

**Local Skills Report Annex A:  
Core Indicators and Additional Data**  
An overview of the data underpinning the  
Local Skills Report 2021

*Updated November 2021*



**CORNWALL &  
ISLES OF SCILLY**  
LOCAL ENTERPRISE PARTNERSHIP

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## 1. Introduction

This document (Annex A) is one of a suite of three inter-related documents. It is designed to provide a succinct insight into the key aspects of the local labour market and skills landscape. The statistics in this Annex together with a more detailed analysis entitled The Labour Market Assessment (LMA) underlie the Local Skills Report. Given its unique peripheral and rural position in England, surrounded on 3 sides by water, the analysis does not use any other LEPs for comparative purposes.

The data used in this document is the latest available data as at 16<sup>th</sup> November 2021. It should be noted that time lags in the publication of key datasets mean that as yet, much of the analysis does not capture the impact of Covid-19 on the local economy.

### Overview

In this first section a number of datasets are explored to better understand the economic output of the area; the composition of the business base; the structure of local employment and how the changing make-up of the population will impact on labour supply in Cornwall and the Isles of Scilly (CloS).

In the following section, headline figures on employment, business starts and closures, pay rates, productivity and unemployment are set out. Because of time-lags in the production of national statistics these do not fully capture recent events, but do illustrate the longer term challenges the LEP faces such as productivity and low pay.

### Summary points

- The sectoral make-up of the economy is very different from the national average with almost 1 in 3 jobs accounted for by tourism, wholesale and retail, compared to 22% in England as a whole. This dependence, along with the small scale of firms is the most critical factor underlying the vulnerability of the local economy to the impact of COVID-19.
- Reflecting its sectoral make up, the local jobs market comprises much higher rates of lower-skilled employment than is seen across England.
- In March 2020, there were 24,825 business enterprises in CloS, with 88.9% employing fewer than ten people.
- There were 2,305 business births in CloS in 2019; giving the region a business birth rate of 10%, which is below the national average of 13%.
- Conversely, there were 1,930 business deaths in CloS in 2019; giving the region a business death rate of 9%, which is, again, below the national average of 11%.
- Prior to Covid-19, employment was at an all time high, but latest data shows that the labour market has shrunk. This is reflected in a fall in the employment rate from 76.7% in 2019 to 73.6% in 2021. Currently it is below the national rate of 74.7%.
- The overall employment level in CloS, as of June 2021, stood at 239,600, 12,500 people down on the 2019 total two years earlier.
- Most of the fall is accounted for by a steep drop in self-employment from 55,500 in June 2019 to 44,400 in June 21.
- Another reason for the fall in employment rate can be attributed to a rise in working age economic inactivity, i.e. people withdrawing from the labour market. Currently, 73,800 or 22.7% of the working age population (June 2021) are classed as economically inactive, this is a rise of 7,800 in the past two years.

- The most significant change has been the rise in the proportion of students which has almost doubled from 13% in 2020 to 23% in 2021 as young people have remained in education and training rather than seek work in such uncertain times.
- As of 2019, GVA in CloS amounted to a total of £11.5bn.
- Using GVA per hour worked as a measure of productivity, CloS faces a significant productivity deficit relative to that of the England, with a GVA per hour worked equivalent to 77% of the national average.
- In 2021, the median gross weekly pay for CloS residents was £517.20 and for the workforce it was £503.20; in other words those who commute outside of the LEP area earn more than those who work within it. These figures compare with a national average of gross weekly pay of £613.30.
- Cornwall and Isles of Scilly has an estimated resident population of 575,500, making it one of the smallest LEPs in the country.
- The pandemic brought about a spike in the claimant count which led to a doubling of the count in CloS between March and April, from 9,553 to 19,387 claimants, as a result of the first national lockdown. The totals have since fallen back and in September 2021 12,625 people in CloS were claiming unemployment-related benefits, equivalent to 3.8% of the working age population. This is below the national rate of 5.3%.
- As a local authority, Cornwall ranked 83 out of 317 local authorities on the Index of Multiple Deprivation.

### 1.1. Employment by sector

The sectoral make up of an economy is a key determinant of labour demand that affects not only the number of available jobs, but also the local occupational structure and type of employment contracts available. Total employment for CloS has been estimated at 233,000; which means that employment in CloS accounted for 0.9% of total employment seen within England in 2021.

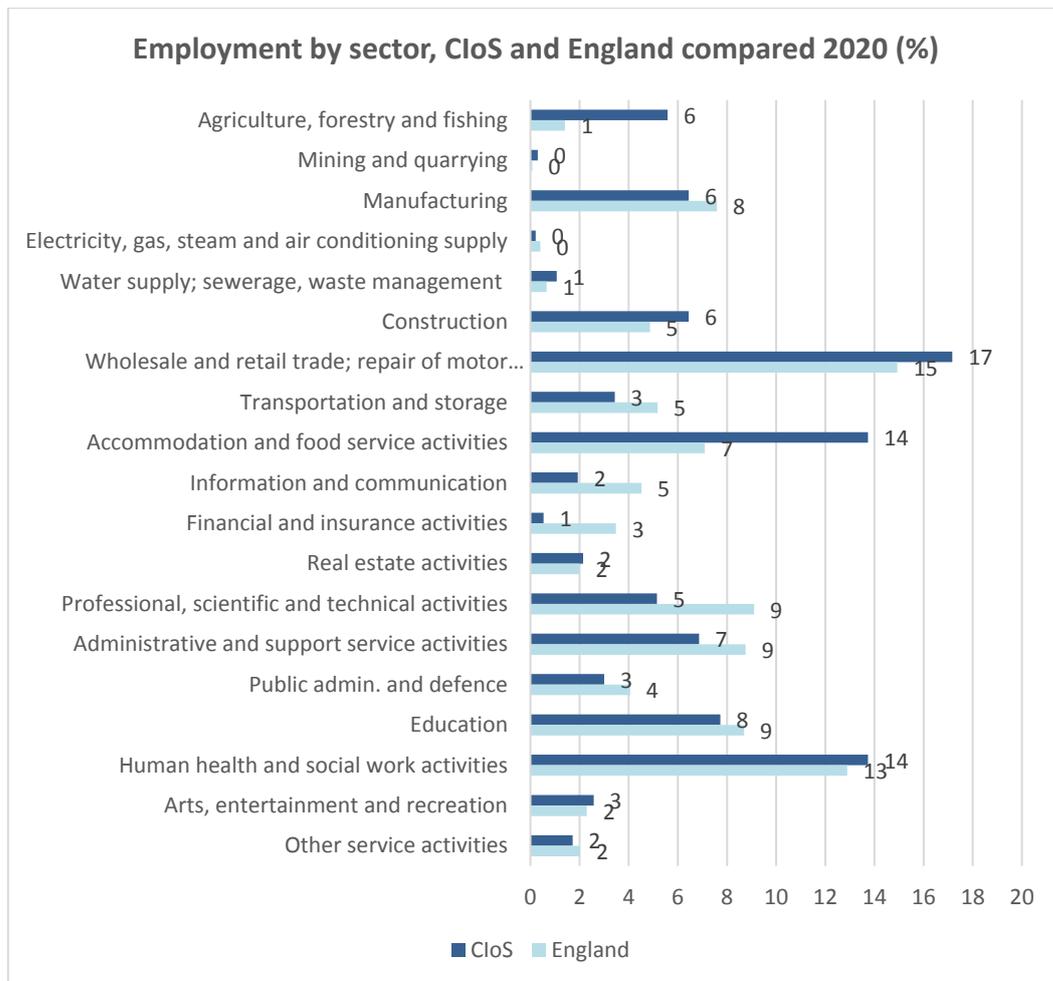
The three largest employment sectors in CloS accounted for 45% of total employment and show:

- Accommodation and food services account for the largest share of employment in CloS, at 14%, which is double the average of 7% seen across England as a whole;
- Wholesale and Retail accounts for 17% employment share in CloS, which is slightly above the average of 15% seen across England as a whole;
- Health accounts for 14% of employment within CloS, which is in line with the English average of 13%.

CloS shows significant sectoral employment under-representation against the national average in:

- Professional, scientific and support services; 5% in CloS versus 9% national average;
- Information technology; 2% locally compared with 5% in England
- Financial and insurance; 1% in CloS versus 3% national average.

Thus, CloS operates with greater dependence on retail and accommodation and food services, with an employment level of 72,000, compared to the national average; two sectors severely impeded by lockdown restrictions. Similarly, data also highlights the lack of representation of CloS in high-value sectors, such as professional services that have not faced restricted trade, which have been able to continue working remotely unimpeded and, in some cases, have even seen business grow throughout the crisis. Thus, this framework underpins why CloS has, has been very vulnerable to the [COVID-19 crisis](#).



Source: *Business Register and Employment Survey, 2020 (published 2021), 2020 SAP boundaries*

Going forward, CloS LEP have identified the Visitor Economy as one of our distinctive opportunities in the Local Industrial Strategy, along with the niche sectors of clean energy, geo-resources, data and space and agri-food that will play a critical role in growing the local economy through diversification both now and in future.

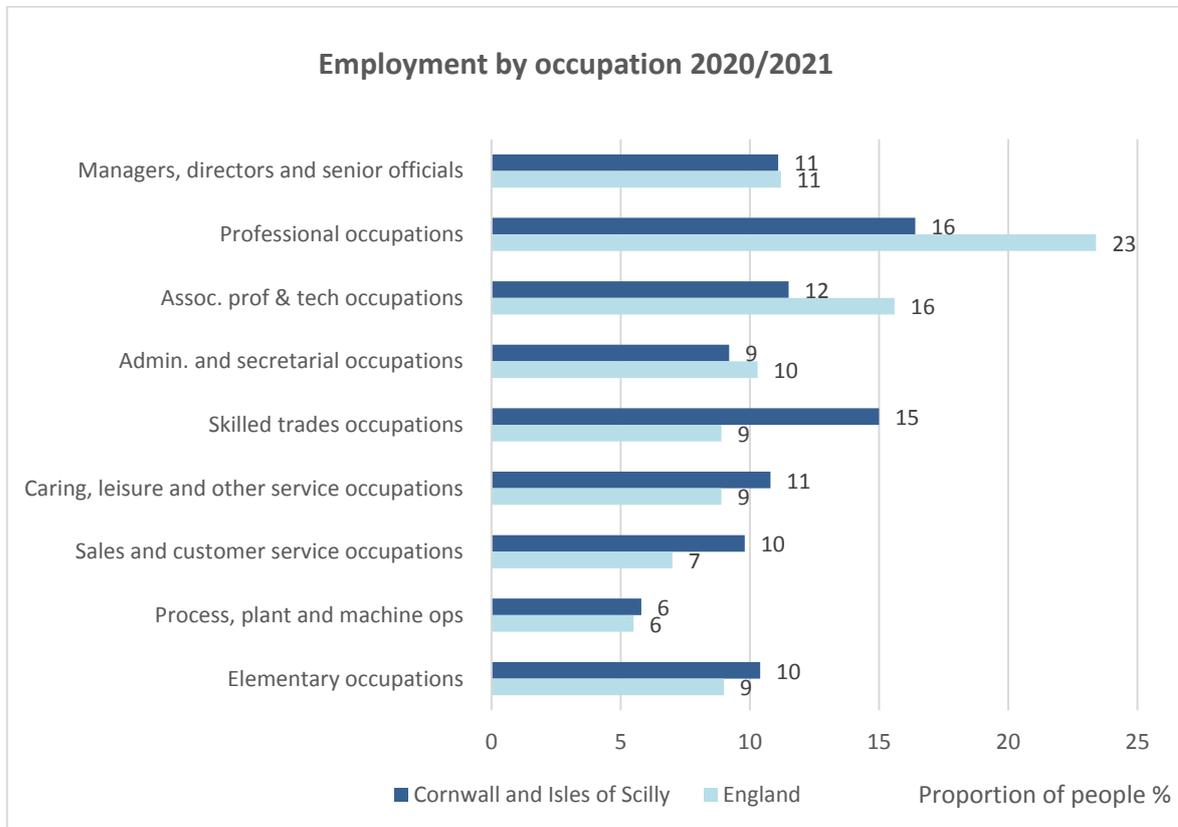
## 1.2. Employment by occupation

The local jobs market has much higher rates of lower-skilled employment than is seen across England. This is, in part, due to the sectoral differences CloS has with England, but is also due to a lower proportion of mid-size and larger employers (See [Labour Market Assessment](#) para 4.2), which gives rise to fewer opportunities for career progression and for professional/associate professional work.

The main differences between the local and national picture in 2020/21 are:

- A far lower proportion of high-skilled occupations: a group consisting of managers, directors, senior officials, professional occupations and associate professionals and technical occupations. In CloS this group accounts for 39% of jobs, compared to 50% in England as a whole. As can be seen from the chart below, the local proportions of professional and associate professional jobs are especially low.
- Middle-skilled occupations, comprising administrative and secretarial and skilled trade occupations, account for 24% of employment, compared to 19% seen across England as a whole.

- Service-intensive occupations, including caring and personal services and sales and customer service occupations, account for 21% of employment, compared to 16% seen across England as a whole.
- Labour-intensive occupations, comprising plant and machine operatives and elementary occupations, account for 16% of employment, compared to 15% nationally, with the main difference in the proportion of elementary occupations.



Source: *Annual Population Survey, July 2020 – June 2021, 2020 SAP boundaries*

As might be expected, these differences between CloS and England are reflected in the qualifications base of local residents.

This occupational structure means that the impact of Covid-19 has been greater locally, in that the CloS labour market has fewer workers who have been able to continue working remotely through the pandemic (professionals and associate professionals) and more people in sales and customer service jobs who have been furloughed or laid off. In turn this has impacted on household income and there has been a greater increase in households claiming benefits in CloS than in the South West or Great Britain, underlining the area's greater vulnerability to the impact of the pandemic on working life. (See Labour Market Assessment, para 2.17)

#### 1.4. Enterprises by employment size

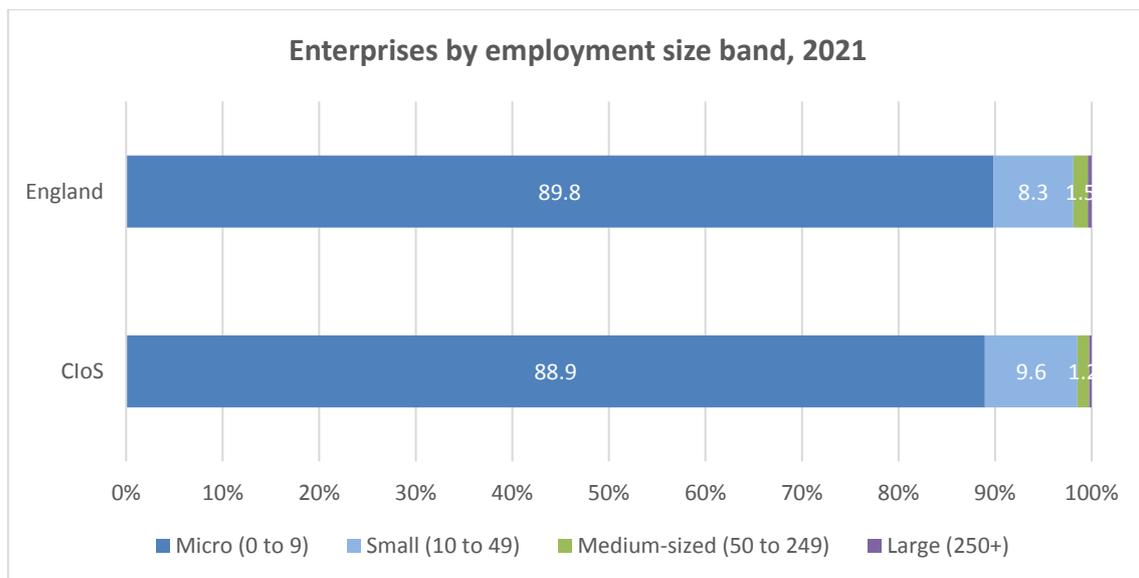
As of March 2021, CloS had **24,825** registered business enterprises, a figure which has remained stable over the last year. It is home to a small and micro-enterprise-rich business base, which makes up almost 9 out of 10 organisations. Although not evident from the chart below, a key weakness in the local economy is the small proportion of medium and large employers:

- Businesses with 50-249 employees account for 1.2% of the total provision of businesses in CloS, but 1.5%, in total, across England - 25% lower than nationally.

