Retail and Commercial Enterprise.' Higher apprenticeships are not yet universally available in all framework subject areas. There were no apprentices in science and mathematics during 2014/2015.

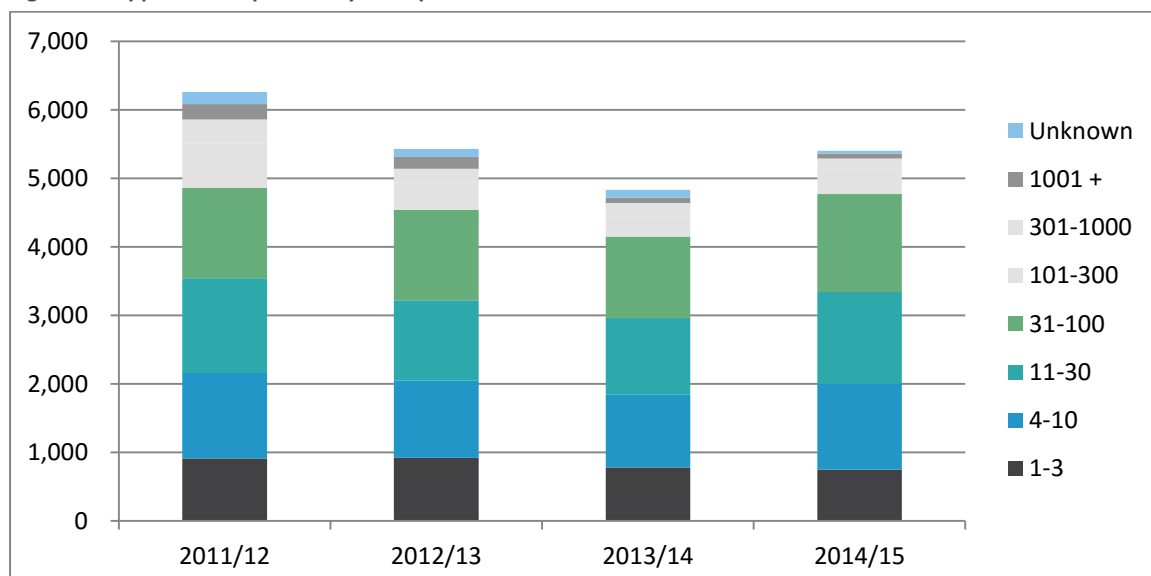
Figure 46: Apprenticeship Starts by Framework Subject Area, 2014/15



