



## Cornwall County Council & Cornwall and Isles of Scilly Economic Forum

### CORNWALL AND ISLES OF SCILLY SECTOR PROFILE:

# MARINE

December 2008

This research has been undertaken to update the previous sector profiles that had been requested by Cornwall Enterprise to stimulate a better understanding of their 10 priority sectors. This work will provide additional detail to underpin *Strategy and Action* in order to help to inform future decisions on the kind of support that is provided for local businesses and economic development projects.

### The Sector

The marine sector includes those engaged in manufacturing and the operation of marine activities.

### Headline facts

- The marine sector employs over 1,700 in Cornwall. This equals 0.9% of all employees in Cornwall.
- In contrast to the situation across Great Britain, employment in absolute and relative terms has grown in Cornwall.
- The number of business units has increased.
- In 2006, sector GVA totalled £58 million. This equals 0.8% of total GVA in Cornwall.
- In 2004, the sector contributed 0.9% of total GVA in Cornwall compared to a figure of 0.4% for the UK.
- Annual growth in GVA at 7.3% has been below the average GVA growth rate of 7.9% for Cornwall.
- Earnings at the sector level are only available at a UK level (median gross weekly for all employees). Earnings in the marine sector are above average.

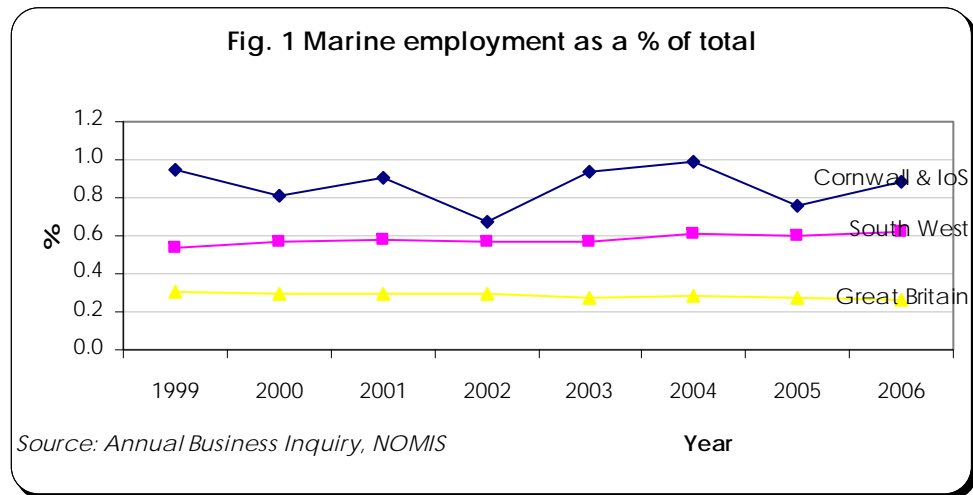
### Overview

- There are different interpretations of what constitutes the marine sector, therefore comparison with other reports and research is problematical.
- *The future development of the leisure craft market is closely linked to personal affluence and general economic prosperity and, as the leisure time of an ageing population increases, the sector is expected to continue to expand. The UK share is around 10% of the world market (Pugh & Skinner, 2002, A New Analysis of Marine-related Activities in the UK Economy with Supporting Science and Technology).*
- *However, significant segments of the Marine and Maritime Sector are currently experiencing rapid growth, such as those associated with leisure marine activities and luxury yacht building which are particularly strong in the South West. (University of Plymouth, 2003, Skills Needs of the Marine & Maritime Sector in the South West of England),*
- *The worldwide leisure marine industry is expanding. In the luxury powerboat market, where a number of British companies and a very small number of high quality equipment suppliers have made great advances. Some powerboat builders export more than 90% of production. (SEMTA, 2006).*
- *The marine manufacturing sector in the UK includes the areas of marine equipment, boat building, shipbuilding and ship repair. The sector has many SMEs (small and medium sized enterprises), which occupy niche market positions. It also has world-leading UK manufacturers with a significant international presence. The exports of the marine sector contribute greatly to the UK's overall exports. For example, the UK leisure marine industry achieved revenues of £2.8 billion in 2006, which amounted to a growth of approximately 8% over the previous year. Of this amount, exports comprised £918 million (=33.1% of turnover). BERR (2008), Marine Overview. <http://www.berr.gov.uk/sectors/aerospacemarinedefence/marine/page39263.html>*

- UK boatbuilders and marine equipment manufacturers have built a worldwide reputation for good design, innovation and quality that has enabled them to succeed in very competitive global markets. The UK leisure marine sector exports 42% of its production. (BERR, 2005, Marine Sector Technology Plan. An overview of key technologies and R&D requirements for the UK marine engineering sector).