- Businesses with 250+ employees account for 0.26% of the total provision of businesses in CloS, but 0.39%, in total, across England -33% lower than nationally.

Since large companies are more likely to train their employees, invest in R&D, and implement high-performance management practices, CloS is relatively disadvantaged in terms of productivity, skills development and innovation without additional intervention measures.

In addition to lacking the in-house resources for in house training, smaller and micro enterprises often cannot compete with large business by way of position, salary or career progression, which means attracting high skilled workers to the area is more challenging. In partnership with other bodies, CloS LEP already has projects currently under way that engage with local enterprises to support their growth and development, such as the Growth Hub, the Careers Hub, the CloS Investment Fund, and the Skills Hub.



Source: *UK Business Counts, 2021, 2020 SAP boundaries*

### 1.5. Births and deaths of enterprises over time

Note: The paragraphs below present the latest data available at November 2021.

In 2019, there were 2,305 new business births and 1,930 deaths in CloS; and a total of 22,490 active businesses. Because both the CloS business birth rate, 10% versus 13%, and death rate, 9% versus 11%, are lower than the average in England, this indicates a slightly lower level of local business dynamism than is typical of the country as a whole. Business survival rates, however, compare favourably with the average seen across England. In 2018, at 92%, the 1-year survival rate for newly born businesses in CloS was broadly in line with that of England, at 92.3%, but the five-year rate in CloS was much higher, at 45.1%, compared to England, at 42.5%. The Isles of Scilly had a 1-year survival rate of 100% and a 5-year rate of 66.7% in the same period.<sup>1</sup>

The exogenous shock to business birth and death rates that Covid-19 has provided is likely to have accelerated the closure of previously weaker enterprises, while at the same time delaying the business case for new start-ups to form. ONS has said that as many as 64% businesses were at risk

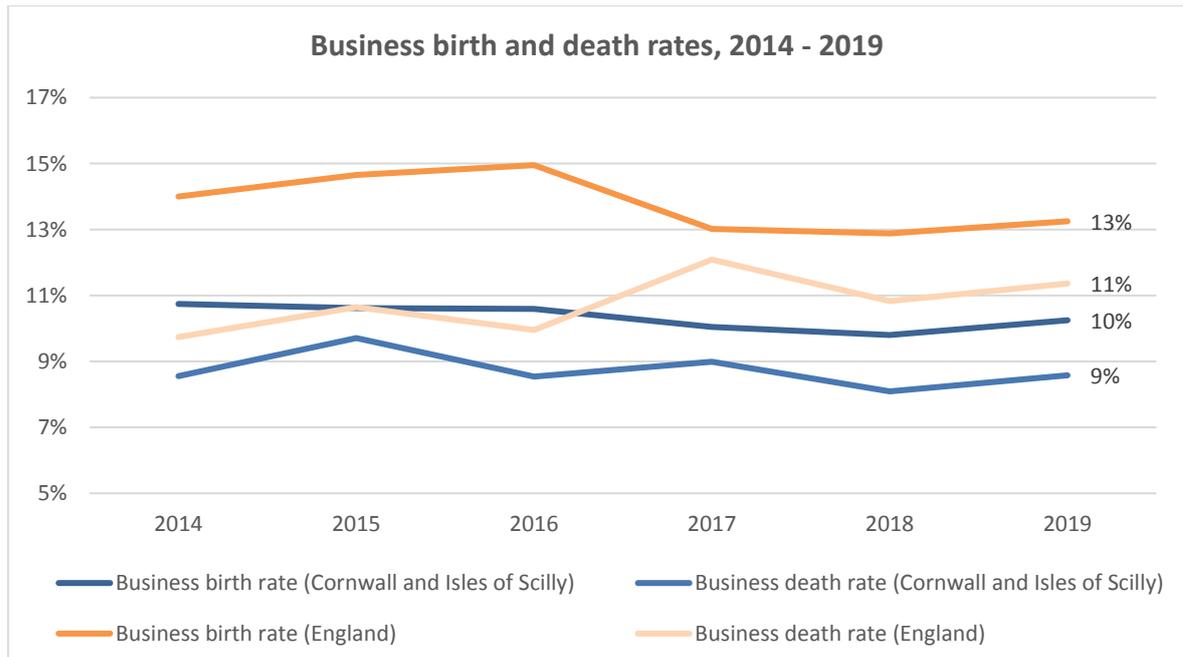
<sup>1</sup>

<https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/datasets/businessdemographyreferencetable>

of closure, with 43% of enterprises having less than six months of cash reserves<sup>2</sup>. The following data from the [Chamber of Commerce Survey](#)<sup>3</sup> highlights the effect on CloS businesses:

- In Q3 2021, 56% of businesses reported operating at full capacity, up from 14% when the last version of this report was published in March 2021;
- The balance in terms of expectation for change in turnover is +54% (i.e. those expecting an increase less those expecting a decrease) – a slight decrease from +67% in Q2 2021;
- 31% expected profitability to increase, down from 50% previously (Q2).

The findings paint a picture of a fragile recovery, with 62% experiencing pressure to raise prices largely as a result of raised pay levels and the cost of raw materials.



Source: *ONS Business Demography, 2014 - 2019 (published 2020), 2020 SAP boundaries*

## 1.6. Employment level and rate

Historically, CloS has had a strong track record in generating jobs and self-employment opportunities for local residents but the current rate of 73.6% is the lowest it has been since 2014:

- Currently, the employment rate in CloS of 73.6% has fallen below the national rate of 74.7% for the first time in 3 years. Closer analysis shows that the decline has been largely driven by a **sharp fall in self-employment** which is down 20% from June 2019 compared with a fall in employment of 1% over the same period.
- Although CloS has reversed a trend that until 2013 saw an employment rate consistently below the national average, it is too early to say if the current dip is a temporary phenomenon;
- The overall employment level in CloS, as of June 2021, stood at **239,600**, 12,500 people down on the 2019 total two years earlier.

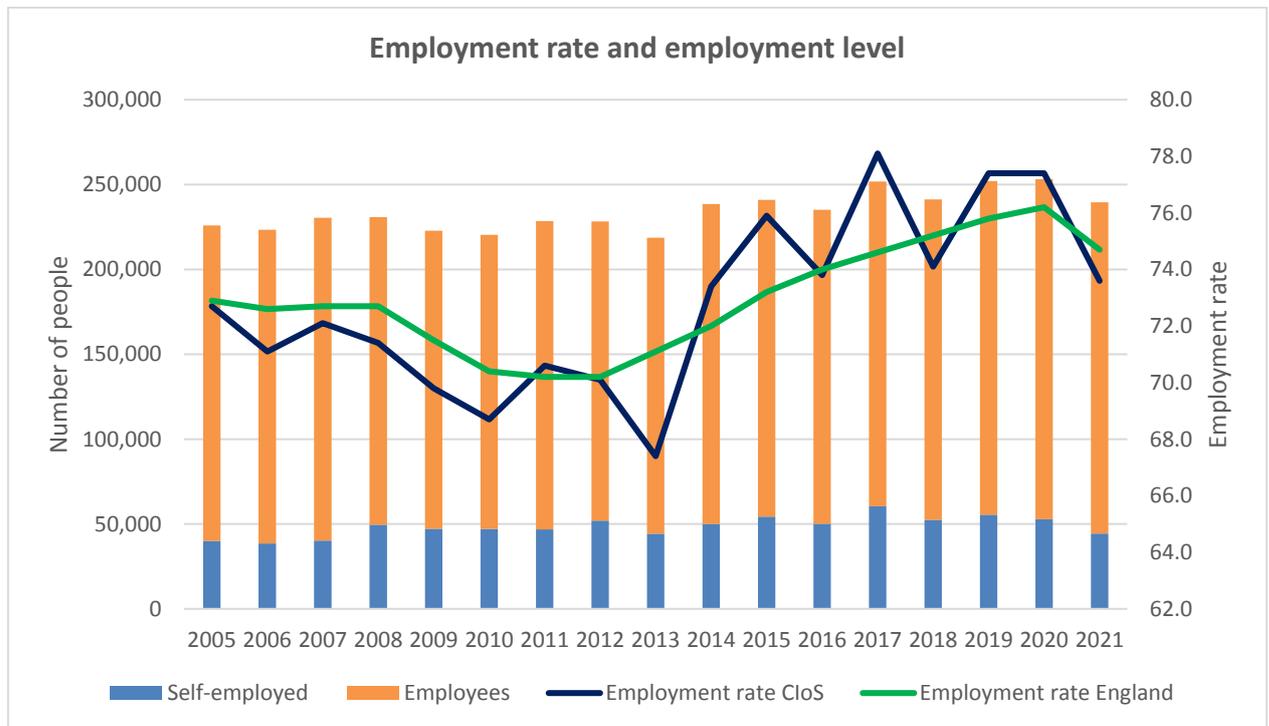
Closer analysis shows that the fall in employment rates has largely affected 16-24 year olds who tend to be over-represented in the service sectors affected by furlough and closures. Their

<sup>2</sup> <https://www.theguardian.com/business/2020/oct/28/uk-facing-flood-of-bankruptcies-over-coming-months-says-ons>

<sup>3</sup> <https://www.cornwallchamber.co.uk/qes>

employment rate has fallen to 54% (although the data has wide error margins) compared with 67% two years ago. In contrast the employment rate of other age groups has remained relatively steady. This pattern reflects the national picture which has seen young people hardest hit by the economic fallout from Covid-19.

Full-time and part-time employment has held up well, but at 7,800, the number of temporary jobs has fallen to its lowest level for more than a decade. It appears that the fall in employment is therefore largely attributable to declines in temporary work and self-employment.



**Source:** *Annual Population Survey, 2005 - 2021, 2020 SAP boundaries*

Part of the reason for the fall in employment rate can be attributed to a rise in working age economic inactivity. Much has been written about people choosing a different lifestyle as a result of the pandemic reflecting an increase in people who have retired early, a rise in those looking to spend more time in the home or withdrawal from the labour market because of health concerns related to Covid-19. Currently, 73,800 or 22.7% of the working age population (June 2021) are classed as economically inactive, this is a rise of 7,800 in the past two years. However, in historic terms the economic activity rate is still relatively low having reached 28% in 2012 following the recession. It is currently slightly higher than the national rate of 21.2%.

Economic inactivity of working age residents in CloS can be explained through:

- Long-term sickness at 26.4%;
- Seeking work at 22%;
- Home/caring responsibilities at 16.9%;
- Pre-65 retirees, at 15.9%;
- Students, at 23.3%<sup>4</sup>.

In all, **16,500 of the economically inactive are looking for work.**

<sup>4</sup> <https://www.nomisweb.co.uk/reports/lmp/la/1946157349/report.aspx?#tabeinact>

The most significant change has been the rise in the proportion of students which has almost doubled from 13% in 2020 to 23% in 2021 as young people have remained in education and training rather than seek work in such uncertain times.

Of those in work in CloS, approximately 18% are self-employed.<sup>5</sup> Despite a recent fall in numbers, this is the highest rate seen across all LEPs. However, self-employed statistics for the region estimate an average annual income of around £13,600, which is 30% lower than the national average of £19,400<sup>6</sup>.

Given that a lower income provides a smaller safety net in the event of a shock, such as Covid-19, combined with the structural blend of CloS which is heavily skewed towards sectors most affected, this is likely to be behind the sharp fall in the numbers of self-employed.

Indicators, taken from Cornwall Council's EMMU<sup>7</sup>, show that:

- At the end of June, 12,100 or 6% of those eligible in Cornwall and the Isles of Scilly, were furloughed (Data from HMRC). The furlough scheme has since ended (at the end of September 21).
- In June 2021 there were 48,588 Universal Credit claimants in Cornwall. Since March 2020 the numbers have virtually doubled. In May 21, 57% of claimants were not in work.

### 1.7. Nominal (smoothed) GVA over time

Gross Value Added (GVA) measures the overall performance – the productivity - of a given area. It measures the total output of an economy, minus any inputs required to generate that output.

Productivity, calculated in terms of GVA per hour worked, was 23% lower in CloS, at £27.20, than seen across England as a whole, which stood at £35.15 per hour in 2019. Such is the difference in productivity between regions, the GVA per hour level achieved by CloS in 2019 was still below the national average from a decade earlier.

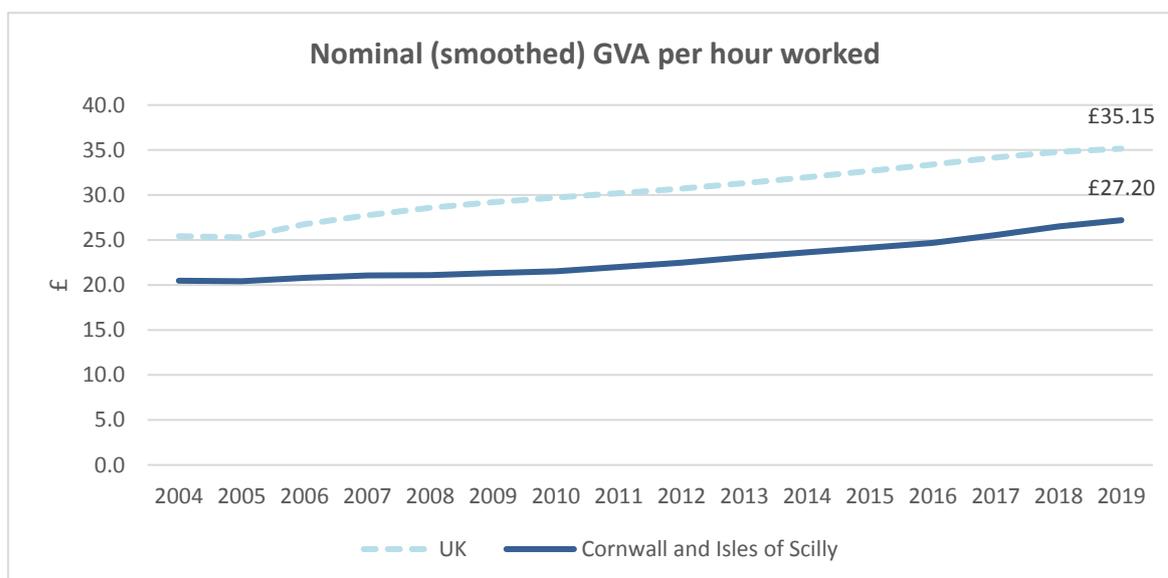
The productivity gap between CloS and the rest of the England is largely explained by the makeup of the economy, with its high dependency on lower value-added sectors such as tourism and health care, and lower representation in high-value sectors, such as finance, engineering and science. Diversification of the economy, in line with the Local Industrial Strategy, is designed to grow more higher value added sectors in order to boost productivity and higher skilled employment.

Nominally, GVA per hour worked in CloS has shown a steady increase from 2004, and is currently 33% above 2004 levels. But this level of growth in GVA per hour has risen more slowly than the national average of 38%, suggesting that the productivity gap between CloS and England has widened. The LEP and other bodies, with the help of EU funding, have invested in upskilling the region through increasing educational attainment in the region. This will continue to be required to close the productivity gap and raise GVA within the region.

