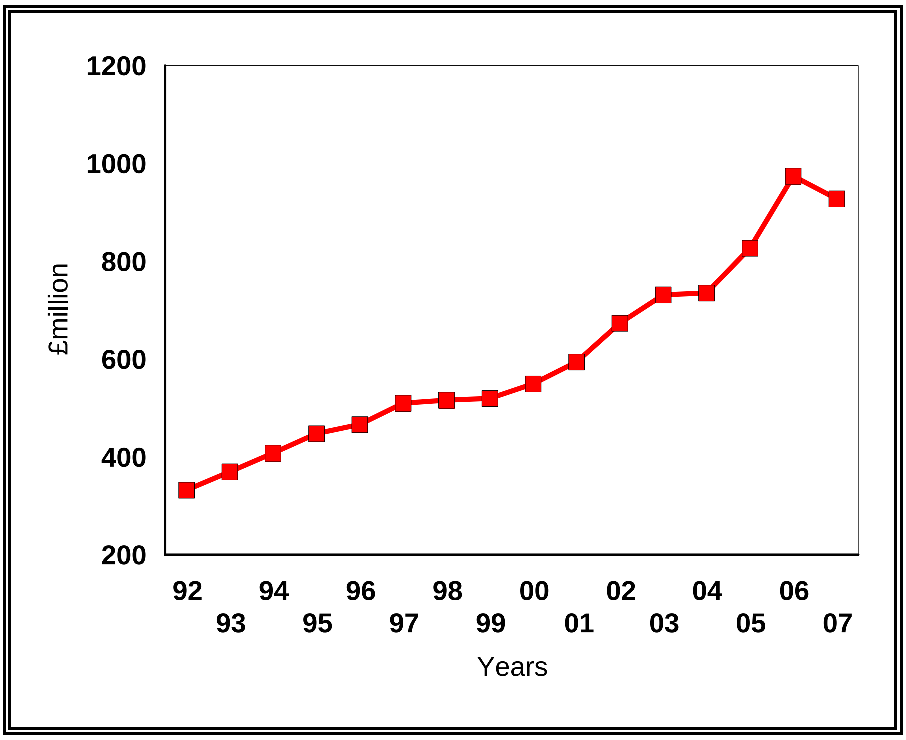
THE CARADON ECONOMY 1997-2007:

Accelerating Growth

1. The Caradon economy grew by 6.2 per cent per annum between 1997 and 2007; comfortably above the national rate of 5.6 per cent per annum over the past decade (see Table 2). However, whilst the rate of growth was 5.7 per cent per annum between 1997 and 2002 it accelerated to 6.6 per cent per annum between 2002 and 2007. Manufacturing ouput expressed as a share of total output fell between 1997 and 2002 but since then the share has stabilised. For the decade 1997 to 2007 manufacturing output has only grown at a rate of 2.5 per cent compared with the growth rate for the Caradon economy as a whole of 6.2 per cent per annum. However, the performance has been much better than for manufacturing nationally which grew by only 0.4 per cent per annum over the same period.

CHART 1

CARADON
Gross Value Added



2. Within the total growth in output (gross value added) between 2002 and 2007 there was a recovery in agriculture and also above average increases in the transport and communication sector and the business services sector.

3. A feature of the growth in output over the past decade has been the strong growth in the education sector.

4. With a growth in output consistently faster than the national rate, Caradon's gross value added per head relative to the national value has increased from 52.6 per cent in 1997 to 54.0 per cent in 2007. A welcome improvement but Caradon's level remains still significantly below national levels - a gap of 46 per cent. However, the figures are distorted by the flow of employees resident in Caradon but working in Plymouth.

5. The measure of gross value added per head is used by central government as its main basis of comparison of regional and county variations and Caradon, for the reason given in the previous paragraph, fares unfavourably compared with other areas in Cornwall.

6. The indicator measures how much output is produced in the area divided by the number of people resident in the area. It is, therefore, very sensitive to a number of factors such as the ratio of retired to working members of the population, the composition of the working population itself (numbers of female or part time workers etc.) and also by the numbers of workers who move either in or out of the area to their place of work.

7. Another very significant factor to bear in mind is that income from employment, self employment or profits (the elements in the calculation of gross value added) are not the only sources of income enjoyed by residents. Residents receive pension income, social security benefits to supplement income although there are also payments to be made such as taxes and social security contributions.

8. Areas such as Cornwall and in particular Caradon with lower than average incomes and a larger than average proportion of the elderly are net beneficiaries if these extra transactions are taken into account. There are no official figures for Caradon but they have been published up to 1999 for Cornwall as a whole and they show that the gap with national in the gross value added per head comparison of 35 per cent (65.5 per cent) is reduced to 11 per cent (89.0 per cent) when comparing total household income per head.

9. The following table (Table 1) summarizes the movements over the decade of the principal industrial sectors. The moderate growth in manufacturing overall between 1997 and 2007 has been accompanied by strong growth in distribution (wholesaling and retailing), construction, business services and the agriculture sectors.