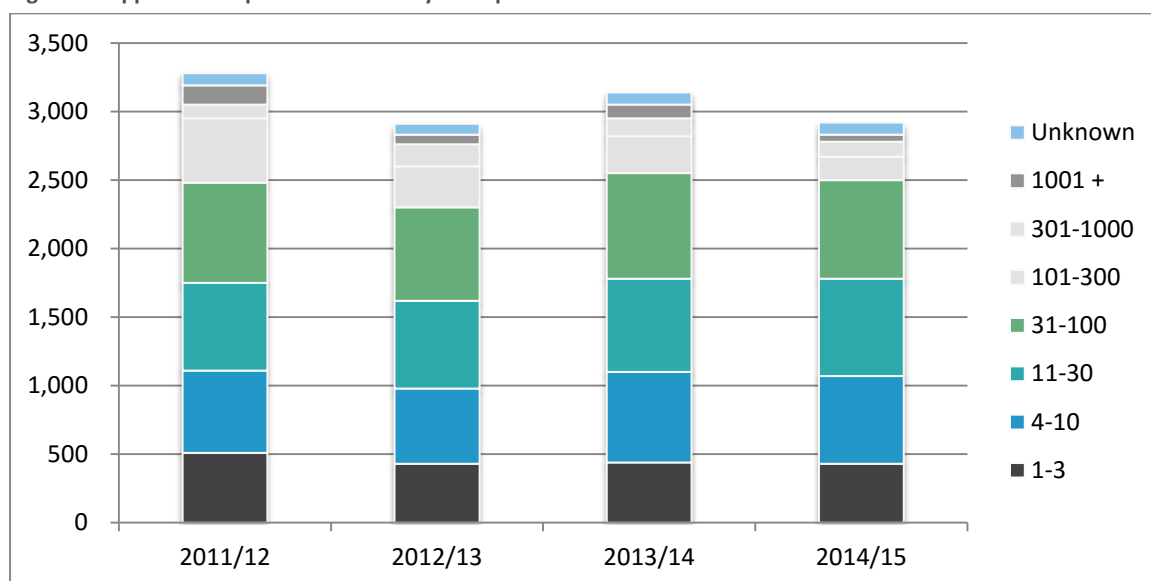
Source: SFA Data Cube, Learner based

Figure 47 below shows apprenticeship starts by workplace size and figure 48 achievements. When totalled this shows that 37% of apprenticeship starts are in workplaces with less than 10 employees and a further 25% in workplaces with between 11 and 30 employees. Note: This is the size of the workplace, not the size of the employer, a large employer might have many workplaces which only employ a few people.

Figure 47: Apprenticeship Starts by Workplace Size



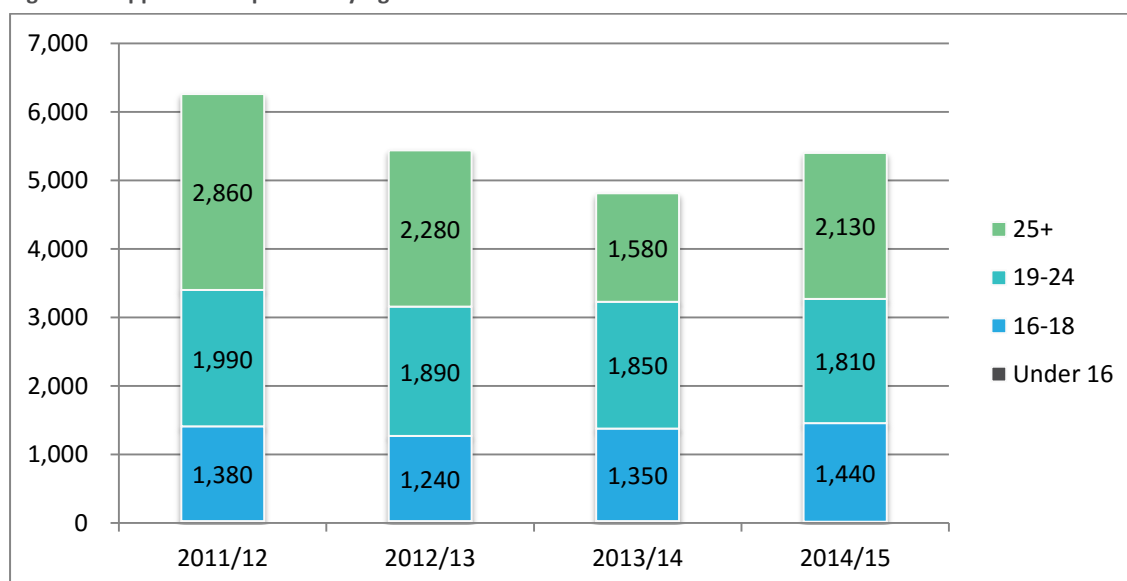
Source: SFA data cube, Learner based

**Figure 48 Apprenticeship Achievements by Workplace Size**

Source: SFA Data Cube, Learner Based

The Employer Perspectives Survey run by the UK Commission for Employment and Skills found that in 2014 12% of employers in Cornwall and the Isles of Scilly offered formal apprenticeships, compared to 15% in England. Note that this survey is a random survey of employers so includes employers of all sizes reflecting the size distribution of businesses in England. It also includes employers from all sectors including the social sector and public sector.