<sup>5</sup> <https://www.nomisweb.co.uk/reports/lmp/lep/1925185540/printable.aspx>

<sup>6</sup> <https://www.gov.uk/government/statistics/personal-incomes-tables-312-to-315a-for-the-tax-year-2017-to-2018>

<sup>7</sup> <https://www.cornwall.gov.uk/media/44999218/09-20-emma-sept-fin-v2.pdf>



Source: ONS Sub regional Productivity, 2004 - 2019 (published July 2021), 2018 LEP/MCA boundaries

In 2019, using current price estimators, the biggest contributors to GVA in the local area were:

- Real estate activities, at £2,131m;
- Wholesale and retail trade; and repair of motor vehicles, at £1,421m; and
- Construction, at £1,108m<sup>8</sup>.

The total GVA of CloS in 2019 was £11.5bn.

### 1.8. Median wages over time

In 2021, the median gross weekly pay for CloS residents was £517.20 and for the workforce it was £503.20, in other words those who commute outside of the LEP area earn more than those who work within it. The past year has seen a rise in pay rates, reflecting a rise in the National Minimum Wage and the growth in demand for labour as the economy recovers from the impact of Covid-19. It is interesting to note that workplace pay rates (up 8.2%) have increased much faster than resident pay rates (4.7%); this is likely to reflect the high proportion of minimum wage jobs within the LEP area and hence the national rise in pay. Nationally, the average gross weekly pay seen in 2021 was £613.30.

Both figures have increased faster than the national average (+4%), albeit from a low base. The recent sharp rise in workplace pay means that over the longer term since 2014, local workplace pay rates have risen marginally faster (18%) than nationally (17%), thereby slightly narrowing the gap between the two. Of course, the difference between local and national pay rates reflects the underlying structure of their respective economies. In CloS, there is a predominance of lower paying service sector jobs and lack of higher paid roles in areas such as Finance, Insurance and ICT. Current labour shortages may well serve to boost local pay rates as employers strive to fill vacancies.

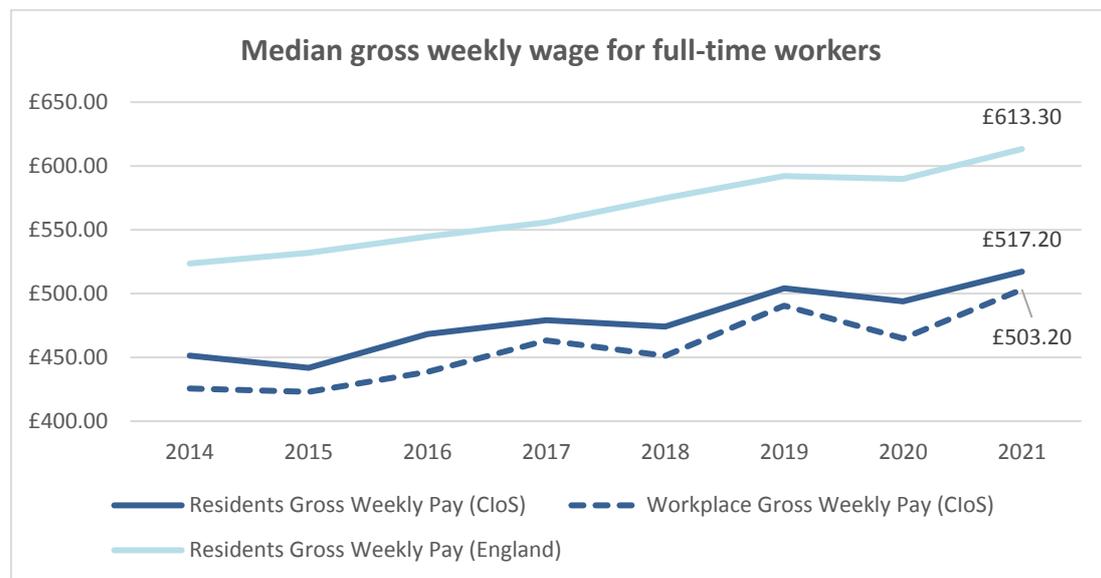
Lower weekly gross pay may also be reflective of a labour market situated within a lower cost of living area, or a labour market more saturated with either low skilled jobs and/or low productivity

<sup>8</sup>

<https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalancedbyindustry>

– i.e. less GVA generation. This could also mean that the labour market is not competitive; that firms may pay less than the market wage because they face little competition. The sea-change brought about by remote working during the last couple of years will increasingly undermine this practice since many workers can now work from home for firms in London and the South East and command more competitive pay rates as a result. CloS employers will no longer be immune from these wider market forces on pay.

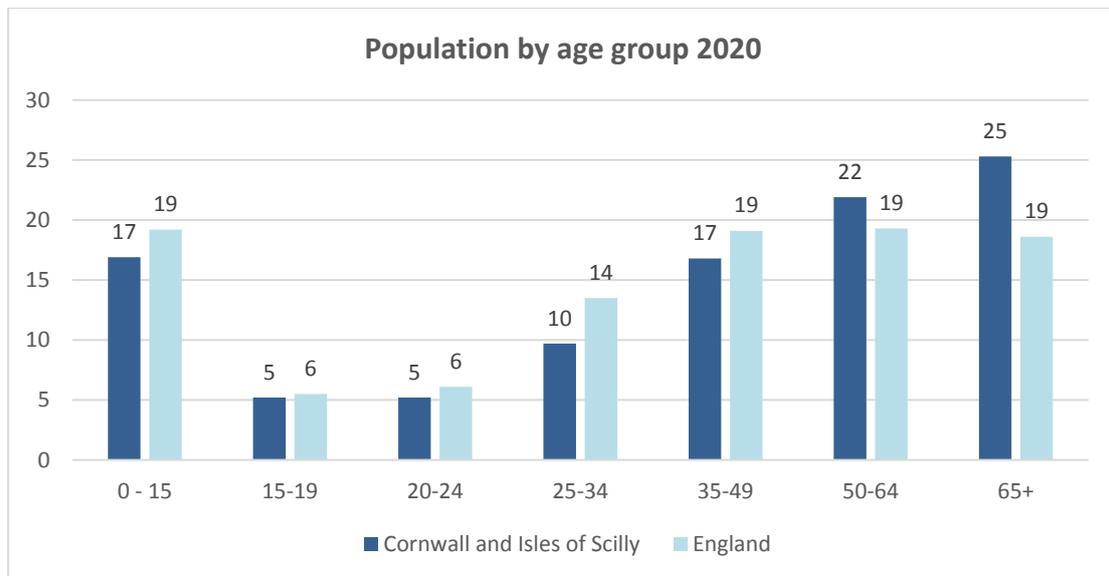
Given that resident pay is higher than workplace pay, this indicates that some residents already benefit from higher paying jobs outside the Duchy. Given the rising popularity of remote working, brought on by the crisis, residents of CloS may be provided an opportunity to capture higher pay from firms outside the Duchy, which would improve the resident pay in years to come, with knock on effects on workforce pay.



Source: Annual Survey of Hours and Earnings, 2014 - 2021, 2020 LEP boundaries

### 1.9. Population by age group over time

The population of CloS, currently estimated to stand at 575,500, contributes to approximately 1% of the overall population of England. This can be broken down by age group, as seen below:



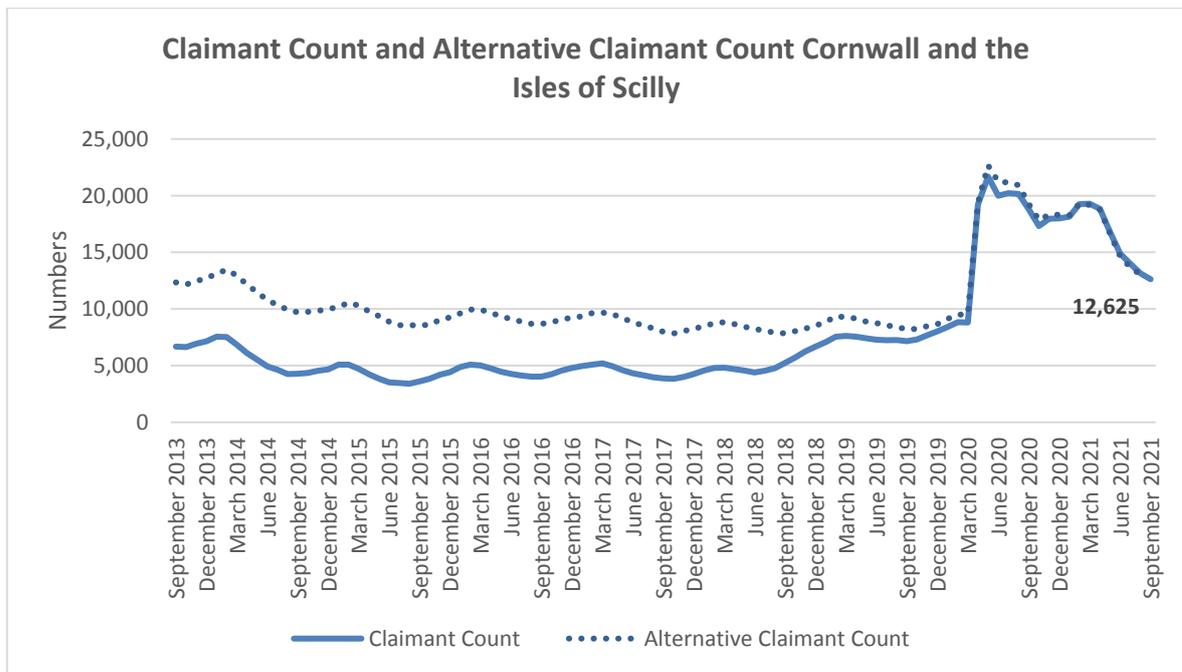
Source: *ONS Mid-Year Population Estimates, 2020, 2020 SAP boundaries*

A key feature of CloS is its growing elderly population, which is highlighted by the fact that 47% of residents are 50 years old and over, compared to the national average of 38%. At the same time, Cornwall, like many rural communities, is struggling to maintain its young workforce, who continue to relocate outside the Duchy in search of better employment prospects. Between the ages of 20 and 49, this age group accounted for just 27% of residents, compared to the national average of 33%. Similarly, there are fewer people below 16 years old than across England.

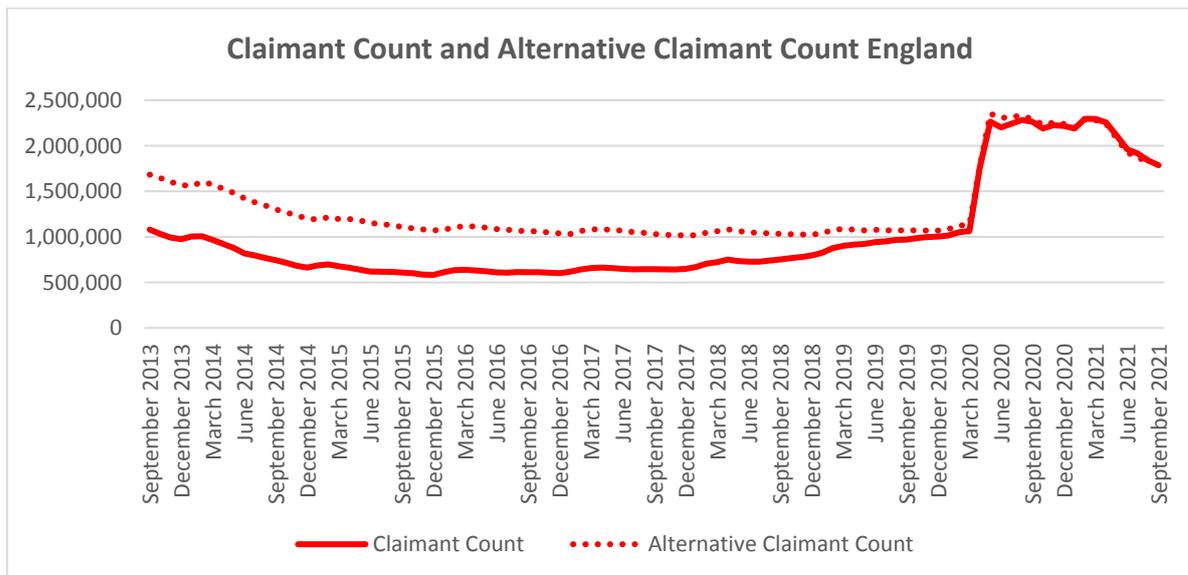
However, CloS is not uncommon in this regard. ONS<sup>9</sup> highlights that older people are more likely to live near Areas of Outstanding Natural Beauty, National Parks and the coast, which CloS offers in abundance; and younger people are more likely to live in cities, where CloS only has one city, which cannot compete with the likes of Exeter, Bristol and London on social and job prospects.

### 1.10. Claimant count

The impact of the pandemic on the local economy at the local level is most clearly demonstrated by the dramatic rise in the 'claimant count': a headline estimate of the number of people seeking welfare mostly because they are unemployed. Prior to Covid-19, the trend in the claimant count in CloS echoed that of the rest of England, but with more cyclical variation given CloS's heavy seasonal employment industries. The overall trend shows the claimant count to be relatively stable across both CloS and England prior to 2020.



Source: *ONS claimant count & DWP Stat Xplore, September 2013 –September 2021, 2020 SAP boundaries*



Source: *ONS claimant count & DWP Stat Xplore, September 2013 –September 2021, 2020 SAP boundaries*

The spike in the alternative claim count caused by Covid-19 led to a doubling of the count in CloS between March and April 2020, from 9,553 to 19,387 claimants, as a result of the first national lockdown. This is lower than the initial surge seen across England from March to April, but, unlike CloS, claimants across England continued to stay at historically high levels, while CloS settled around double March 2020 levels.

In September 2021 12,625 people in CloS were claiming unemployment-related benefits, equivalent to 3.8% of the working age population. This is below the national rate of 5.3%. Of those claiming in CloS, 17% were aged between 16 to 24 years old and 27% were aged 50 and over.

Additional points to note from a more detailed analysis show:

- 58% of claimants are men who had an unemployment rate of 4.5% (down from 7.1% a year earlier) compared with a 3.1% rate for women.

- The fall in unemployment has impacted on all age groups with the decline being greater for 16-24-year olds (down 40% compared with a 30% decrease overall).

### 1.11. Proportion of LSOAs, in most deprived 10% nationally (income, employment, education)

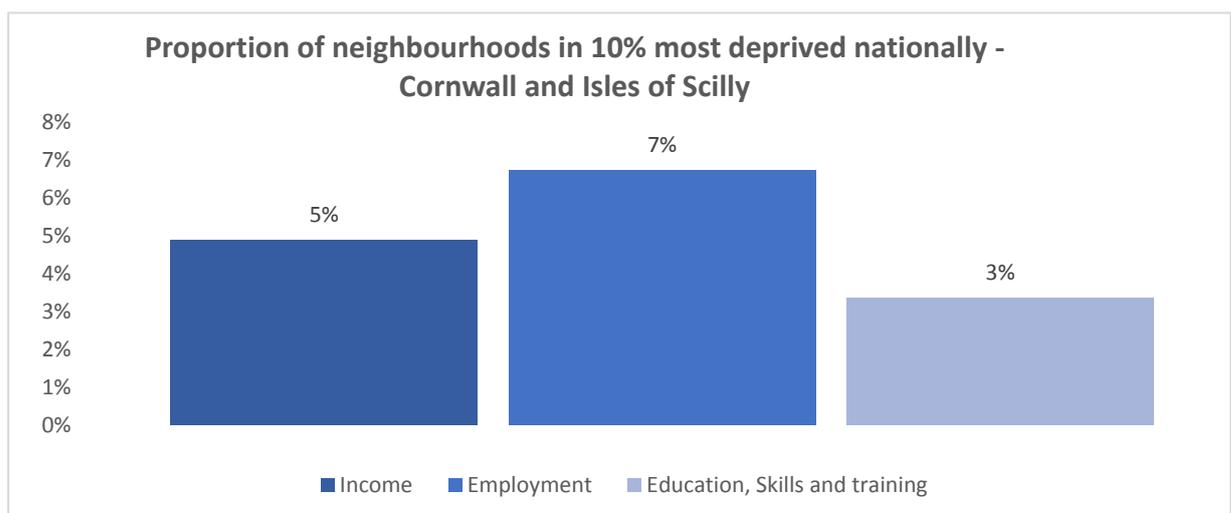
Note: There is no data to update this section

In CloS, the proportion of neighbourhoods that reside within the top 10% of national deprivation statistics by income, employment and/or education are as follows:

- 5% of neighbourhoods are deprived in terms of income;
- 7% of neighbours are deprived in terms of employment;
- 3% of neighbourhoods are deprived in terms of education, skills and training.