TABLE 1

CARADON
Growth in Gross Value Added at Basic Prices

	1997 £m	2002 £m	2007 £m	1997/2002 % pa	2002/2007 % pa	1997/2007 % pa
Agriculture/Forestry	15.6	18.5	29.0	3.5	9.4	6.4
Fishing	1.5	0.9	2.0	-9.1	17.1	3.2
Mining and Quarrying	2.9	2.1	1.7	-6.2	-3.6	-4.9
Manufacturing	79.0	72.5	101.2	-1.7	6.9	2.5
Electricity/Gas/Water	1.6	3.2	2.4	14.8	-5.7	4.0
Construction	46.5	76.2	98.5	10.4	5.3	7.8
Wholesale/Retail/Repair	87.9	128.7	161.6	7.9	4.7	6.3
Hotels and Catering	44.8	61.3	72.9	6.5	3.5	5.0
Transport & Communication	18.0	21.5	50.1	3.6	18.5	10.8
Financial Services	8.1	9.6	10.5	3.6	1.8	2.7
Real Estate/Business Activities	105.3	149.7	211.1	7.3	7.1	7.2
Public Admin/Defence/Soc Sec	11.4	13.3	17.6	3.1	5.8	4.4
Education	17.3	36.2	47.4	15.8	5.6	10.6
Health & Social Work	41.6	40.3	68.2	-0.6	11.1	5.1
Other Community Services	28.5	39.5	53.5	6.7	6.3	6.5
Gross Added Value	510.1	673.5	927.7	5.7	6.6	6.2

10. The following table (Table 2) compares the Caradon performance with the national average. Overall Caradon's growth was faster than nationally between 1997 and 2007. The table also shows that the proportion taken by manufacturing (10.9 per cent) is now approximately eighty five per cent of the national average (12.6 per cent). Hotels and catering and distribution were significantly higher than the national average.

TABLE 2

CARADON AND NATIONAL
Composition of Output 2007 and Rates of Growth 1997-2007
(per cent and per cent per annum)

	Caradon % Share of Output 2007	Caradon Rate of Growth of Output 1997/2007	National[11] % Share of Output 2007	National[1] Rate of Growth of Output 1997/2007
Agriculture and Forestry	3.1	6.4	0.7	-1.6
Fishing	0.2	3.2	0.0	1.9
Mining and Quarrying	0.2	-4.9	2.6	6.0
Manufacturing	10.9	2.5	12.6	0.4
Electricity/Gas/Water	0.3	4.0	1.5	1.6
Construction	10.6	7.8	6.4	7.7
Distribution	17.4	6.3	11.4	5.1
Hotels and Catering	7.9	5.0	2.9	6.1
Transport and Communication	5.4	10.8	6.8	4.1
Financial Services	1.1	2.7	7.6	15.5
Real Estate/Business Activities	22.8	7.2	24.3	7.6
Public Administration	1.9	4.4	5.1	4.8
Education	5.1	10.6	5.9	6.4
Health and Social Work	7.4	5.1	6.9	6.5
Other Community Services	5.8	6.5	5.1	6.7
Gross Value Added at Basic Prices	100.0	6.2	100.0	5.6

11. The following table (Table 3) illustrates how the share of output has varied over time. Manufacturing as a share of total output has fallen below the levels of the early 1990's The distribution sector has remained steady in terms of share, whilst the business services sevtor has increased.

[11] National data incorporated in the local GVA model is reproduced courtesy of the Office of National Statistics (© ONS)

TABLE 3

CARADON
Change in the Composition of Output 1997-2007 (%)

Measured by Output	**1997**	**2002**	**2007**
Agriculture/Forestry	3.1	2.7	3.1
Fishing	0.3	0.1	0.2
Mining and Quarrying	0.6	0.3	0.2
Manufacturing	15.5	10.8	10.9
Electricity/Gas/Water	0.3	0.5	0.3
Construction	9.1	11.3	10.6
Distribution	17.2	19.1	17.4
Hotels and Catering	8.8	9.1	7.9
Transport and Communication	3.5	3.2	5.4
Financial Services	1.6	1.4	1.1
Real Estate/Business Activities	20.7	22.2	22.8
Public Admin/Defence/Soc Security	2.2	2.0	1.9
Education	3.4	5.4	5.1
Health	4.9	2.9	3.7
Social Services	3.3	3.1	3.7
Sanitary Services	0.5	0.6	0.6
Other Services	5.1	5.2	5.2
Gross Added Value at Basic Prices	100.0	100.0	100.0

12. The following table (Table 4) compares Caradon's gross value added per head with the national levels. It contains estimates derived from dividing total gross added value by total population. It shows that the ratio grew from 52.6 in 1997 to 54.0 in 2007.