## Employment

- Over 1,700 jobs in Cornwall are in the marine sector.
- Between 1999 and 2006, employment in the marine sector in Cornwall has increased by over 300; this is an increase of 22%, compared to 26.5% in the South West and a decline of 10.3% nationally.
- Growth has been exclusively in full time jobs that now make up 92% of the jobs, comparable to the GB marine sector but below the South West figure of 95%.
- Figure 1 shows that employment in the sector as a percent of all employment in Cornwall has remained above the South West, averaging at about 0.9%.
- In 2006, the marine sector employment in Cornwall was 0.89%, compared to 0.62% and 0.26% in the SW and GB, respectively.
- The highest growth area in the marine sector has been the renting of water transport equipment, which is also the smallest sub-sector. This area of employment has grown by 20.2% p.a. (per annum) over the last 8 years on record. This compares to growth of 16.7% p.a. in the South West. However, the statistics have fluctuated over the period, so interpretation should be cautious.



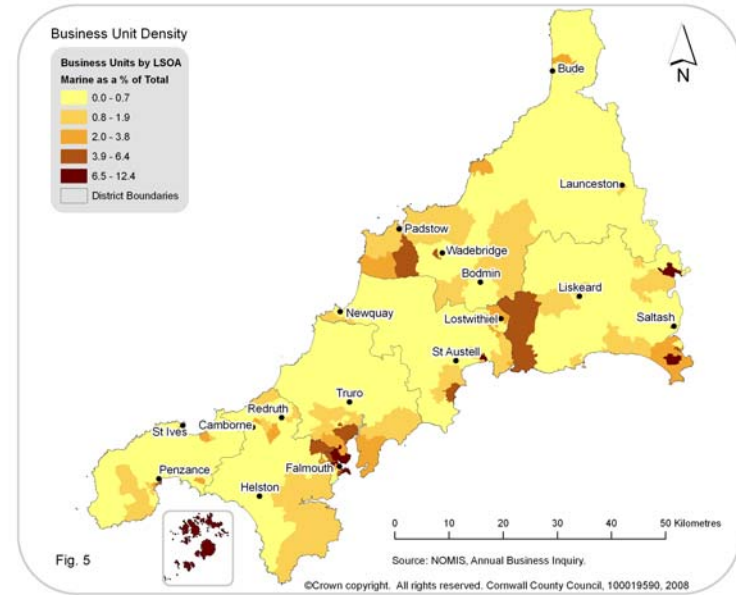
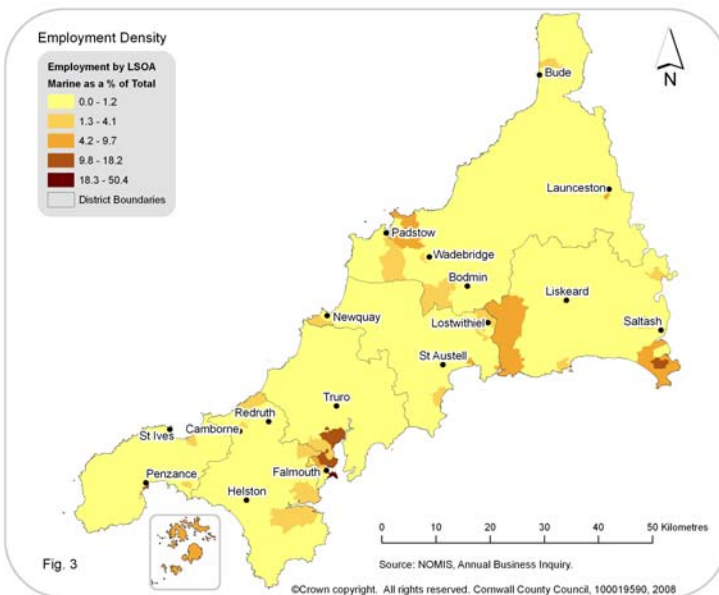
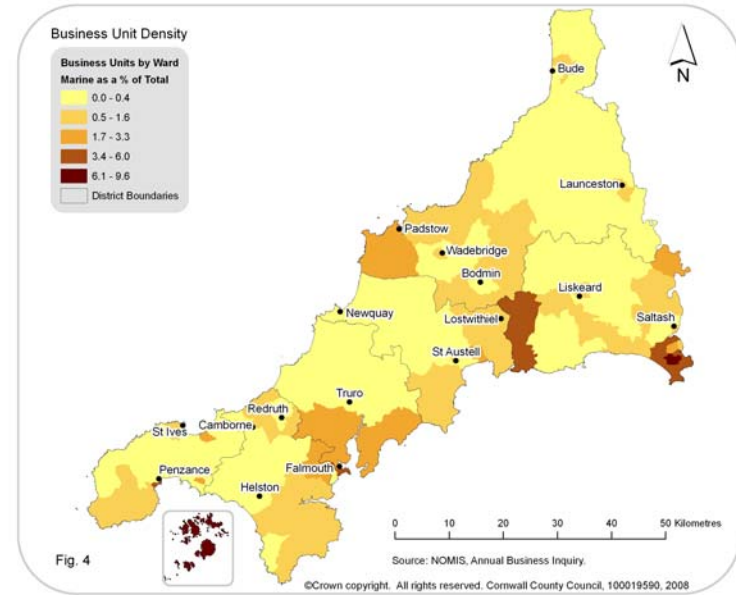
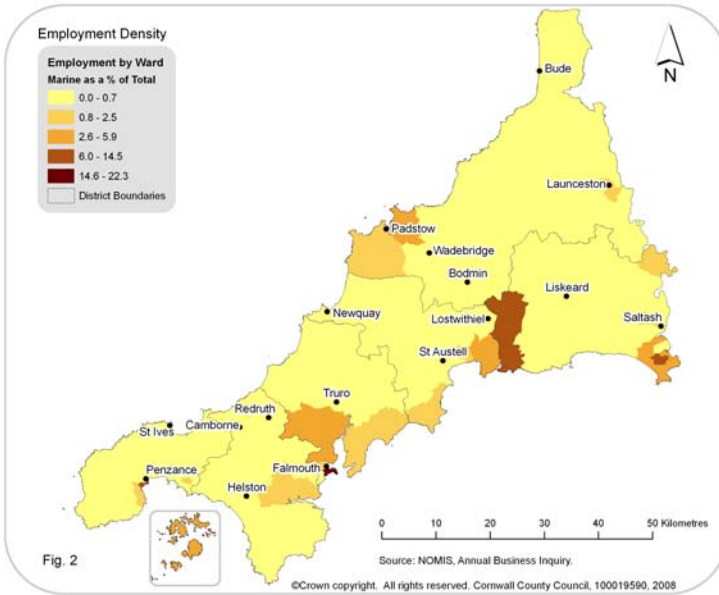
## Business units