Given that anything below 10% is suggestive of relative 'success' against national performance, CloS, benefits from less deprivation, on average, than the national average. However, this does not mean CloS does not contain pockets of deprivation. As a local authority, Cornwall is ranked 83 out of 317 local authorities on the Index of Multiple Deprivation; and using the 30% deprivation benchmark, Cornwall was ranked 21st in 2019<sup>10</sup>. Broken down by LSOA, of which there are 32,833 across England, Camborne Pengegon, at 577th, and Penzance Treneere, at 884th, were placed in the top 1,000 LSOAs for being in the top 10% most deprived areas<sup>11</sup>.

The primary types of deprivation in CloS's worse affected neighbourhoods relates to income, employment, education, skills and training and health and disability. Skills and human capacity are vital ingredients for innovation success, in particular STEM/STEAM skills. Higher level skills are closely linked to innovation and productivity and are essential to the transformational agenda currently being pursued by the LEP. While 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. While reversing this trend is key to lowering deprivation, deprivation itself, predominantly financial, is a preventative barrier for many of our residents in becoming more skilled; it is a cycle.



Source: [Index of Multiple Deprivation, MHCLG, 2019, 2017 LEP boundaries](#)

<sup>10</sup> <https://www.cornwall.gov.uk/media/40596801/imd-2019-cornwall.pdf>

<sup>11</sup> <https://www.cornwall.gov.uk/media/40596801/imd-2019-cornwall.pdf>

Although there is no up to date statistical evidence on the level of basic skills in the workforce, the national Employers Skills Survey 2019 showed that 52% of local employers who experienced hard to fill vacancies cited a lack of basic skills compared with 36% in England – this was the highest proportion recorded by any LEP. Further, 45% of employers said that having GCSE maths and English was critical for them when looking to recruit. At the same time there has been a 31% decline in adults participating in up to a Level 2 English and maths and a 30% decline in the number of those achieving up to Level 2 qualifications in CloS between 2010/11 and 2017/18. Stakeholder feedback given in connection with the development of the Local Skills Report confirmed this analysis and pointed to a particular issue with numeracy. As a consequence of these findings, tackling basic skills deficiencies has been prioritised in the accompanying Skills Strategy.

## 2. Skills Supply

### 2.1. Overview

The ability to remain globally competitive is, to a large extent, dependent on the skills of the workforce. The data shows that through time, some progress has been made in upskilling the workforce although those out of work are particularly poorly qualified relative to the rest of the workforce. Furthermore, progression into higher education is low, and apprenticeships are dominated by intermediate level qualifications, which have been hard hit by lockdowns.

However, forecasts of severe recession and unemployment following successive lockdowns have not been realised and in fact, employers are facing very tight labour market conditions. Covid-19 is widely considered to have deepened existing inequalities but as yet, there is limited up to date information as to whether deprivation in parts of the county will worsen. What is clear is that there is a mismatch between the skills employers are seeking for recovery and those possessed by those out of work.

The change to working patterns brought on by Covid-19 is likely to be long-lasting and opportunities for home working and the development of the digital infrastructure and digital skills will be needed. Local community solutions may help support the economic health of key towns.

In the following section data on attainment has been updated where possible, but time lags in its publication means that very little up to date data is available to understand recent progress.

#### Summary points

- CloS residents in general are less highly qualified than average. 34% are qualified to Level 4 or above, compared to the national average of 43%; a significant shortfall in graduate level qualifications in the workforce.
- In terms of adult learning, the pattern reflects the local economy with more learners taking up Health, Public Services and Care and Leisure, Travel and Tourism than the national average. Conversely, STEM subjects such as Science and maths, ICT and Engineering account for relatively low proportions of total provision and have been declining.
- A total of 2,780 apprenticeships were started in the LEP to the third quarter 2020/21. This represents a marked decline in starts, reflecting the impact of Covid-19 on the ability of apprentices to take up learning and employment. Starts at Intermediate level have been hardest hit (down by 30%) and as a result, the mix of apprenticeship starts has changed.

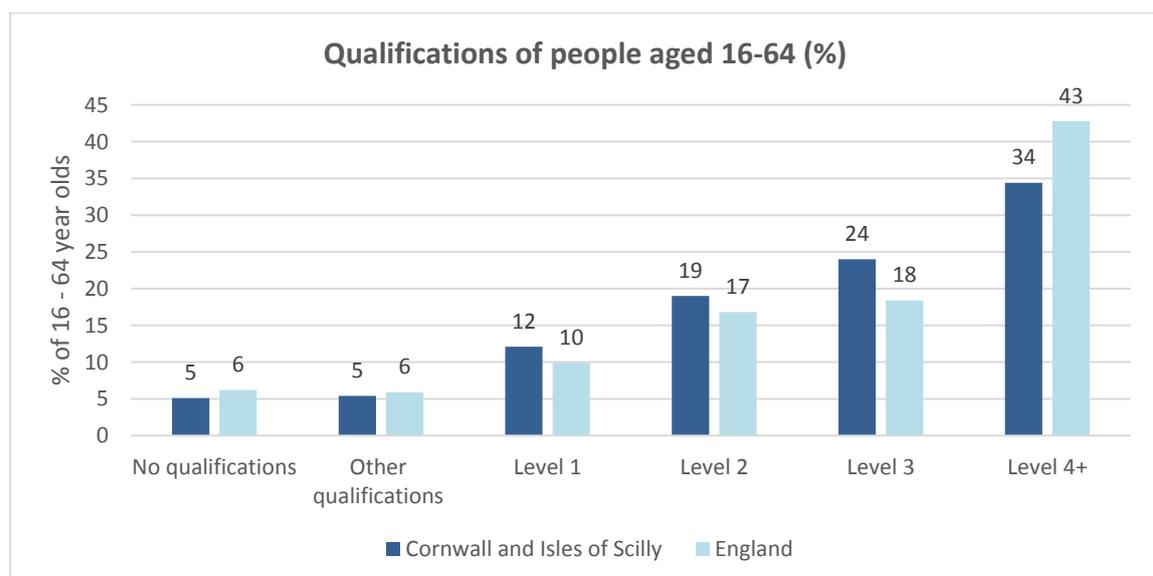
Most starts are now at Advanced level and for the first time women are more likely to be on an apprenticeship than men (52% women and 48% men).

- At Key Stage 4, comparisons between the rate of students entering sustained positive destinations highlight that CloS, with 94%, is in line with the national pattern of positive destinations.
- Progression into higher education from Key Stage 5 is far less likely in CloS. 46% of students in 2018/19 progressed to HE from Level 3 compared to the average of 58% seen across England. Direct entry into work, possibly reflecting the ready availability of seasonal work is a more popular destination in CloS than in England as a whole.
- HESA statistics do not convey a full picture of the subjects of learning of local residents or their retention rates for the economy of CloS, because of the limited availability of local provision.
- Qualified apprentices, on average, entered sustained employment at a rate of 92%; sustained learning at a rate 16%; and some form of learning at a rate of 24%, broadly similar to the national picture.
- Headline data from the Employer Skills Survey 2019 for Cornwall and the Isles of Scilly shows that 64% of local employers trained their staff compared to 61% nationally. However, although more employers engaged in training, trend data shows that fewer staff were trained for shorter periods than in the past.

## 2.2. Highest qualifications

The qualification profile of CloS residents broadly mirrors the English average, but with greater emphasis on intermediate level qualifications at Level 3 and correspondingly fewer residents with qualifications at Level 4 and above.

Comparison with other LEPs shows that on this measure CloS occupies a mid-range position along with other rural LEPs such as Worcestershire, The Marches and Heart of the South West, but well below the top performing economies of London (59%) and Oxfordshire (53%) where more than half the population is qualified to Level 4 and above.



**Source:** *Annual Population Survey, January 2020 – December 2020, 2020 SAP boundaries*

As is the case nationally, there is a marked contrast between the qualification profile of people in work and those outside the labour market who are unemployed or economically inactive (See LMA). 30% of the unemployed/economically inactive possess either no qualifications or

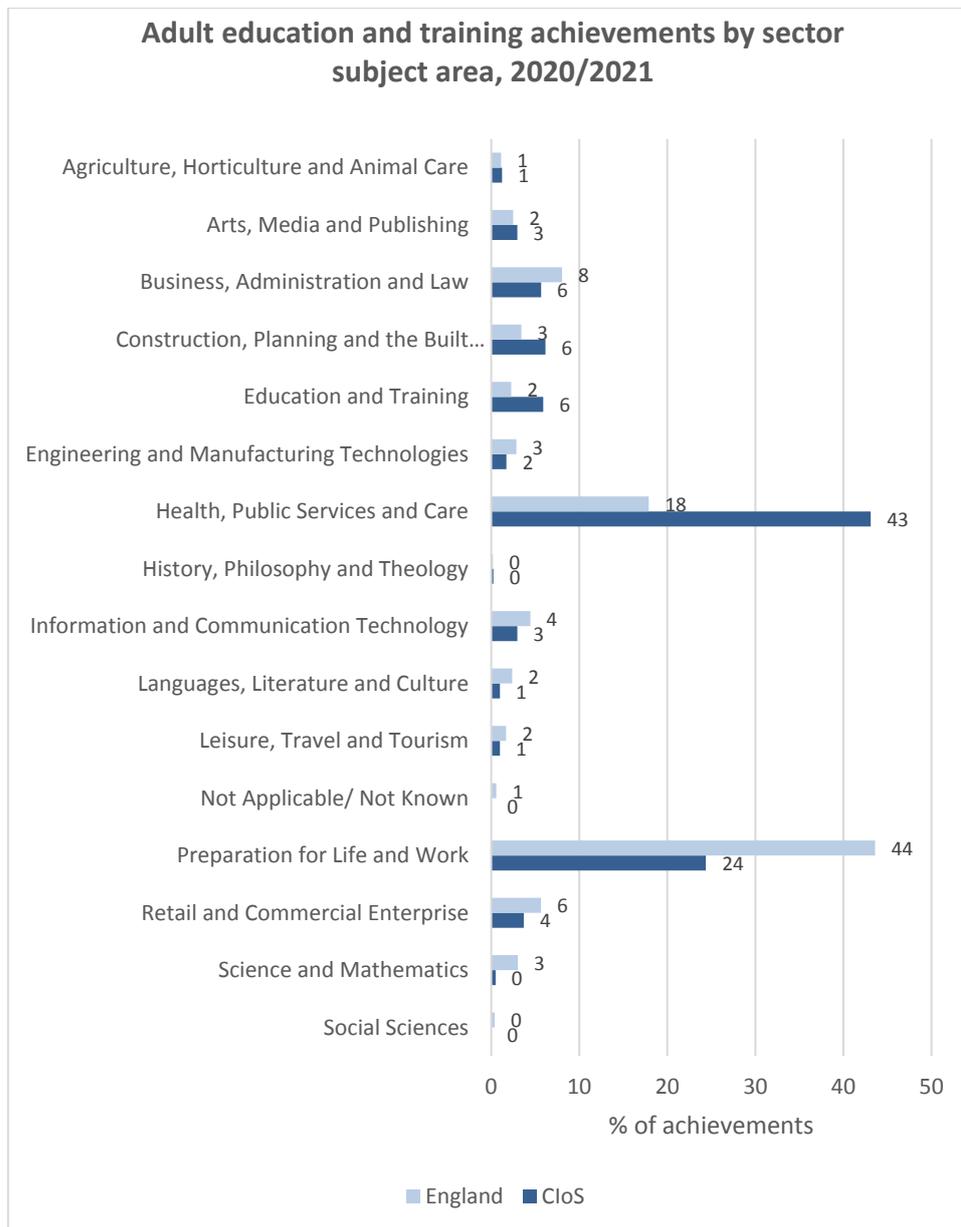
qualifications below Level 2, commonly taken to be the standard for employability, compared with 20% of those in employment.

### 2.3. Adult FE Education and Training Achievements by Sector Subject Area

There are some key differences between the national and local pictures of learning (See 4.11, LMA):

- Preparation for Life and Work contributed 24% of total provision in 2021 compared to 44% across England as a whole.
- Health, public services and care accounts for 43% of all learning aims, a sector with significant levels of vacancies.
- STEM subjects such as Science and maths, ICT and Engineering account for relatively low proportions of total provision and have been declining. It will be necessary to grow this provision in order to achieve the LEP's aims to diversify the economy into high tech sectors.

As is the case nationally, there are stereotypical gender differences in study with women most likely to take up Health, Public Services & Care and Retail & Commercial Enterprise and men dominating in Construction and Engineering:



Source: *Further Education & Skills data, DfE, (published 2021), 2020 SAP boundaries (provisional data)*

Adult education is in decline. Although there has not been any recent update, the 2019 Adult Participation Survey published by the [Learning and Work Institute](#), shows that the number of adult learners in the UK has fallen by nearly 4 million since 2010. The decline is evident in terms of funding and participation, with adult apprenticeships being the only exception since 2015/16. Nationally, the LWI has found that:

- Since 2005, there has been a 45% decline in adults (age 19+) participating in FE and skills.
- Since 2010, community learning participation has fallen by 28% and part-time adult learning has fallen by 43% in the same period.
- 49% of the poorest adults have received no training since leaving school, compared to 20% of the richest.
- Of all those low paid in 2006, only 1 in 6 made a sustained progression onto higher wages ten years later. Over half were 'stuck' on low pay for this period with no imminent prospects to progress.

- Basic skills are critical for entry level jobs but between 2010/11 and 2017/18, there was a 31% decline in adults participating in up to a Level 2 English and maths and a 30% decline in the number of those achieving up to Level 2 qualifications over the same period.

#### 2.4. Apprenticeship achievements by subject area

The take up of apprenticeships has fallen both nationally and locally with the introduction of the Apprenticeship Levy. While the apprentice levy prompted a fall in demand, Covid-19 has had a further impact on starts. Impacts on training providers and access to learning were compounded by the deep impacts on employers and the economy. Some apprentices, particularly those working in the sectors and industries most adversely affected by Covid-19, were made redundant, furloughed or experienced breaks in learning, with a minority of apprentices able to continue their apprenticeships as normal.<sup>12</sup>

As a result, nationally the number of apprenticeship starts dropped by 7% between August to April 2020/21 compared to the same period a year earlier. Locally the decline has been more profound with an overall fall in the number of starts of 620, equivalent to 18% compared with Q3 in 2019/20. In total, 2,780 starts were recorded in 2020/21.