TABLE 4

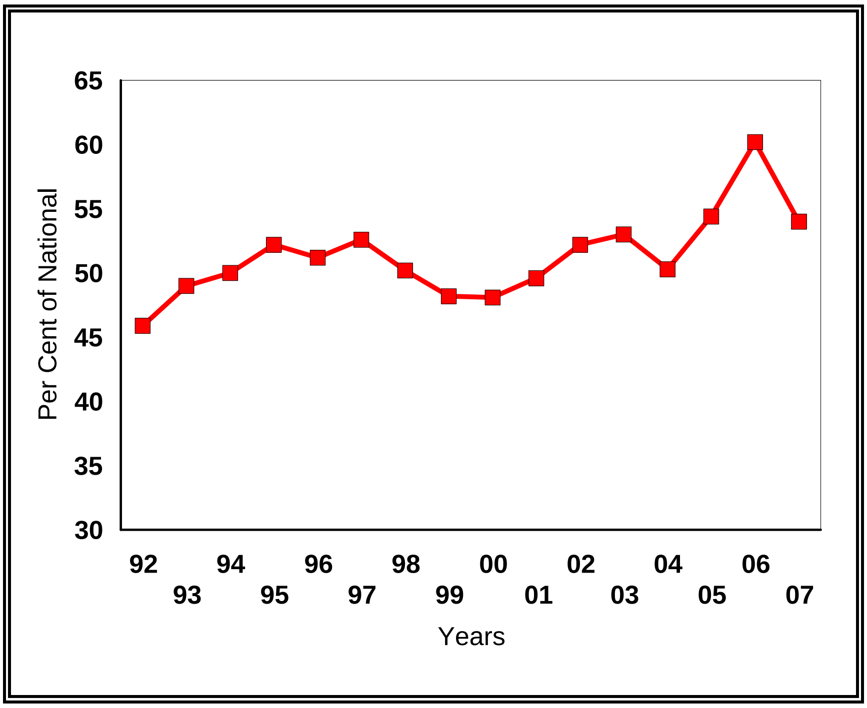
CARADON AND NATIONAL
Comparison of Per Capita Income

Gross Value Added per Head (£)	**1997**	**2002**	**2007**
Caradon	6,498	8,419	11,044
National	12,358	16,134	20,463
Caradon as a % of National	52.6	52.2	54.0

13. The following chart (Chart 2) illustrates the year on year movement of gross value added per head relative to the national average. Although somewhat erratic the movement in the ratio has been upwards since 1998.

CHART 2

CARADON
Gross Value Added per Head Relative to National (%)



14. The following table (Table 5) is a useful guide to explaining the differences in the per capita income between Caradon and the national average. It shows that Caradon has a significantly higher proportion of women employees, part-time employees and self-employed. Each of these is likely to hold down income levels. Women employees still do not earn the same as men, part-time employees clearly do not earn as much as full-time employees and the self-employed as a whole (where construction workers and small businesses predominate) do not earn as much as, say, full-time male workers in manufacturing.

TABLE 5

CARADON
Key Employment Comparisons

	Caradon 2007	National 2007
Per capita income (£)	11,044	20,463
% Gap with National	54.0	0.0
Women as % of total employees	49.7	48.7
Part-time as % of total employees	38.4	25.3
Services as % of total employees	80.6	89.4
Self-employees as % of total labour force	24.4	13.9
Labour force as % of total population	37.9	47.8
Labour force per capita income (£)	29,154	42,799
% Gap with National	68.1	0.0

15. The following table (Table 6) gives the figures for the gross added value as measured by incomes. The stronger growth in mixed incomes between 2002 and 2007 reflects the recovery in farm incomes after the decline between 1995 and 2000 (see Chart 3). Earnings per head for full time employees grew on average by 4.5 per cent per annum between 2002 and 2007. The comparable figure for part time employees was 5.7 per cent per annum.

TABLE 6

CARADON
Gross Added Value at Basic Prices Measured by Income

	1997 £m	2002 £m	2007 £m	1997/ 2002 % pa	2002/ 2007 % pa	1997/ 2007 % pa
Compensation of Employees	240.7	320.4	450.4	5.9	7.0	6.5
Mixed Incomes	136.6	180.2	240.0	5.7	5.9	5.8
Taxes less Subsidies	11.4	14.1	17.5	4.3	4.4	4.4
Operating Surplus and Rents	121.4	158.9	219.7	5.5	6.7	6.1
Gross Value Added at Basic Prices	510.1	673.5	927.7	5.7	6.6	6.2