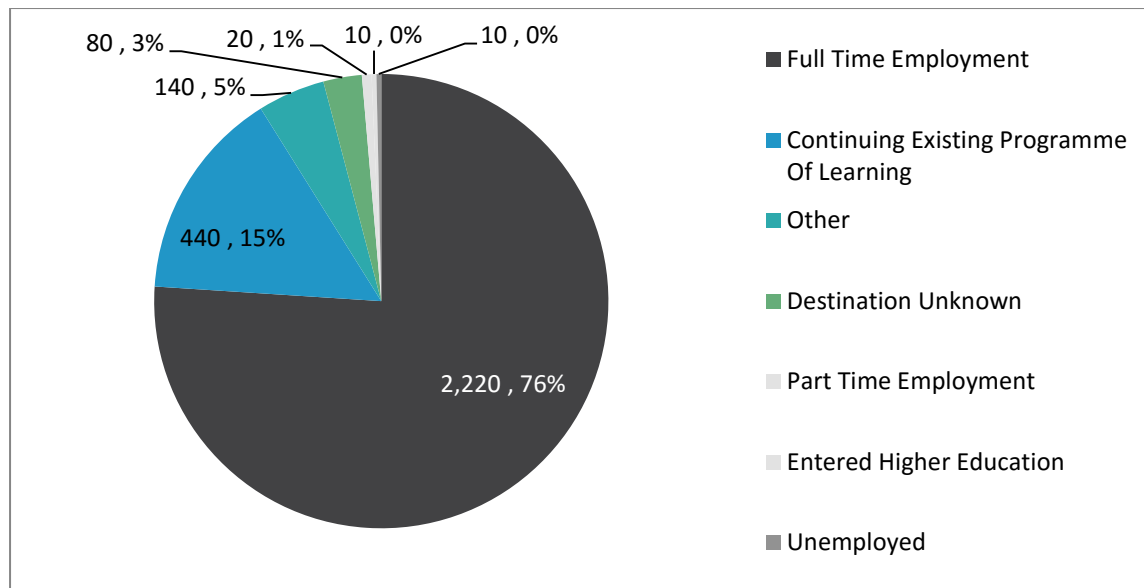
Figure 49 below shows apprenticeship starts by age band. This shows that the majority of apprentices are 25 or under, however, 39% of apprentices in 2014/15 were over 25. Only 20 apprentices were started by those under 16 in 2014/15. However, when compared with the population within each band, we see that 7.5% of 16-18 year olds start an apprenticeship, 5% of 19-24 year olds and 0.8% of 25-64 year olds.

**Figure 49: Apprenticeship Starts by Age Band**

Source: SFA data cube, Learner based

Figure 50 below shows the destination of apprentices after achievement of their apprenticeship. This shows that 92% go on to full time employment or continue their education.

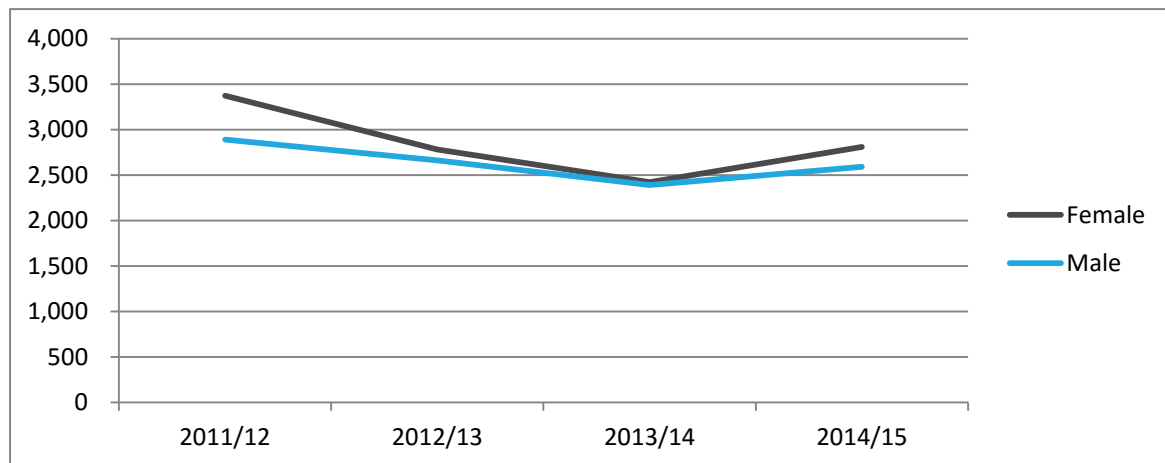
Figure 50: Destination of Apprentices (14/15)



Source: SFA Data Cube, Learner based.