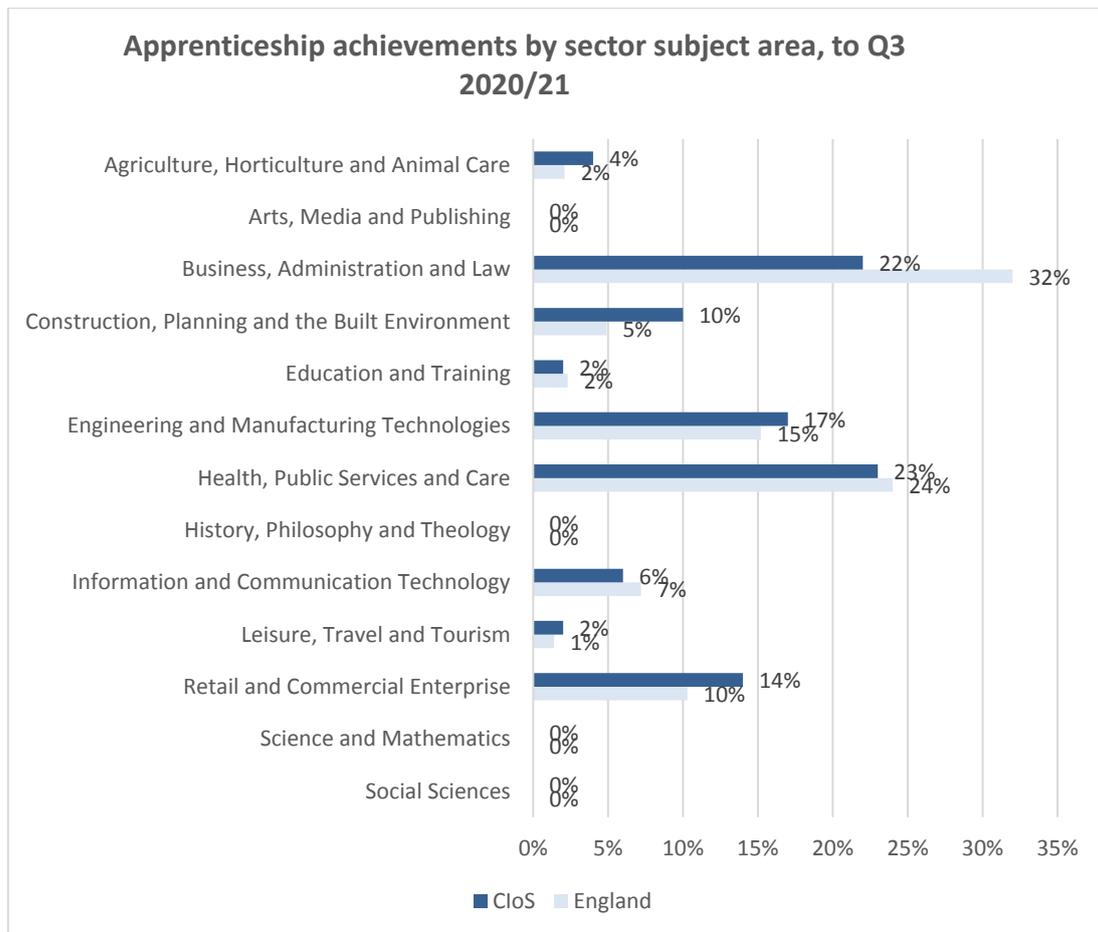
The Intermediate Apprenticeship starts have been hardest hit (down by 30%) and as a result, the mix of apprenticeship starts has changed. Most starts are now at Advanced level (43%) 35% of starts were at Intermediate level with the remaining 22% at Higher levels. A total of 2,780 apprenticeships were started in the LEP to the third quarter of 2020/21 made up of 52% women and 48% men – a reversal of previous patterns.

Turning to achievement data, the main areas were in:

- Health, Public Services and Care: 23%
- Business administration: 22%
- Engineering and Manufacturing: 17%

The main difference with the national position is far lower participation in Business administration than the average (which fits with the make-up of the industrial base), but more uptake of Construction, Retail and Agriculture Apprenticeships:

<sup>12</sup> <https://www.suttontrust.com/our-research/covid-19-impacts-apprenticeships/>



Source: *Apprenticeships data, DfE, (published October 2021), 2020 SAP boundaries*

## 2.5. Higher Education qualifiers by Sector Subject Area

HESA data is not helpful in understanding what local people learn at HE level since it is based on delivery within a LEP area, rather than conveying what local people study. In Cornwall and the Isles of Scilly, there is only one university – Falmouth, supplemented by some limited additional provision delivered by the FE sector. Whilst Exeter and Plymouth universities do deliver some learning within Cornwall this will not be reflected in the statistics. As a result, the data below largely reflects the courses offered by Falmouth University, which specialises in creative industries. In 2019/20 6,245 students were enrolled, otherwise most residents choose to leave the Duchy to study.<sup>13</sup>

<sup>13</sup> <https://www.hesa.ac.uk/data-and-analysis/students/table-1>

HE qualifiers by subject	CloS	England
01 Medicine and dentistry	0	3
02 Subjects allied to medicine	0	11
03 Biological and sport sciences	0	4
04 Psychology	0	5
05 Veterinary sciences	0	0
06 Agriculture, food and related studies	0	1
07 Physical sciences	0	3
08 General and others in sciences	0	0
09 Mathematical sciences	0	2
10 Engineering and technology	0	7
11 Computing	9	5
12 Geographical and environmental studies (natural sciences)	0	1
13 Architecture, building and planning	1	2
12 Geographical and environmental studies (social sciences)	0	0
14 Humanities and liberal arts (non-specific)	0	0
15 Social sciences	0	10
16 Law	0	5
17 Business and management	10	17
18 Communications and media	7	2
19 Language and area studies	5	4
20 Historical, philosophical and religious studies	0	3
21 Creative arts and design	66	8
22 Education and teaching	1	5
23 Combined and general studies	2	1
Total	100	100

Source: *HESA, 2019/2020 qualifiers (published 2021), 2020 SAP boundaries*

## 2.6. Key Stage 4 attainment and destinations

Due to the COVID-19 pandemic, the summer exam series were cancelled in 2020 and 2021. Instead, for 2020/21, pupils were only assessed on the content they had been taught for each course. Schools were given flexibility to decide how to assess their pupils' performance, for example, through mock exams, class tests, and non-exam assessment already completed. GCSE grades were then determined by teachers based on the range of evidence available and they are referred to as teacher-assessed grades, or TAGs.

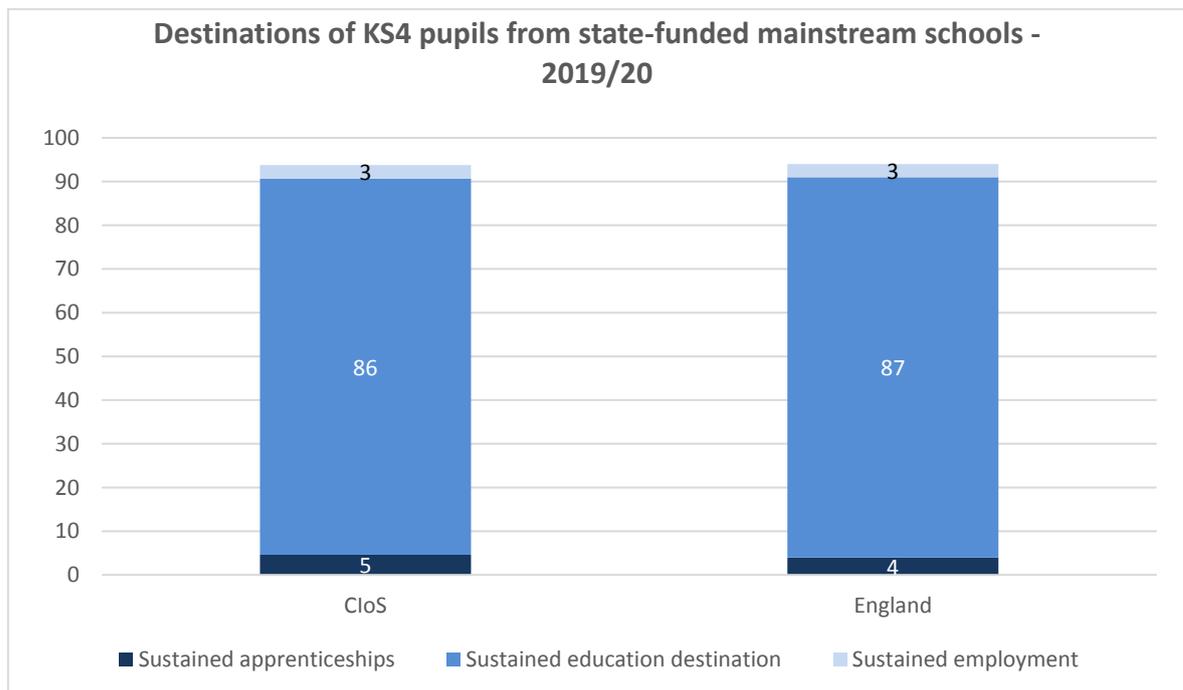
This is a different process to that of 2019/20 when pupils were awarded either a centre assessment grade (known as CAGs, based on what the school or college believed the pupil would most likely have achieved had exams gone ahead) or their calculated grade using a model developed by Ofqual - whichever was the higher of the two.

The changes to the way GCSE grades have been awarded over the last two years (with CAGs and TAGs replacing exams) mean 2020/21 pupil attainment data should not be directly compared to pupil attainment data from previous years for the purposes of measuring year on year changes in pupil performance.

Data for 2020/21 shows that overall, CloS's performance against the main accountability measures at Key Stage 4 is broadly in line with the national average. The average attainment 8 score per pupil for the LEP area is 50.1% compared with the national average of 50.9%. In respect of English and Maths GCSEs, local performance is a little below average. 47.1% achieved Grade 5 or above in Cornwall and the Isles of Scilly compared with 49.9% in England.

At 86%, continuing education was the most common choice at in CloS. 8% of local students graduating from KS4 elected to go into employment, with 5% choosing an apprenticeship and the remaining 3% going into sustained employment.

Comparisons between the rate of students entering sustained destinations highlight that at 94%, CloS is on a par with England, in terms of positive destinations.



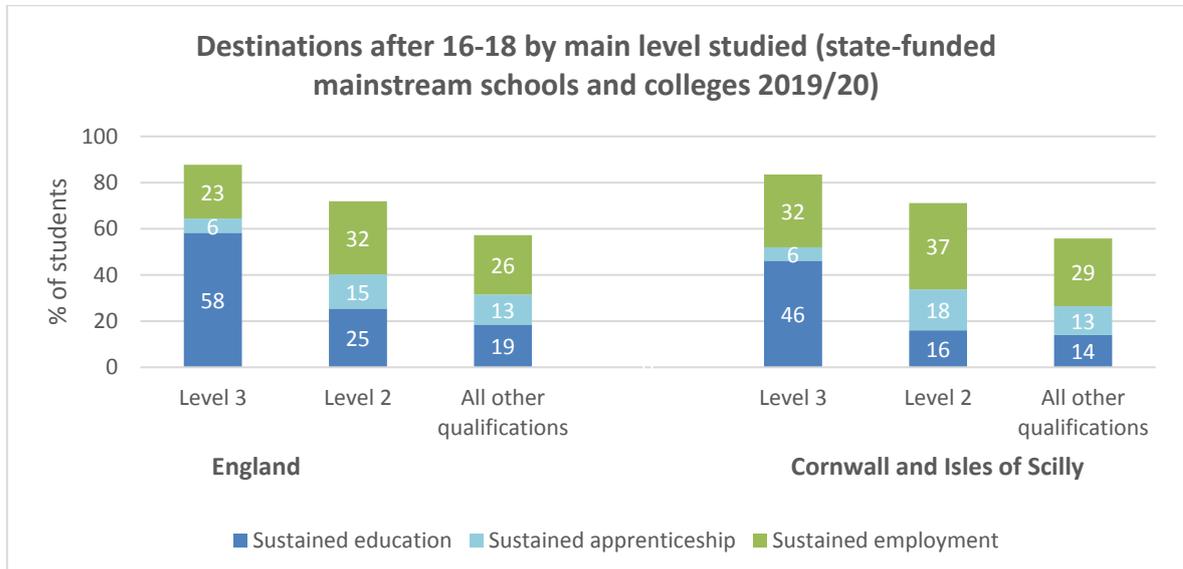
Source: *KS4 destination measures, DfE, 2019/20 (published 2021), 2020 SAP boundaries*

## 2.7. Key Stage 5 destinations

When comparing the destination of state-maintained-schooled students at KS5 by main level studied for 2019/20, we note some key differences between student destinations between qualification location and whether the pupil is within CloS or not:

- A far lower share of students continue into a sustained education destination from Levels 2 and 3 in CloS than in England. At Level 3, only 46% of pupils continued in education, well below the 58% national average; at Level 2, similarly, only 16% progress into sustained education, which is below the 25% national average. At 19%, a higher share of CloS students not captured within Level 2 and 3 qualifications continue to progress into an education destination.
- A greater share of pupils enters into employment, either through sustained employment or an apprenticeship. For those with Level 3 qualifications, this accounts for 38% of students; at Level 2, this is higher at 55%; and for those with other qualifications, the rate is 42%. Each of these figures is above the national average.

- Sustained employment proves more a more popular route than apprenticeships across all Levels. There is no information as to whether the work they enter offers progression opportunities or career growth, but the data suggests that there are significant minorities of young people in work with a sound foundation from which to progress if the training and apprenticeship opportunities were available.



Source: *16-18 Destination Measures, DfE, 2019/20 (published 2021), 2020 SAP boundaries*