16. The following table (Table 7) gives details of output as measured by expenditure.

TABLE 7

CARADON
Gross Added Value at Basic Prices Measured by Expenditure

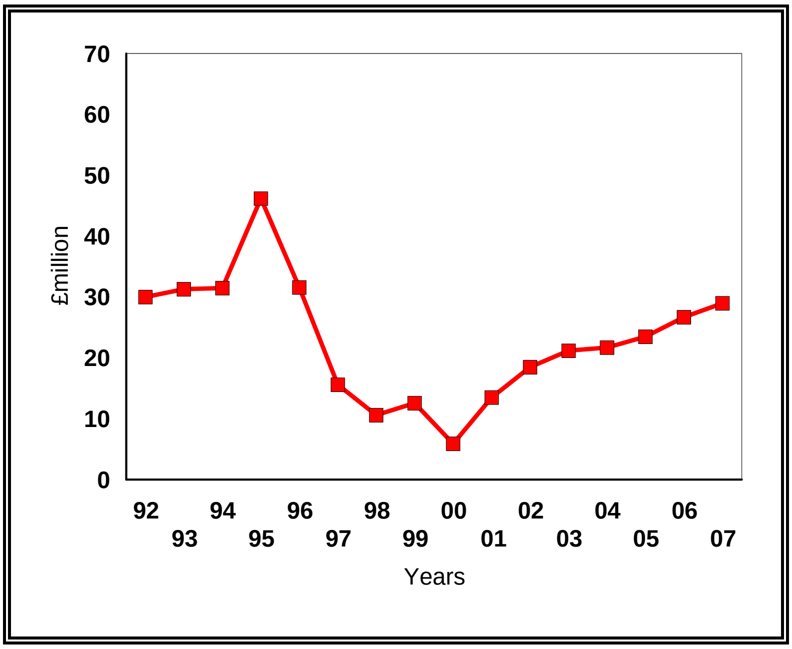
	1997 £m	2002 £m	2007 £m	1997/ 2002 % pa	2002/ 2007 % pa	1997/ 2007 % pa
Consumers' Expenditure	584.2	722.1	956.4	4.3	5.8	5.1
Public Expenditure	126.4	171.3	259.6	6.3	8.7	7.5
Investment	85.3	131.6	181.3	9.0	6.6	7.8
Exports of Goods/Services	509.6	642.7	858.1	4.8	6.0	5.4
Total Final Expenditure	1,305.5	1,667.7	2,255.5	5.0	6.2	5.6
Less Imports Goods/Services	706.7	906.8	1,221.2	5.1	6.1	5.6
GDP (market prices)	598.9	760.9	1,034.3	4.9	6.3	5.6
Factor Cost Adjustment	99.4	126.0	167.9	4.9	5.9	5.4
GDP (factor cost)	499.5	634.8	866.4	4.9	6.4	5.7

Agriculture

17. The year by year movements in the agriculture sector are illustrated in the chart (Chart 3) below. It shows that the sector was hit particularly hard between 1995 and 2000. A recovery appears to have begun in 2001.

CHART 3

CARADON
Agriculture Output

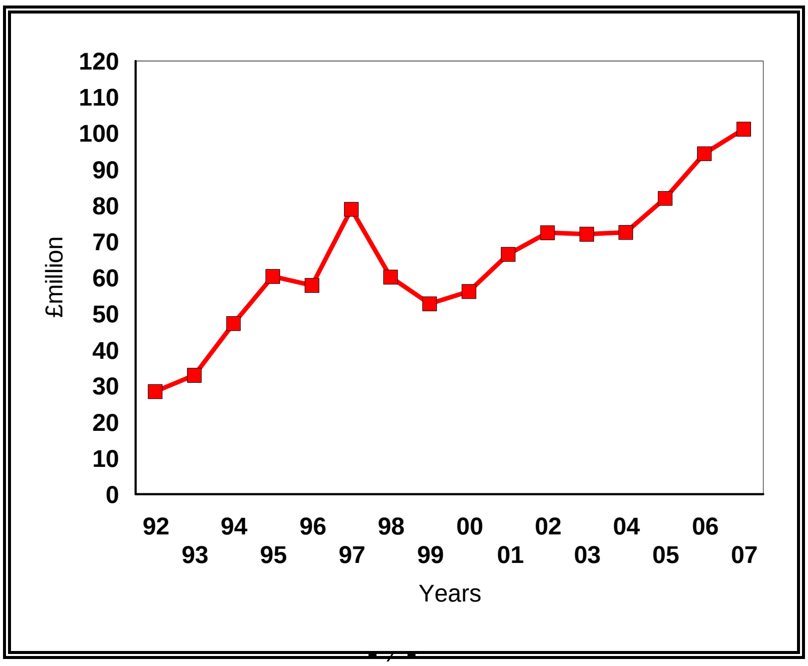


Manufacturing

18. The movement in output in the manufacturing sector overall is illustrated in the chart (Chart 4) below. It shows that after falling back from a peak in 1997 output has grown steadily since 1999.

Chart 4

CARADON
Manufacturing Output



19. The following table (Table 8) gives more detail of the manufacturing sector. It shows that dominant roles of food and drink manufacturing, paper and publishing, and rubber and plastic manufacturing accounting for just over 65 per cent of the total.