Figure 51 below shows that more women start apprenticeships than men, although the gap narrowed between 2011/12 and 2013/14, it has since widened between 2014/15.

Figure 51: Apprenticeship Starts by Gender



Source: SFA Data Cube, Learner Based



**So What?**

Apprenticeships are an increasingly important route to vocational careers and progression within the workplace. The findings show that:

- Starts/achievements have not shown significant growth in the last four years;
- Higher level starts/achievements are a small proportion of apprenticeships, but there is evidence that the number of starts is increasing; and,
- The take-up of apprenticeships varies considerably by subject area, suggesting there is potential for further development of the apprenticeship routeway in some sectors.

**Traineeships**

The SFA datacube shows 56 traineeships for the year 2014/15.

**Information, Advice and Guidance**

Data captured by Cornwall Education Business Partnerships showed that a total of 5,183 Year 10 students undertook work experience placement in the 2013/14 academic year, equating to 91% of the year 10 cohort. The 16-19 review of outcomes for young people in Cornwall found that most schools have well developed careers education, guidance and advice programmes, but the quality and consistency of advice, to enable students to make informed decision on the full range of options available to them, is unacceptably low.

The Employer Perspective Survey<sup>42</sup> results, show that 31% of employers in Cornwall and the Isles of Scilly 'had anyone in on work experience in the last 12 months' compared to 38% in England (although the difference was not statistically significant). 14% 'offered any work inspiration in the last 12 months', compared to 18% in England, but again the difference was not statistically significant. However, awareness of traineeships was statistically significantly lower in Cornwall and the Isles of Scilly than in England (58% compared to 68%).

**Key finding: Cornwall and Isles of Scilly employers are less likely to be involved in Enterprise Education.**

This is an area where the Employment and Skills Board and the Raising Aspirations and Achievement Strategy Board have undertaken considerable activity and a 'Cornwall Career's Offer' has been developed, which aims to transform the landscape of CEAIG activity across the county.

<sup>42</sup> Employer Perspectives Survey, 2014. UKCES

### So What?

The 2015 CBI/Pearson's Education and Skills Survey 2015 showed that more than three quarters of businesses across the UK feel the quality of careers advice needs improvement in order to help young people make informed decisions about future career options<sup>43</sup>. The report 'Nothing in Common'<sup>44</sup> highlights the significant information gap between what young people know about the careers and opportunities open to them and the actual jobs that exist. It showed, for instance, that a third of today's 15-16 year olds are interested in just 10 occupations and too many young people are aiming for careers where jobs are in short supply. The report goes on to highlight the risks associated with pursuing educational journeys which may ultimately lead to them struggling to find relevant work after leaving school, college or university:

*'The danger is great that too many young people will find that the profiles they have developed – the mix of qualifications and experience on which they sell themselves to prospect employers – will not allow successful competition for available job opportunities leading potentially to a period of 'churn' as they adjust and seek new qualifications, training and experience relevant to other parts of the labour market'*

Other research<sup>45</sup> confirms that young people at 16 holding career ambitions requiring significantly higher qualification than they themselves expected to achieve were three times more likely to spend significant periods of time being NEET a an older teenager.

The nothing in common report also highlighted the value of work experience, highlighting quantitative research which shows that young adults who had four or more employer contacts compared to those who recalled no such activities even after qualifications and social backgrounds had been controlled for, received wage premiums of 18%.

## Inclusion

The 2011 Census revealed that 37.8% of households in Cornwall and the Isles of Scilly had no adults in employment, compared to 33.3% of households in England. Of these, 8% had dependent children.