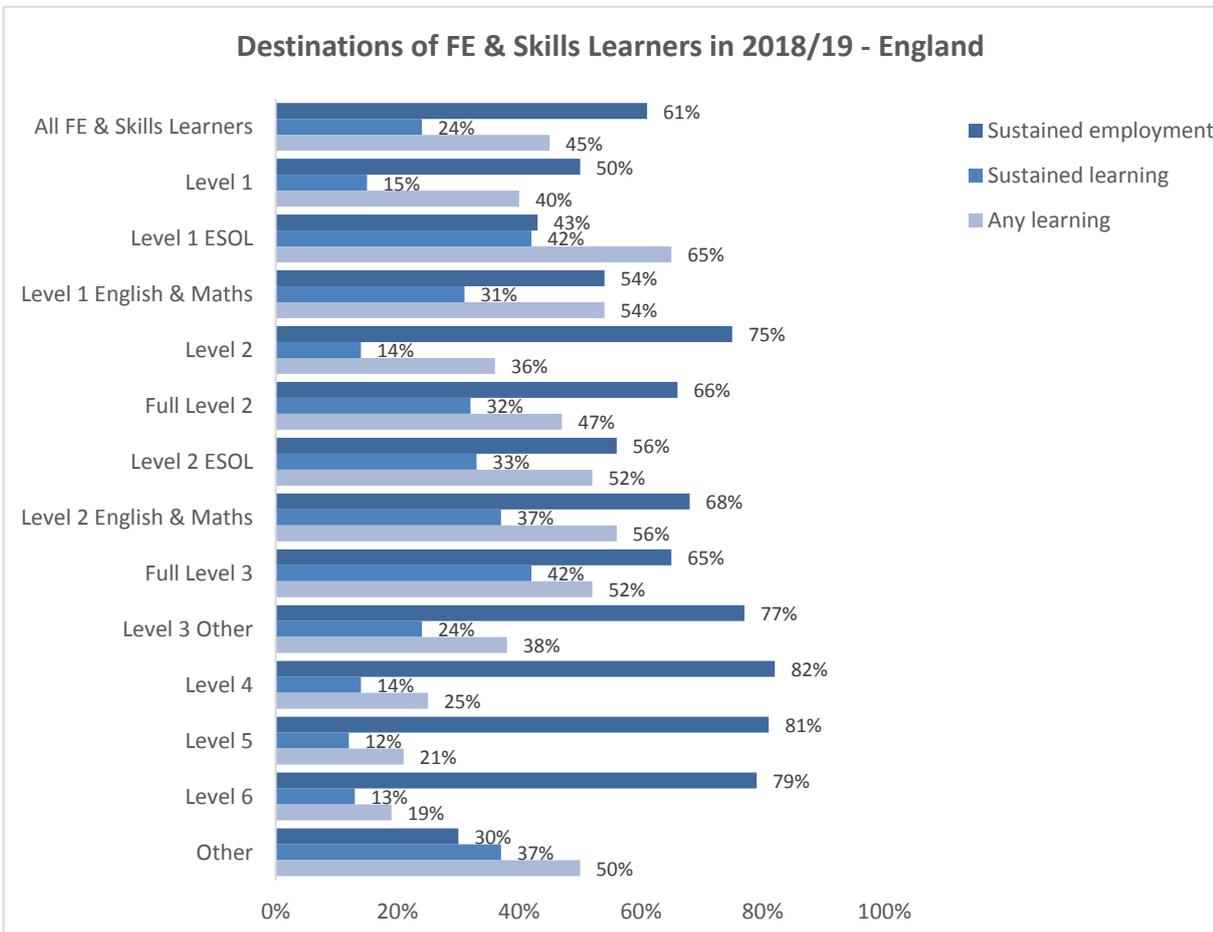
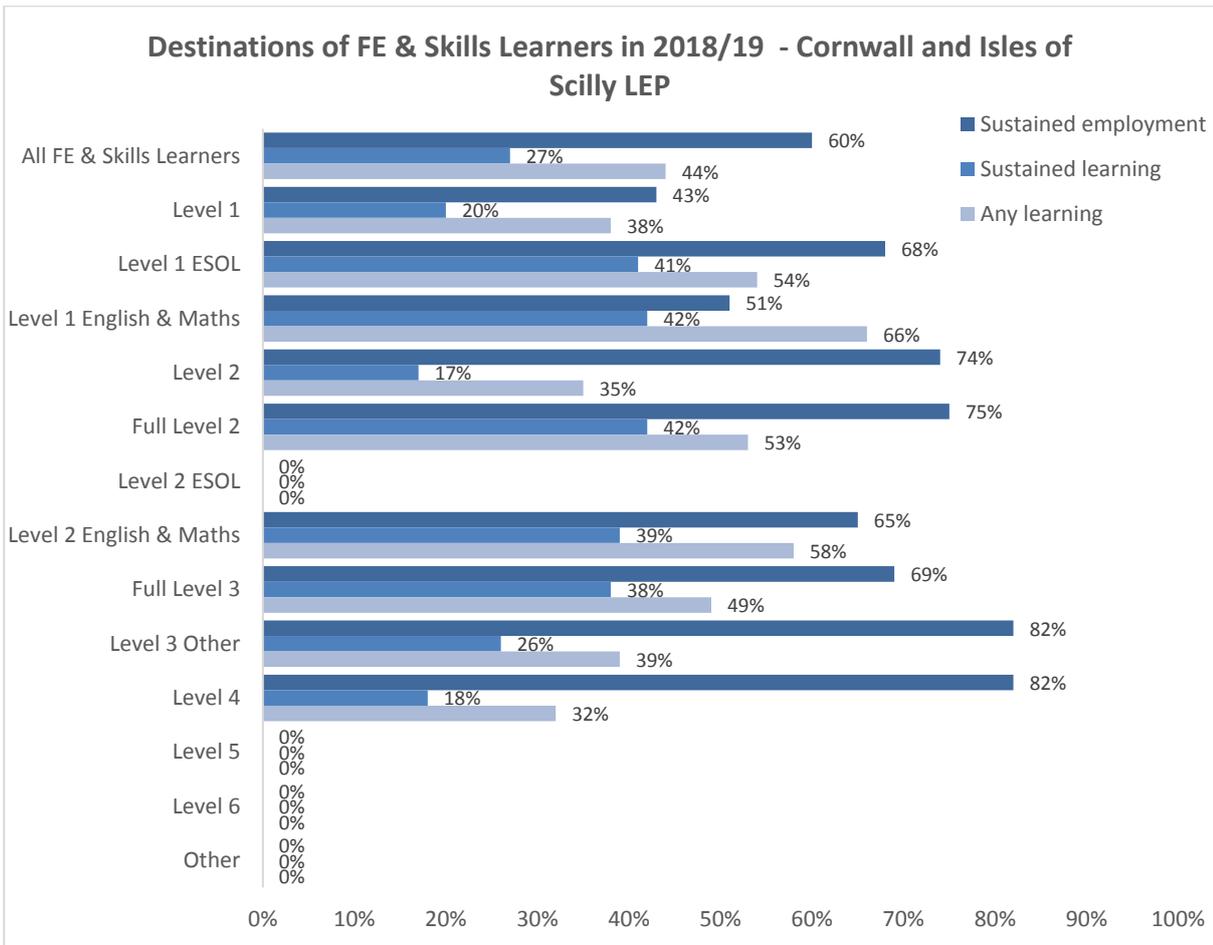
The low level of progression to Higher Education amongst Level 3 students is of concern. This is accompanied by a decline in interest in the uptake of STEM qualifications. Stakeholders consider there is an issue with aspiration and there is a need to do more to reverse these trends. The delivery of sub-degree qualifications as proposed by the Skills for Life White Paper may provide an alternative route to upskilling. The expansion of higher level apprenticeships is also a priority.

### 2.8. Outcomes for adult FE and Skills learners

Note: At the time of writing (November 21) data is not available for 2019/20

The 2018/19 academic year learners' FE and skills destination profile shows an average sustained employment rate of 60 percent across CloS, only marginally below the 61 percent rate observed across England as a whole. Sustained learning accounted for the destiny of 27% of students, which is higher than the 24% rate seen in England, while 44% of residents entered some form of learning, slightly below the 45% national average.

Naturally, CloS sees a positive correlation between qualification level and sustained employment. Those with Level 4+ enter sustained employment at a rate at 82%, but this drops to 43% for those only with Level 1. Across all levels, the rate at which students have entered sustained learning is very often greater in CloS when compared to the national average; this may be, in part, due to local initiatives aimed to increase skills and attainment in the area, which has long ranked below average and contributes to low productivity seen within the region.

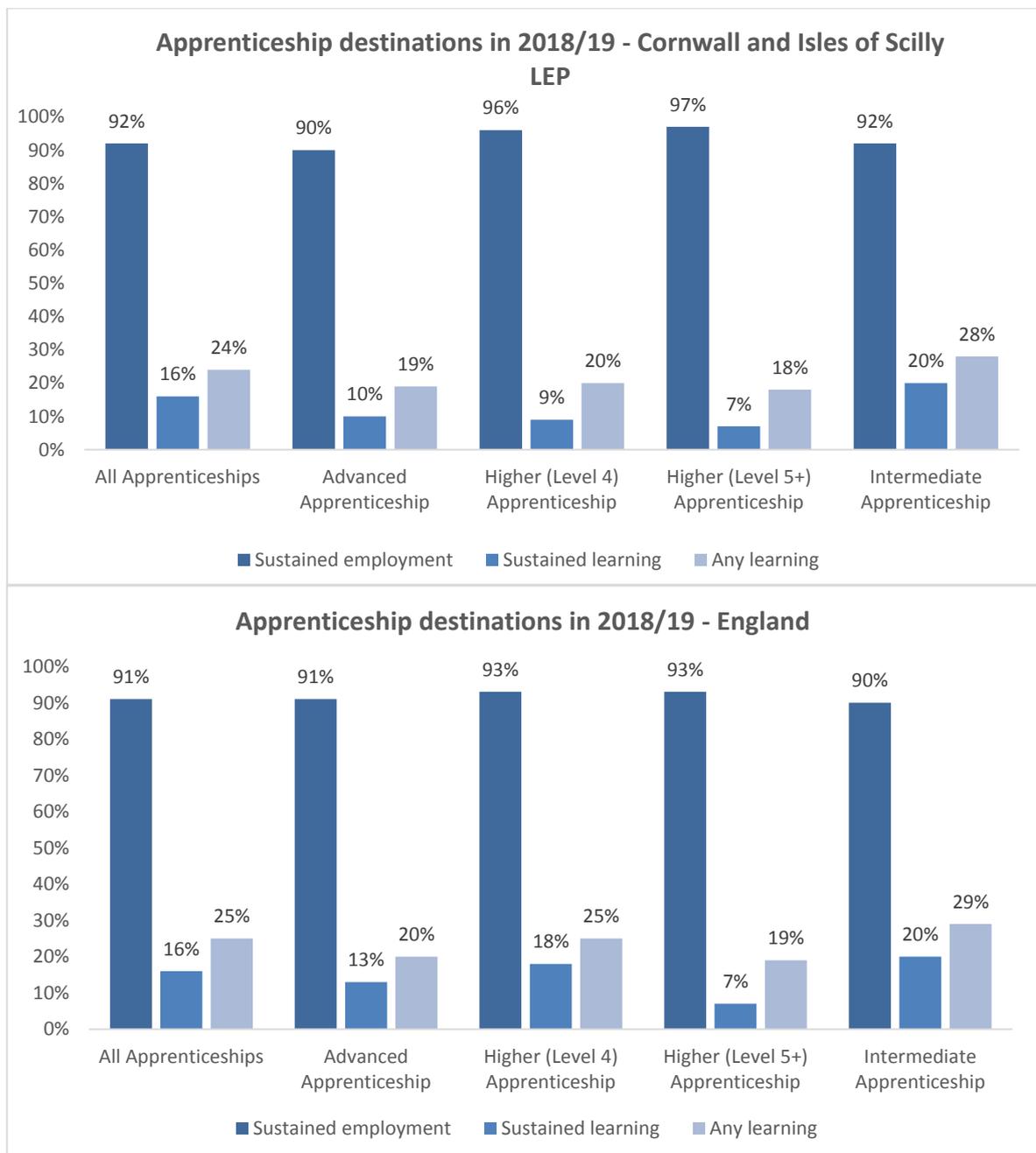


Source: FE outcome based success measures, 2018/19 destinations, DfE, (published 2020), 2018 LEP boundaries

## 2.9. Outcomes for apprenticeships by level

Note: At the time of writing (November 21) no updates have been published to the data below.

In CloS, 92% of students across all apprenticeships entered sustained employment, 16% entered sustained learning and 24% entered some form of learning; all of which were very similar the national averages. The greatest divergence comes from the fact that sustained employment rates were higher in CloS for those in Level 4 and Level 5 apprenticeships than seen across England; but the differences can be largely explained through a lower sustained learning rate in CloS, which offsets this variation. This is suggestive that students in CloS appear less likely to continue formal studying, instead choosing to enter employment.



Source: *FE outcome based success measures, 2016/17 achievements, DfE, (published 2019), 2018 LEP/MCA boundaries*

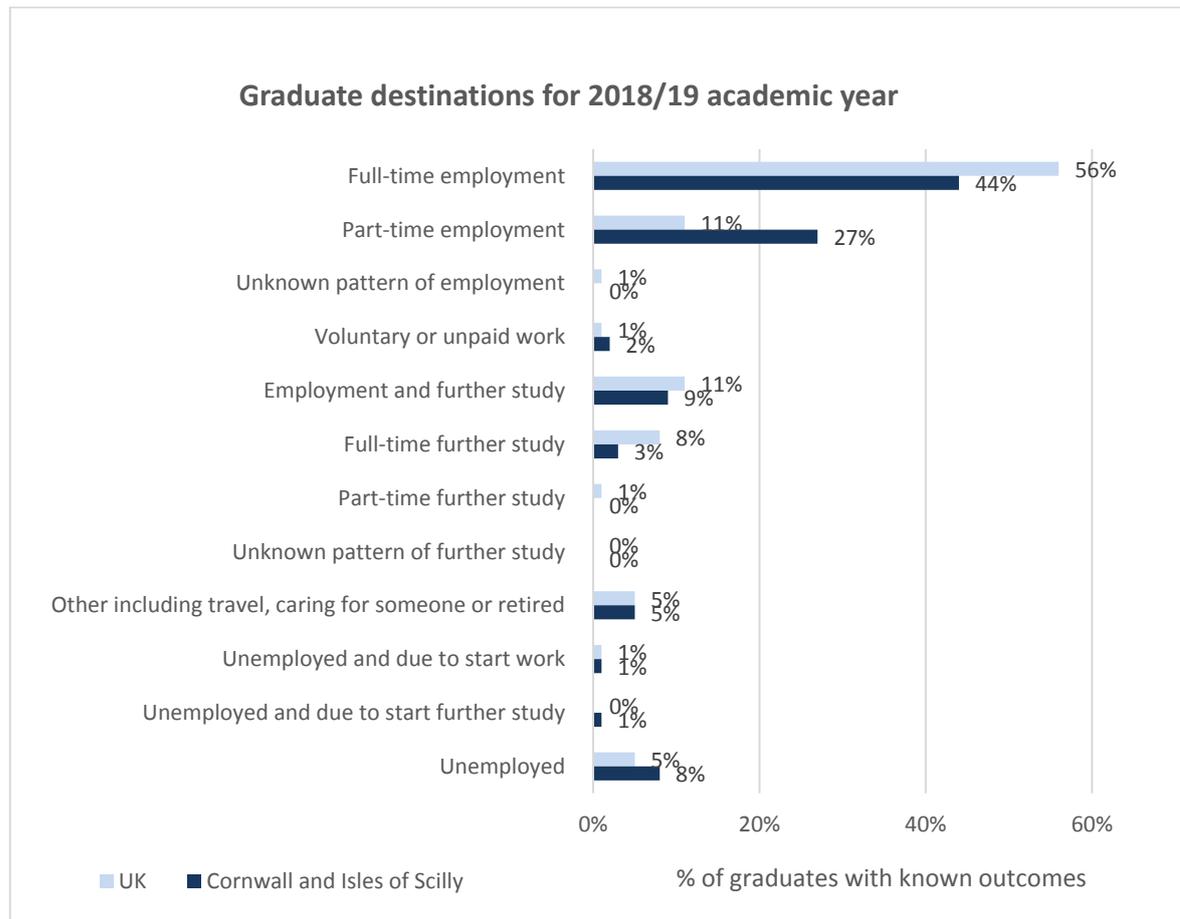
## 2.10. Higher Education graduate activities

**Please note the caveats around this data in paragraph 2.5.** The local data relates to people who studied at Cornwall HEIs (Falmouth University, Cornwall College and Truro & Penwith College).

The graduate profile of students within CloS from the 2018/19 academic year highlight some key differences from the national profile:

- 44% of HE graduates in CloS enter full-time employment, much lower than the 56% seen across England.
- Many more go into part-time employment, 27%, than seen in England, 11%.
- 9% of graduates from 2018/19 go onto further study, somewhat below the English average of 11%.
- Unemployment for CloS for 2018/19 academic year is 8%, against the English average of 5%.

The data suggests that overall, local graduates have less success in moving on to successful destinations than average.



Source: *HESA, 2018/19 graduates (published July 2021), 2020 SAP boundaries*

## 2.11. Employer provided training over the last 12 months

The latest data on training is derived from the Employer Skills Survey 2019. For CloS it shows that:

- The proportion of local employers who had trained their staff was 64% compared to 61% nationally. In CloS, this represents a rise compared with figures of 62% in 2017, although over a longer time period the level of training is down from 66% in 2013.
- Employers are training fewer staff and the proportion of staff trained over the last 12 months, at 60%, is down from 2013 (64%) and 2017 (63%).
- Local employers had provided 736,723 training days over the last 12 months, equivalent to 5.5 days per annum per person trained and 3.3 days per employee. Again, these figures were lower than in 2017, when 831,418 training days were reported, and trainees received an average of 6.2 days training.

See the LMA for more detailed analysis (Para 4.13). The main forms of training offered by employers in CloS could be identified as following:

- Technical/job-specific training, at 88%;
- Health and safety training, at 72%;
- Induction training, at 56%; and
- Training in new technology, at 46%.