TABLE 8

CARADON
Net Output of the Manufacturing Sector (%)

	1997	2002	2007	1997/2007 % pa
Food, Drink & Tobacco	46.3	37.5	40.5	1.1
Clothing	1.4	1.9	1.6	4.3
Leather & Footwear	0.2	0.3	0.4	8.4
Timber & Furniture	5.4	5.8	4.7	1.1
Paper & Publishing	9.1	15.4	13.4	6.6
Chemicals	0.6	0.8	0.5	0.8
Rubber & Plastic	9.9	13.8	11.6	4.1
Non-metal Manufacturing	1.9	2.9	3.1	7.7
Metal Manufacture	0.2	0.6	0.7	15.1
Other Metal Manufacturing	6.7	6.0	8.9	5.4
Mechanical Engineering	8.4	2.6	4.3	-4.1
Electrical Engineering	2.4	3.1	1.8	-0.8
Instrument Engineering	2.2	1.8	0.9	-5.8
Transport Manufacturing	3.4	3.3	4.6	5.7
Other Manufacturing	1.8	4.2	2.9	7.4
Total Manufacturing	100.0	100.0	100.0	2.5

Food and drink manufacturing

20. The following table (Table 9) gives more detail for the food and drink manufacturing sector. The sector grew overall by 1.1 per cent per annum between 1997 and 2007 and is dominated by the bread and biscuits sector.

TABLE 9

CARADON
Output of the Food and Drink Manufacturing Sector (%)

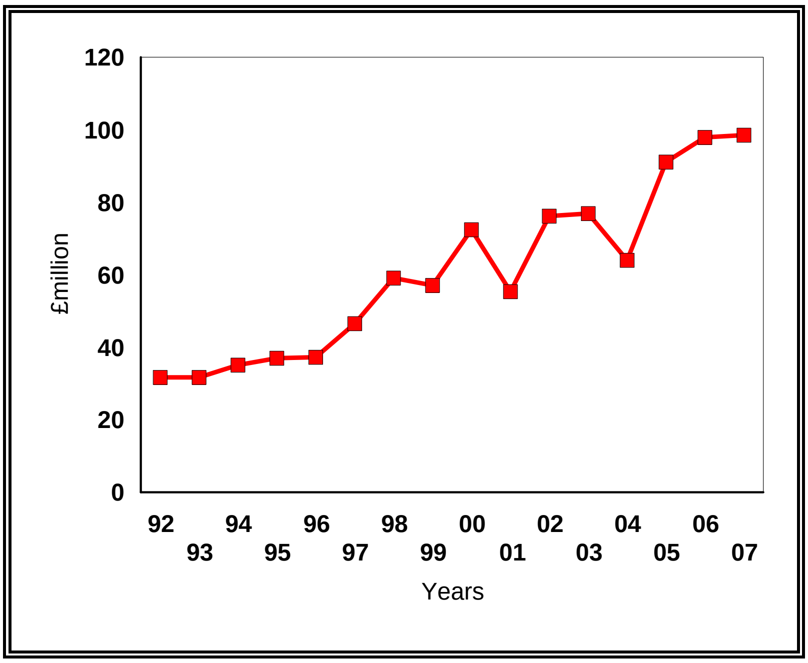
	1997	2002	2007	1997/2007 % pa
Meat and Meat Products	1.5	2.5	1.9	3.3
Fish	0.0	0.0	0.0	0.0
Fruit and Vegetables	0.2	0.7	0.1	-8.9
Oils and Fats	0.0	0.0	0.0	0.0
Dairy Products	0.1	0.3	7.7	60.4
Ice Cream	0.0	0.1	0.4	27.4
Grains and Starches	0.0	0.0	0.0	0.0
Animal Foods	0.1	0.1	0.1	-4.3
Bread and Biscuits	94.9	89.8	83.9	-0.1
Sugar and Cocoa	0.0	0.0	0.0	0.0
Other Foods	3.1	6.3	5.8	7.7
Alcohol	0.0	0.3	0.2	19.9
Soft Drinks	0.0	0.0	0.0	0.0
Tobacco	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	1.1

Construction

21. As the following chart (Chart 5) shows, the construction sector has enjoyed a strong but erratic rate of growth since 1996.