The child poverty basket of local indicators<sup>46</sup> shows that 16.3% of children in Cornwall live in low income families. Whilst this is below the national average (18.6%), there are some neighbourhoods in Cornwall that are more than double the national average.

## Deprivation

The Index of Multiple Deprivation (IMD) 2015 is the official measure of relative deprivation for small areas (or neighbourhoods) in England. It ranks every neighbourhood in England from 1 (most deprived area) to 32,844 (least deprived area). It is common to describe how relatively

<sup>43</sup> <http://news.cbi.org.uk/news/careers-advice-in-schools-not-good-enough-says-firms/>

<sup>44</sup> Nothing in Common: The careers aspirations of young Britons mapped against projected labour market demand (2010-2020). UKCES March 2013.

<sup>45</sup> Quoted in Nothing in Common, page 9.

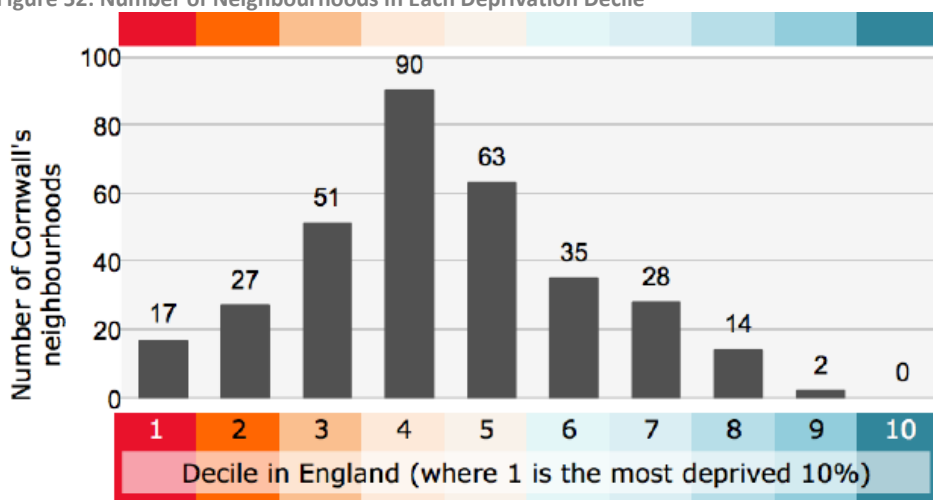
<sup>46</sup> <http://www.gov.uk/government/publications/child-poverty-basket-of-local-indicators>

deprived an area is by saying whether it falls among the most deprived 10% or 20% of areas in England. This IMD 2015 release updates the 2010 data with key features shown below:

- 17 of Cornwall's neighbourhoods are in the most deprived (worst 10%) in England. This places Cornwall 143 out of 326 local authorities in England (1 being the most deprived). The previous IMD data (2010) identified 8 of Cornwall's neighbourhoods as being among the most deprived in England;
- 44 of Cornwall's neighbourhoods are in the 20% most deprived in England (previously this was 33);

To assist with understanding where each neighbourhood falls nationally, deciles are published alongside ranks. These range from decile 1, which is the most deprived 10% of neighbourhoods, to decile 10, which is the least deprived 10%. See figure 52 below for data for Cornwall. The Isles of Scilly falls into the 7th decile.

Figure 52: Number of Neighbourhoods in Each Deprivation Decile



Source: Cornwall Council, Indices of Deprivation 2015.

## NEETS

In 2014, 760 or (4.2%) of 16-18 year olds in Cornwall were identified as Not in Education, Employment or Training (NEET)<sup>47</sup>, less than the average for the South West of 4.5% and for England at 7.3%<sup>48</sup>. However, it should be noted that the differences between local and national figures can often reflect different methodological approaches. Nationally, the number of NEETs has fallen primarily as a result of legislation to 'raise the participation age'. This was introduced in 2013/14 to increase the age in which young people in England are required to remain in education or training.