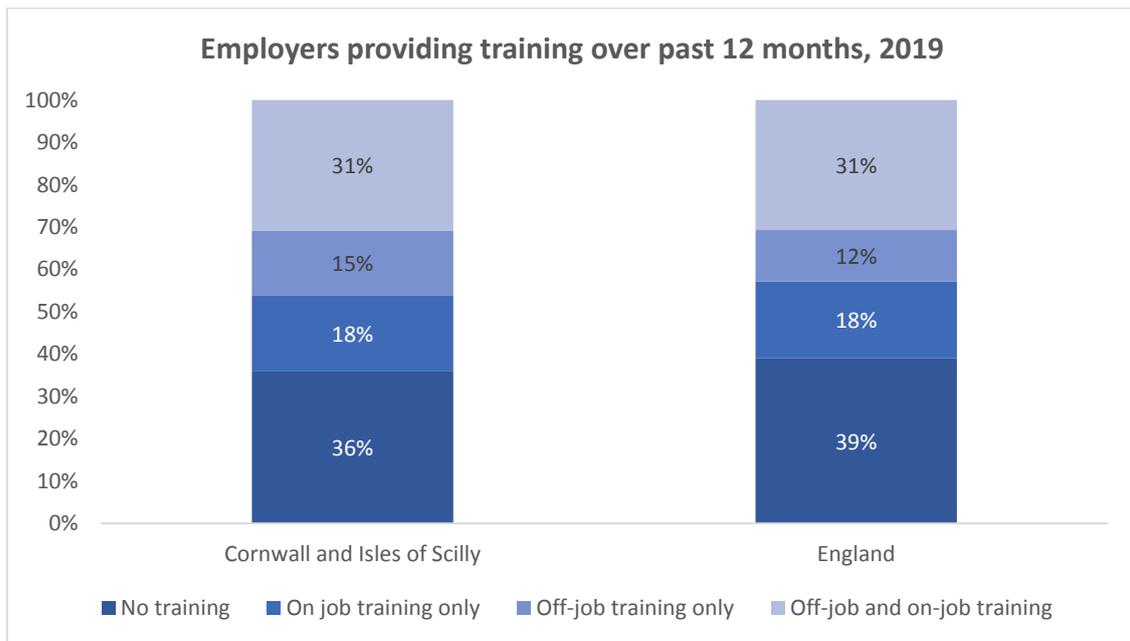
Managers and higher skills staff were most likely to benefit from training although the proportion of higher skilled staff trained in CloS (65%) is significantly lower than in England (72%). More positively, training is higher in CloS for Skilled trades staff.

Those who used external suppliers to provide training were asked who they used. It is interesting to note that whilst private training companies were most likely to be used (56% of employers used them), in CloS employers were significantly more likely to use local FE colleges (23%) than nationally (17%). Locally, these were the second highest providers of training, whereas in England the FE sector was ranked fourth. Overall, employers in CloS were the fifth highest user of FE of all LEPs.

Perhaps reflecting this, local employers were more likely to train their staff to a qualification (30%) than average (26%). At 30% this puts CloS amongst the highest performing LEPs in this regard. As a result, it is estimated that 24% of trainees (15% of all staff) have been trained to a qualification locally, well above the average of 18% of trainees and 11% of all staff. Over time this above average performance will contribute to narrowing the gap between CloS and England in terms of workforce qualifications, which has already narrowed considerably in recent years.

The main reasons for not training given by the 1 in 3 employers who did not provide training echoed the national data. The main reasons were that:

- Staff were thought to be fully proficient (71%) and did not need training;
- Their training had been undertaken elsewhere (12%); and
- There was no budget available for training (7%).



Source: *Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries*

## 3. Skills Demand

### 3.1. Overview

Data on skills shortages from the national Employers' Skills Survey 2019 is now quite outdated and does not reflect the current recruitment difficulties that employers face as recovery from the pandemic gets underway. Data from more recent research undertaken within CloS (See the Local Skills Report) indicates that of those who have sought to take on staff in the past 12 months, 77% have had difficulty recruiting. Those most affected are employers in Hospitality, Adult Social Care, Agriculture, Manufacturing and Construction. As a result, of the lack of substantive data from national sources, we have used vacancy data to give a picture of labour demand rather than rely on Employers' Skills Survey data. Forecasts of future demand have been retained but it should be noted that these were prepared before Covid-19 struck.

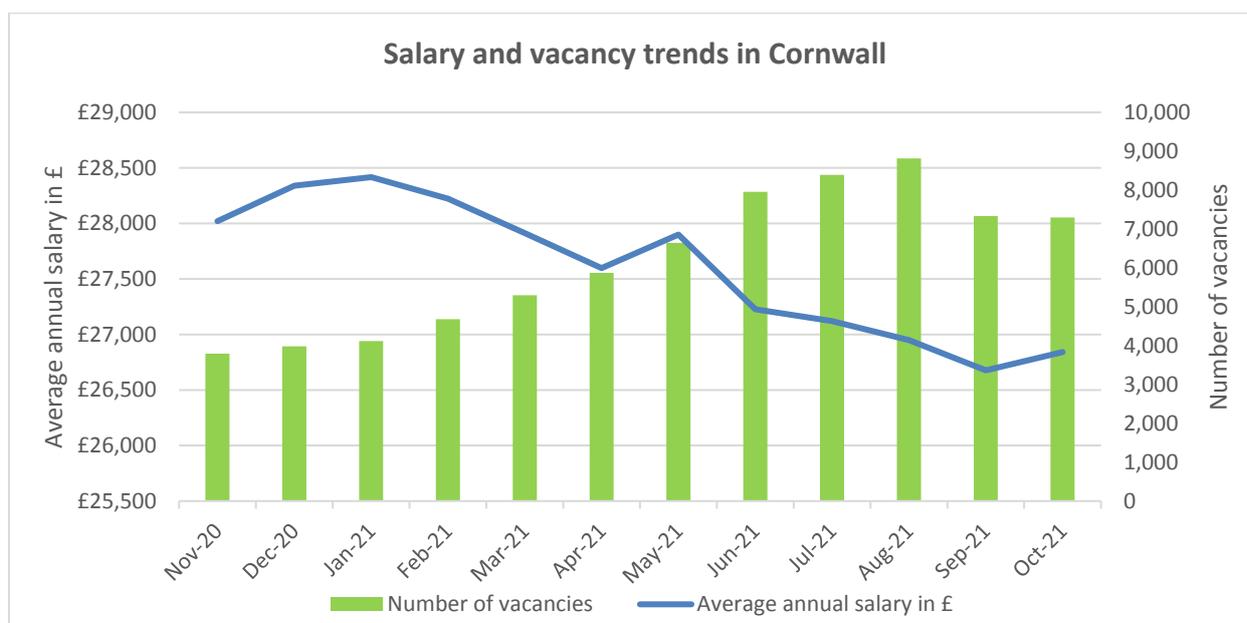
#### Summary points

- The number of vacancies in CloS as of August 2021 stood at 8,817, which is a high point in recent months. Of course, not all vacancies are advertised formally so it can be assumed that numbers are higher than published. Vacancy statistics from a different source to the ONS published data shows that by the end of quarter 2 in 2021 job postings were more than twice as high as the same quarter a year earlier.
- The average salary in CloS £26,949, which is relatively low by recent standards, but vacancies are dominated by jobs requiring low or no qualifications such as cleaning and warehouse operatives. Nationally, the average advertised salary is £33,577, 25% higher than CloS.
- Employers are looking for core employability skills/aptitude from recruits but find these skills lacking, exacerbated by a lack of literacy and numeracy.
- Skills in demand are the practical skills to do the job, as well as sales, digital skills and leadership and management.
- Retention is proving to be as significant as recruitment with people changing occupation and sector more readily than before the pandemic.
- Forecasts to 2027 show that much of the growth in demand will be driven by the health sector.
- Research by Lloyds Bank indicated that nationally 78% of people agree that the COVID-19 pandemic increased their need for digital skills, and 80% agree that using technology has been a vital support to them. More than half thought that they would need to build their digital skills as recovery takes hold.

### 3.2. Online Vacancies

The number of vacancies in CloS as of August 2021 stood at 8,817, which is a high point in recent months. As can be seen from the chart below, vacancies have risen month on month to August 2021 after which they fell back somewhat. October has seen them level out. Of course, not all vacancies are advertised formally so it can be assumed that numbers are higher than shown.

The average salary in CloS £26,949, which is relatively low by recent standards. Nationally, the average advertised salary is £33,577, 25% higher than CloS.



Source: *Cornwall and the Isles Of Scilly salary stats, Adzuna (As of 1<sup>st</sup> November 2021)*

Using [vacancy data](#) from a different source than that used by ONS at UK level shows in quarter 2, 2021<sup>14</sup> there were 10,699 job postings in Cornwall and the Isles of Scilly. This was up 168% on the 4,000 in Q2 2020.

Vacancy data at Parliamentary Constituency level shows that the highest rates – the vacancy number as a percentage of all those employed aged 16-64 - occurred in Truro & Falmouth at 2.7% with the lowest rate in St. Ives, at 0.6%

By job title, the most sought after staff were for 'Cleaners' followed by 'Support workers' and 'Warehouse Operatives'. Not all vacancies can be allocated to a sector, but of those that can be allocated, the highest share of vacancies was in 'Health and social work' at 29.3%, then 'Accommodation & food services' at 14.0% and 'Manufacturing' at 10.0%

Qualitative research with around 100 employers in Cornwall and the Isles of Scilly during October and November 2021 underlines the depth of recruitment difficulties facing local employers, it showed that:

- Employers are facing recruitment difficulties across most sectors and occupations reflecting an absolute shortage of applicants.
- Workers are job-hopping for better pay and conditions. Employees now expect a better work/life balance and the flexibility of home-working where possible.
- Retention is as significant an issue as recruitment.
- The impact of these difficulties means that businesses are unable to grow and invest and the current workforce is becoming over-stretched and burnt out.
- In response, employers recognise that they have to raise pay and offer family-friendly working practices if they are to attract and retain staff.
- Inevitably with high levels of demand for workers the pool of labour that remains is seen as further from the labour market.

<sup>14</sup> <https://www.cornwall.gov.uk/media/dxrni5hw/emqu-q2-2021.pdf>

- Employers seek core employability skills/aptitude from recruits but find these skills lacking, exacerbated by a lack of literacy and numeracy.
- Skills in demand are the practical skills to do the job, as well as sales, digital skills and leadership and management.
- The over-riding priority is to change the image of local priority sectors, to change perceptions and inspire young people about the opportunities CloS offers.
- In the smaller growth sectors such as digital, creative and geo resources there needs to be a new narrative for a wider audience about the USPs that CioS has.
- Skills are not the only issue. The cost of housing to rent or buy and the lack of supply impacts on employers' ability to recruit. This is exacerbated by poor transport links.

### 3.3. Highest and lowest sectors by forecast growth

The trend of growth and decline across industry sectors is a significant indicator of current and future and skills demand. Between the years of 2015 and 2018, Accommodation and Food Services, with 7,000 net change in employment, added the most by way of employment. This was followed by Health, with 3,000, and Construction, with 2,000. Meanwhile, Education, with a net loss of 2,000 employed, had the largest decline in employment level. (See 3.2 of the LMA)

Going forward, sectoral growth has been impacted by Covid-19, however prior to 2020, Arts and entertainment was estimated to have the highest growth potential, followed by support services, health and social work, professional services, and then other services. In contrast, food, drink and tobacco had the most pessimistic outlook on growth, followed by engineering, public administration and defence, rest of manufacturing, and then transport and storage.

Please note these forecasts were produced prior to COVID-19:

Sectors with highest forecast growth (2017-2027)	Sectors with lowest forecast growth (2017-2027)
1) Arts and entertainment	1) Food, drink and tobacco
2) Support services	2) Engineering
3) Health and social work	3) Public admin and defence
4) Professional services	4) Rest of manufacturing
5) Other services	5) Transport and storage

Source: *Working Futures, 2017-2027 (published 2020), 2017 LEP boundaries*

The impact of COVID-19 on sectors has been asymmetrical; some sectors have not seen much impact from lockdowns, some have even expanded, such as financial services, whilst others, in particular arts and entertainment, have been stifled and may, in future, have significantly revised growth forecasts. Hence, the above data should be treated with caution. The '10 Opportunities'<sup>15</sup> and Local Industrial Strategy still remain the LEP's vision on how CloS will expand and meet its long-term economic goals.

<sup>15</sup> <https://www.cioslep.com/vision/10-opportunities>

### 3.4. Highest and lowest occupations by forecast growth

The main sources of occupational growth and skills demand are driven by the need for higher skilled professional occupations and “service-intensive” occupations. Whilst customer service occupations have the highest growth forecast, secretarial and related occupations have the lowest growth outlook as digital technology replaces much of the work previously done by these occupations. As can be seen, many of the growth occupations relate to the health sector and the demand for services driven by the ageing population.

Please note these forecasts were produced prior to COVID-19 and the pandemic has had greater impact on CloS than the South West region and the rest of England, due to both the structural blend of CloS, as previously mentioned, and the lower representation of sectors locally that have been particularly resilient during COVID-19 (those that have continued by remote working).

Occupations with highest forecast growth (2017-2027)	Occupations with lowest forecast growth (2017-2027)
1) Customer service occupations	1) Secretarial and related occupations
2) Caring personal service occupations	2) Process, plant and machine operatives
3) Health and social care associate professionals	3) Textiles, printing and other skilled trades
4) Health professionals	4) Skilled metal, electrical and electronic trades
5) Corporate managers and directors	5) Administrative occupations

**Source:** *Working Futures, 2017-2027 (published 2020), 2017 LEP boundaries*

Employment statistics are volatile at local level. In order to gain a clear picture of the more detailed pattern of change in occupational employment over time, figures presented in 3.3 of the LMA have been averaged for a pair of three-year periods: 2009-2012 and the most recent period 2017 -2020. Key points to note are:

- A strong rise in demand for Caring, leisure and other service occupations where demand has risen by 23,900 (34.3%) and Sales and customer service – up by 39.6% or 18,800 jobs.
- An increase of 25% in higher skilled Professional occupations, accompanied by a rise in Managerial and Associate and technical positions. Between them, these 3 occupational groups account for 43% of the net growth.
- Only three occupational groups have declined: Process, plant and machine operatives; Administration and secretarial and Skilled trades.

The changes seen in the occupational growth is being driven by:

- Technological change and automation;
- Changing organisational structures and modes of working;
- The ageing and changing workforce

While all occupations will see jobs contract in 2020, as predicted by an Oxford's Economics study commissioned by South West Councils, lesser-skilled occupations will be hit hardest: the bottom

three occupational groups (sales & customer services, process, plant & machine operatives, and elementary occupations) will account for 42% of all job losses in 2020. Alongside skilled trades, a loss of jobs in the latter two groups largely arises due to the sharp contraction in manufacturing employment, while a fall in sales & customer services can be largely attributed to a loss of employment in hospitality. Similarly, a fall in managers, directors & senior officials—who are typically employed across the economy—reflects the downturn in activity across most sectors in 2020.