Chart 5

CARADON
Construction Output

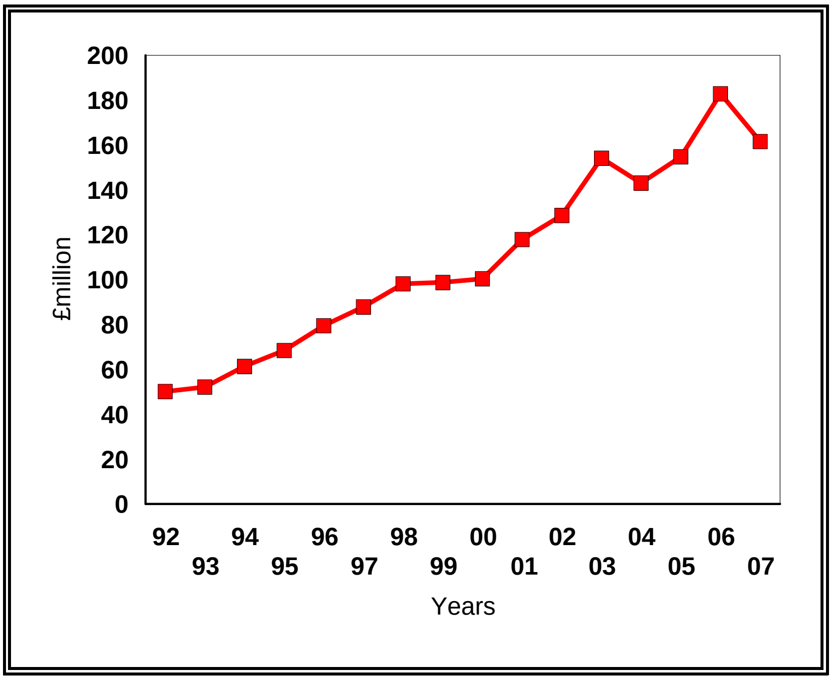


Distribution

22. The following chart (Chart 6) indicates a steady growth in the distribution (wholesale and retailing) sector up to 2003 although flattening out since 2003.

CHART 6

CARADON
Distribution Output



Hotels and Catering

23. The following table (Table 10) gives more detail of the hotels and catering sector. It shows a steady decline in the contribution of hotels compensated by a growth in various eating outlets.

TABLE 10

CARADON
Net Output of the Hotels and Catering Sector (%)

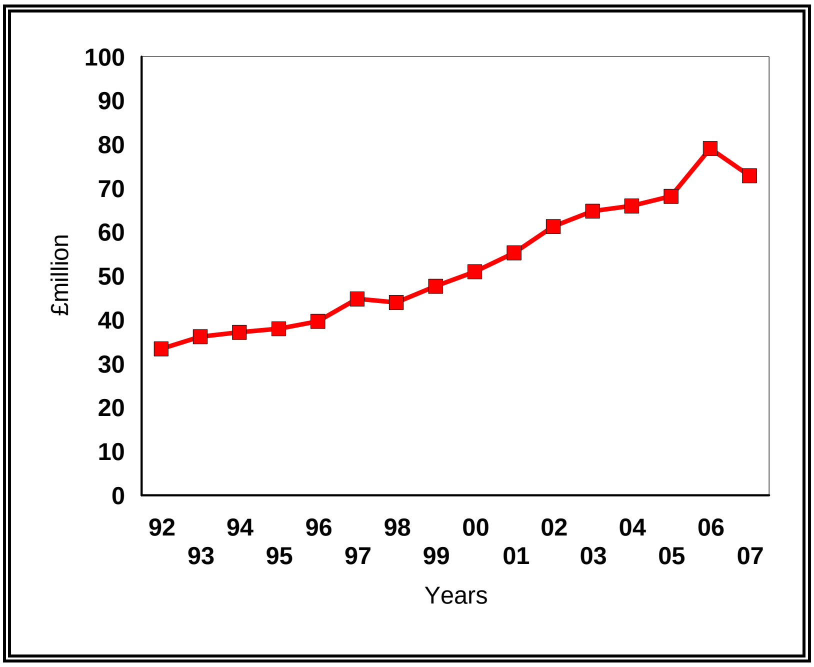
	1997	2002	2007	1997/2007 % pa
Hotels with Restaurants	20.0	18.8		
Hotels without Restaurants	21.2	20.0		
All Hotels	41.2	38.8	38.4	4.3
Camping Sites	2.8	1.7	2.4	3.2
Other Lodgings	18.4	16.2	18.9	5.3
Restaurants, Cafés, etc	15.4	16.7	16.8	5.9
Bars	16.85.3	21.0	22.0	7.9
Catering Contractors	5.4	5.6	1.5	-7.8
Total	100.0	100.0	100.0	5.0

24. The hotels and catering sector does not capture the whole of tourist activity. There is a variety of other activities, leisure, sporting etc, which also contribute. It is estimated that the total gross income received from tourism was approximately £220 million in 2007.

25. The year on year movements in the output of the hotels and catering sector are shown in the chart (Chart 7) below. It suggests a slightly accelerated rate of growth since 1998.

CHART 7

CARADON
Hotels and Catering Output



The financial and business services sector

26. The following table (Table 11) gives more detail for the financial and business services sector. It shows the dominant role of real estate activities and other business services. Banking services declined as a share between 1997 and 2007, reflecting the increased computerisation of services. Over the whole decade the main drivers were professional services and other business services. Computer services continue to grow steadily although the growth is from a very small base.