<sup>47</sup> <https://www.gov.uk/government/publications/neet-data-by-local-authority-2012-16-to-18-year-olds-not-in-education-employment-or-training>

<sup>48</sup> <https://www.gov.uk/government/collections/statistics-neet>

Local evidence<sup>49</sup> provides additional depth to our understanding of NEETS, highlighting that:

- There is significant variation across year groups ranging from 2.4% NEET in Year 12 to 6.3% NEET in year 14;
- Local tracking data shows there are significant geographical variations with high proportions of young people NEET seen in the Camborne and Redruth, Liskeard and Looe and Bodmin community network areas; and,
- Meeting the needs of vulnerable groups remains a challenge – young people with LDD make up over a third (35%) of the NEET cohort. Cornwall's 16-19 review highlighted that whilst there are a range of work experience opportunities and activity for young people in this cohort, there is often a lack of suitable employment for young people to progress into.

### So What?

Whilst the absolute number of NEETs is low, being NEET is a predictor of unemployment, low income, poor mental health and physical health later in life.

## Special Educational Needs and Disabilities (SEND)

A child or young person has a special educational need if they have a learning difficulty or disability which calls for special educational provision to be made for him or her. A child of compulsory school age or a young person has a learning difficulty or disability if he or she:

- Has a significantly greater difficulty in learning than the majority of others of the same age, or
- Has a disability which prevents or hinders him or her from making use of facilities of a kind generally provided for others of the same age in mainstream schools or mainstream post-16 institutions.

The School Census 2015 suggests children and young people with a Statement or EHC plan account for about:

- 2.2% of the total primary school population in Cornwall; and,
- 3.3% of the total secondary school population in Cornwall.

The proportion of young people with a Statement or EHC plan in Cornwall (2.7%) is broadly in line with the England average (2.8%).

'Pathways to employment' for young people with SEND has been identified as a priority for Cornwall within the Raising Aspiration and Achievement (RAAS) Board evidence and priorities; SEND review and joint health and social care self-assessment for people with learning disabilities. The reason for this focus is twofold:

<sup>49</sup> 2014/2015 Pathways to Employment Headline Evidence and Priorities

- Young people with LDD make up approximately 1/3 of Cornwall's NEET cohort; and,
- The Labour Force Survey shows that the employment rate for people with learning disabilities ranges from 8% to 16% in 2011, but the statistic in Cornwall is only 1%<sup>50</sup>.

**Key Issue: People with Learning Disabilities are more likely to be NEET or unemployed.**

The Council is seeking to develop an evidence base to inform strategic commissioning intentions for services that support pathways to employment for young people with SEND. As such in 2015 the RAAS Board commissioned two pieces of research that:

- Mapped the current range of education, training provision and employability support for young people with SEND and their families from Year 9 to 25 delivered as part of statutory education / learning but also as part of wider service provision;<sup>51</sup> and,
- Undertook a deeper dive into current case studies and models of good practice to develop our understanding of models that work for this cohort of young people<sup>52</sup>.

The former report identified the following challenges for secondary schools in supporting employability for pupils with SEND:

- Funding associated with shrinking school budgets;
- Meeting an individual's needs in limited time;
- Sustainability of work experience, associated with decreasing budgets for co-ordination and transport costs;
- A need for help in identifying and developing networks with SEND friendly employers;
- A need for more support to enable pupils to make better informed choices;
- Finding relevant and fulfilling courses and programmes; and,
- Finding suitable work experience placements.

Similarly, colleges highlighted challenges in relation to funding, transport and employers.

**Key Issue: Helping young people with SEND develop their employability skills is challenging for education providers.**

Cornwall Council is currently finalising a 'SEND Review' which aims to establish the pattern of educational provision required to meet the needs of learners with complex special educational needs; and, the development programme to enable provision improvements to be defined, prioritised and implemented.

<sup>50</sup> SEND Research Project. November 2015. Cornwall Council

<sup>51</sup> Employability and SEND. Research Report. October 2015

<sup>52</sup> SEND Research Project. November 2015. Cornwall Council