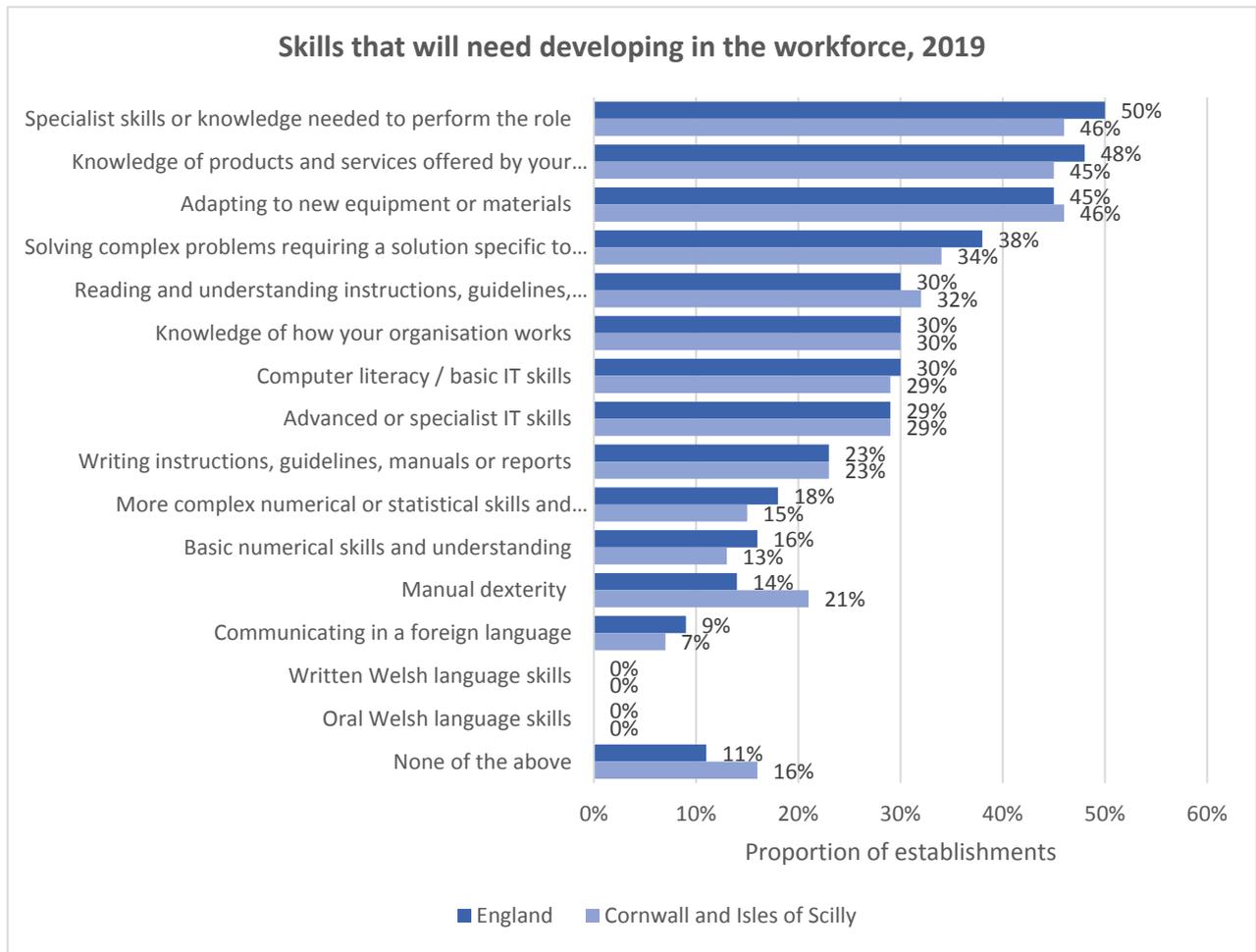
In contrast, Oxford Economics forecast that the longer term job recovery will be mostly led by higher-skilled occupations. Over the period to 2025, 59% of additional employment (2,700 workers) will be in the managerial, professional or associate occupations—reflective of the growth in business services and human health & social work, which typically support higher-skilled occupations. The increase in caring, leisure & other services (1,700 workers) is also a reflection of growth in human health & social work in particular.

### 3.5. Skills that need developing

The anticipation of skills in need of development by employers across CloS as recorded in the Employers Skills Survey 2019 highlights the most common skills in need of development as:

- Specialist skills or knowledge needed to perform the role, at 46% in CloS;
- Adapting to new equipment or materials, at 46% in CloS;
- Knowledge of products and services offered by your organisation and organisations like yours, at 45% in CloS; and
- Solving complex problems requiring a solution specific to the situation, at 34%.

Nationally, the anticipation of skills in need of development from enterprises in 2019 is similar, but, on the whole, enterprises within CloS anticipate a smaller skills gap than seen across England as a whole. The exception to this, manual dexterity, being cited 21% in CloS against 14% nationally, may be explained through industrial mix differentiation.



**Source:** *Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries*

As shown above, digital skills are needed more than ever. In 2016, the ONS estimated that within the next 10 to 20 years, 90% of jobs will require some sort of digital skills.

Research by Lloyds Bank, 'The UK Consumer Digital Index 2020' shows that the levels of digital exclusion are high:

- 52% of the UK workforce are not yet fully digitally enabled (c.17.1 million people)
- c.2.7 million (5%) people can access the Internet but lack the ability to use it to its full advantage; in total, an estimated 11.7 million (22%) people in the UK are without the skills needed for everyday life.
- If these rates continue and trends remain the same, by 2030 1 in 4 of the UK will still have a very low level of digital engagement.

Data for the 2020 Index was collected prior to the COVID-19 pandemic and the lockdown measures that followed. However, Lloyds undertook specific research to investigate the impact of the virus on consumers' digital behaviours and attitudes. The research found that:

- 78% of people agree that the COVID-19 pandemic increased their need for digital skills, and 80% agree that using technology has been a vital support to them
- Just over half of people surveyed (51%) believe the need for digital skills in their home/work life due to the lockdown has been more necessary)
- 31% have improved their digital skills solely for work-related reasons

- Well over half of people (57%) agreed they will continue to boost their digital skills after the COVID-19 pandemic, but with only 32% saying they feel more confident about their digital skills, the survey indicated that 'support must be ongoing throughout and beyond this crisis.'

## 4. Mapping Skills Supply and Demand

### 4.1. Overview

As noted in Section 1, the local employment rate has fallen and is now lower than the national average. As a result, the labour market is 12,500 people smaller than it was in 2019. The reasons for this are complex, but reflect a fall in the numbers of people classified as self-employed; a rise in numbers withdrawing from the labour market; more young people staying on in education and a loss of migrant labour.

At the same time, employers are seeking to take on staff as they begin to build back and so competition for staff is strong. Whilst employment is down and employers face severe recruitment difficulties, as of September 2021, 12,625 people were classed as unemployed and a further 16,500 of the economically inactive are looking for work; this suggests that a total of 29,125 people are seeking employment – almost three times the number of vacancies recorded. Clearly there is a mismatch between the skills employers want and the associated terms and conditions they offer and those that people looking for work possess and expect to earn.

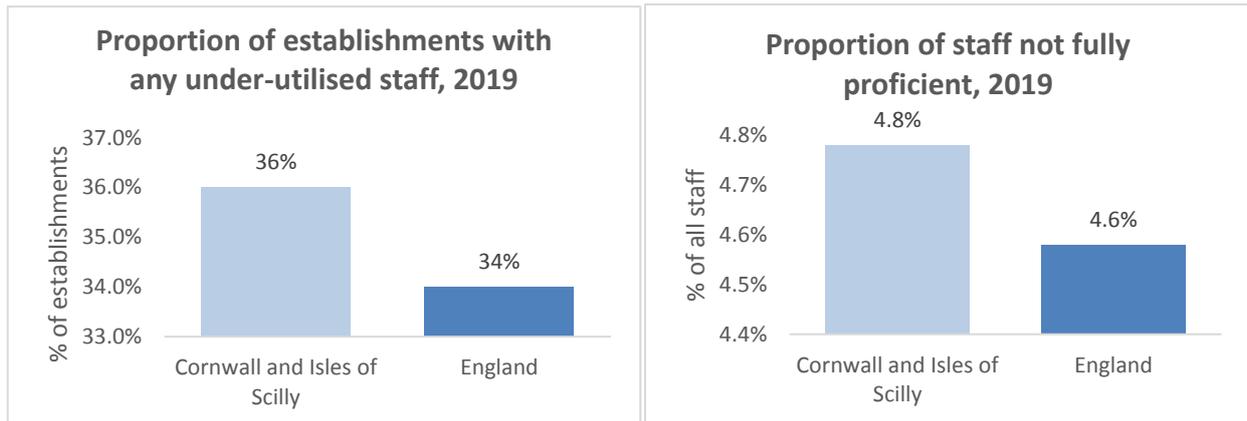
Detailed and robust quantitative data on skills mismatches is not available and the section below sets out historic data from the Employers Skills Survey 2019. The current skills issues tend to be a magnification of the earlier trends outlined. Annex C: Employer perspectives on skills, recruitment and training provides a more up to date qualitative perspective.

### 4.2. Staff proficiency

According to the Employers Skills Survey 2019, most employers (85%) considered all of their staff to be fully proficient at their job. Of the 15% who identified skills gaps these were most likely to affect Elementary and Sales occupations. 25% of those with skills gaps reported that they related to the introduction of new technology. The overall proportion of staff said to not be proficient amounted to 4.8% of the total workforce, this is slightly higher than the 4.6% rate seen across England, suggesting that the skills gap is marginally higher, on average, in CloS than England.

Across CloS, 36% of establishments, in 2019, reported some degree of staff under-utilisation, slightly above the average seen across England in this time was 34%. This can be a simple supply and demand suggests issue, where workers are trained in employment not available within the local area. It can also be as a result of individuals choosing to live in CloS for personal lifestyle reasons, not employment reasons, which may result in down-skilling of workers who relocate to an economy less equipped in high-skilled jobs. Alternatively, it suggests that local employers themselves may not have the managerial skills to maximise the efficiency of their staff.

COVID-19 has further highlighted the weakness of skills supply in CIOS. The employment base has a number of structural demand-side weaknesses. For example, it has few high skilled jobs and a predominance of low paid low skilled jobs. Addressing this issue means raising the demand for skills by shifting the local business base to one that is founded on higher value market strategies as proposed in the LEP's local industrial strategy.



Source: *Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries*

Our more recent research (See Annex C) shows that in 2021 a majority of employers had skills gaps in their workforce, largely as a result of staff shortages. Skills most in demand are the technical and practical skills needed to do the job. Others most frequently identified were:

- IT skills (advanced, intermediate and basic) (46%)
- Management and leadership (35%)
- Sales and marketing (27%)

#### 4.3. Hard-to-fill and skills shortage vacancies

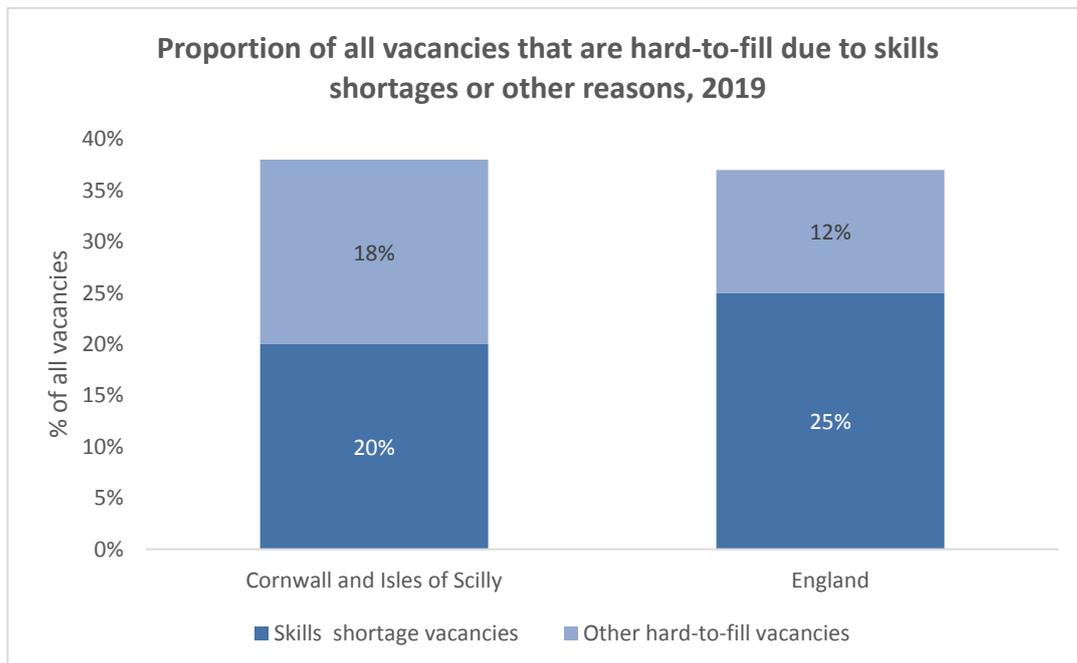
The most recent local data on recruitment available from the Employers' Skills Survey 2019 which provides an indication of the extent to which the skills and qualifications of the workforce meet employers' needs before Covid-19. At the time of the survey, before the pandemic, labour market conditions were very different from today and it is very unlikely that recruitment difficulties will be at the same level for some time. Nevertheless, the series of surveys undertaken every two years paint a fairly consistent picture which gives an indication of the structural issues the local economy faces.

Headline findings show: the profile of hard-to-fill vacancies is largely similar across CloS and the rest of England, with 38% reported as such in CloS and 37% across England as a whole, as of 2019.

As reported by enterprises, one in five vacancies in CloS was difficult to fill due to skills shortages. This was smaller than seen across England as a whole, where 25%, or one in four, vacancies were stated to be difficult to fill due to a lack of skills. Enterprises within CloS estimated that 18% of the remaining hard-to-fill vacancies were reported as hard-to-fill for other reasons, which is comparatively higher than the 12% reported across England as a whole and largely reflects its remote and rural location.

The occupations most difficult to recruit locally because of skills shortages were Skilled Trades (25% of total) – a group which includes chefs, electrical and electronic trades, vehicle trades) and Machine operatives (25%). The difficulty in recruiting Skilled Trade workers has persisted through time with the survey in 2017 also showing this to be the hardest occupational group to recruit. As might be expected from the composition of the local economy 33% of the difficulties could be ascribed to labour intensive roles compared with 19% in England. Conversely, employers in CloS had far fewer difficulties recruiting 'highly skilled' people (21% compared with 35% in England).

Accessibility of jobs remains an issue for the area. This is reflected in the role of physical access as a cause of hard-to-fill vacancies. In the LEP area, 13% of hard-to-fill vacancies are due to remote location and/or poor public transport links, somewhat higher than the national average of 10%.



Source: *Employer Skills Survey, 2019 (published 2020), 2019 LEP boundaries*

More recent local research reported in Annex C shows that 8 out of 10 employers had recruited in the past 12 months. Of these, 77% had had difficulty recruiting. These findings align with data from a recent British Chamber of Commerce Survey which showed that in the second quarter of 2021, 70% of businesses across the UK that had tried to recruit reported difficulty in finding staff.

Difficulties were apparent across the board with difficulties universal across Health and Social Care, Construction, Hospitality and Manufacturing. Difficulties were less of an issue in the Digital and Creative sectors. The recruitment problems reflect not a lack of skills but rather a lack of applicants per se, no doubt reflecting the smaller labour pool reported in Section 1.

Although the situation overwhelmingly reflects a lack of candidates, what employers find is that potential recruits lack employability skills, in the sense of a broader set of attributes than technical skills or qualifications. For many it is how well the attitudes, personal and social skills, and ambitions of applicants align with those which employers require.

Skills are not the only issue, two other barriers were raised:

- **Housing** was raised as a significant issue. Staff cannot relocate. Pay does not reflect housing costs. There are not enough houses to rent – this affects attempts to bring in permanent or project staff. There was a plea for Cornwall to be innovative in its planning policies and either to experiment with housing or allow employers to experiment by building their own worker accommodation. Of the sub-sample of 1 in 3 employers who identified housing as an issue the vast majority considered that housing is too expensive to buy and too expensive to rent and that there is an insufficient supply of both. Employers on the Isles of Scilly are equally affected by this issue, exacerbated by the seasonality of their jobs.

- **Transport** – workers need to be able to drive because public transport does not meet needs. It means that especially in the coastal towns employers have a very small pool of labour from which to recruit. It was said that there is ample support to enable people get a licence but it is little used which may suggest a lack of awareness. For employers on the Isles of Scilly the cost of transport to training on the mainland makes funding external training prohibitive.

#### 4.4 Rising skills needs

As reported in Annex C, 60% of employers considered that their skills needs were rising with a strong emphasis on leadership and management, new technology and digital skills. IT skills are seen as a key skill, much like literacy and numeracy – an essential skill in today's workforce.