TABLE 11

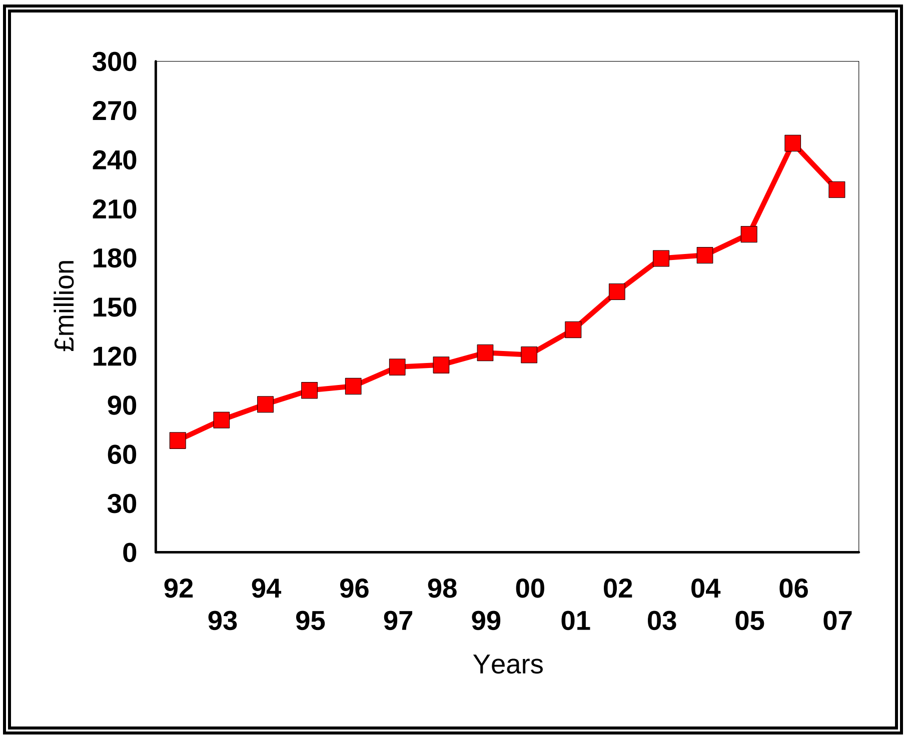
CARADON
Net Output of the Business Services Sector (%)

	1997	2002	2007	1997/2007 % pa
Banking/Finance	3.9	3.4	2.5	2.0
Insurance	1.0	0.9	0.9	6.0
Insurance Brokers	2.2	1.8	1.4	2.2
Real Estate Activities	67.6	65.8	65.8	6.7
Rent Moveables	3.3	2.2	2.2	2.7
Computer Services	3.3	3.0	2.5	4.0
Research & Development	0.3	0.0	0.0	-15.6
Legal Services	2.7	3.0	2.8	7.1
Accountants	4.5	4.8	5.0	8.1
Market Research	0.2	0.4	0.4	15.4
Management Consultants	1.8	1.6	3.2	12.9
Architects	3.6	4.2	3.9	7.7
Advertising	0.4	0.5	0.3	4.2
Other Business Services	5.1	8.5	9.1	13.3
Total	100.0	100.0	100.0	6.9

27. The following chart (Chart 8) shows the growth in the output of the business services sector through 1997 to 2007. The average growth over the decade was 6.9 per cent per annum although there are signs of an acceleration since 2000..

CHART 8

CARADON
Output of Business Services

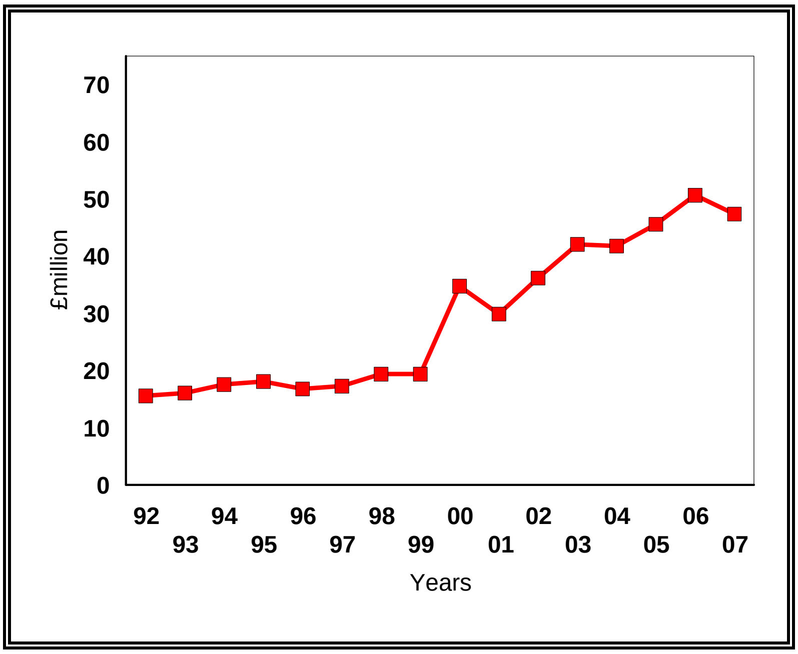


The public sector

28. The year on year movements in the output of the education sector are shown in the chart (Chart 9) below. The sector grew strongly at a rate of 10.6 per cent per annum between 1997 and 2007. In terms of employment there was a net increase of 278 between 2002 and 2007 made up mainly of an increase in numbers employed in schools.

CHART 9

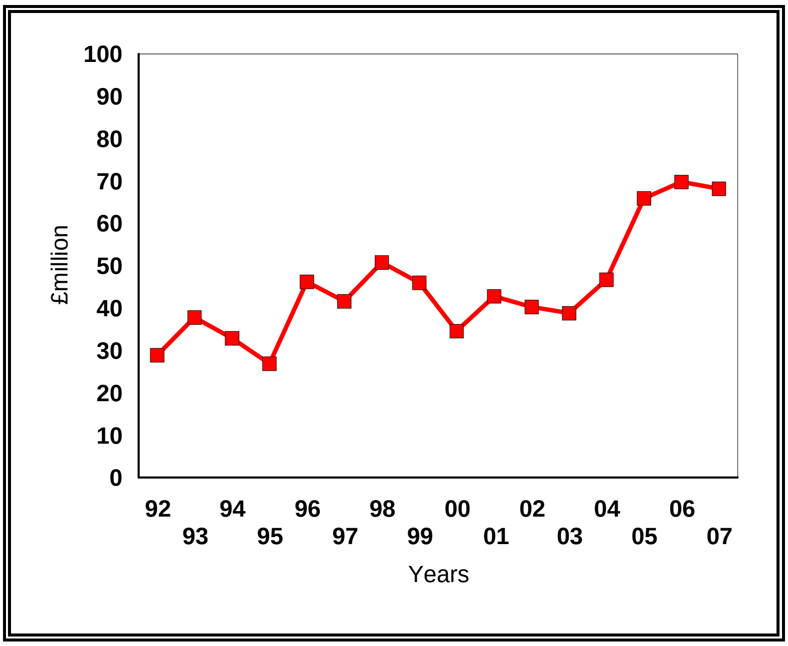
CARADON
Education Output



29. The year on year movements in the output of the health and social work sectors is shown in the chart (Chart 10) below. There was an increase in numbers employed between 2002 and 2007 of 583 made up of an decrease in employees of 71 in hospitals, accompanied by increases of 329 in GP's practices and of 227 in social services.

CHART 10

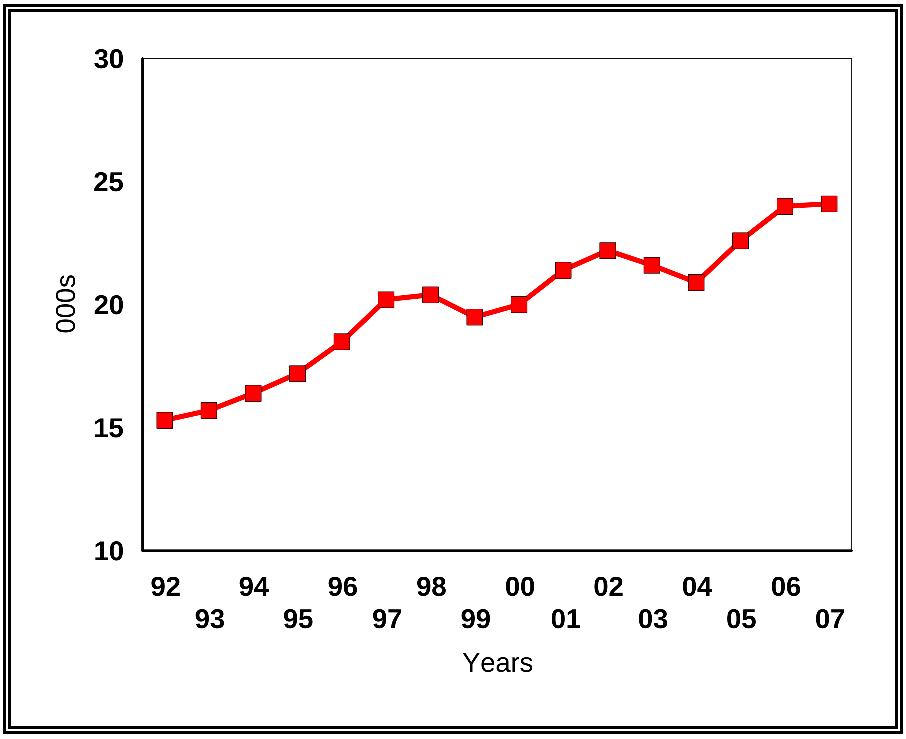
CARADON
Health and Social Work Output



30. The second half of the 1996 to 2006 decade has been one of healthy expansion in the Caradon economy. The result has been an increase in the numbers employed, as the chart (Chart 11) below illustrates. Overall growth in employment between 1997 and 2007 was 1.8 per cent per annum. The rate in the period 1997 to 2002 was 1.9 per cent per annum, followed by a slower rate of 1.6 per cent per annum between 2002 and 2007.

CHART 11

CARADON
Growth in Employment



31. Numbers in employment increased by 1820 between 2002 and 2007. The increase was largely accounted for by the rise in service sector employment, with an increase of 1674, sixty per cent of which were full time and sixty per cent male. Of the total increase of 1820 between 2002 and 2007, 1255 were full time jobs of which 1197 were male and 58 female. Of the increase in part time jobs of 565, 156 were male and 409 female.