- Two hundred business units were recorded in the marine sector in Cornwall in 2006.

- The number of units has increased by 6% since 1999, similar to the rate across the South West and compared to the 3% decline across Britain.
- Marine sector units constitute 0.8% of all units in Cornwall. The comparative figures for the South West and Great Britain are 0.3% and 0.2%.
- Eighty-five percent of units employ between 1-10 employees, similar to the GB figure.
- However, the proportion of employees working in units employing between 1-10 employees is 24% compared to 15% across Britain.
- Conversely, only 40% work in units employing 200 plus, compared to 50% for Britain.
- On average each business unit employs 9.4 employees, compared to the average of 8.9 per unit across the Cornish economy.

## Spatial distribution

- Six wards account for two-thirds of all employment, with 43% in Falmouth Arwenack alone.
- Falmouth Arwenack is most dependent on the marine sector, where it accounts for 22% of employment.
- Other wards with high levels of dependency are Millbrook 15%, Lanteglos and St. Veep 10%, and Penzance Promenade 9%. Other LSOAs with 50 plus employees in the sector are - Penzance Promenade Ward East, Launceston South West, Flushing and Mylor Bridge South, Penryn East, Fowey East and Latchbrook North and Carkeel.
- Looking at LSOA data, two-fifths of all jobs are located in Falmouth Arwenack Ward South East, where the sector accounts for half of all jobs.
- In percentage terms the highest concentration of units are found in the Isles of Scilly (9.6%), Millbrook 9.5%, and Falmouth Trescobeas 6%.
- In terms of numbers, this sector is concentrated in the Isle of Scilly, Falmouth Arwenack, Penryn, Penzance Promenade and Falmouth Penwerris.
- One in four business units are concentrated in four LSOAs - IOS, Falmouth Arwenack Ward South East, Penryn East, and Penzance Promenade Ward East.
- The marine sector constitutes 10% or more of business units in Falmouth Arwenack Ward South East and Falmouth Trescobeas Ward North.



## GVA

- The marine sector accounted for 0.8% of Cornwall's GVA in 2006 or £58 million. Annual growth of 7.3% has been below the Cornish average of 7.9%. [GVA data only available for the building and repair of vessels and water transport categories, therefore an under-estimate of the total].
- The sector accounted for 0.9% of the economy in 2004. This compared to a rate of 0.4% across the UK.
- Experimental analysis of the marine sector in Carrick estimates that it is worth £69.3 million, equating to 5.7% of the Carrick economy (Nankivell, 2005, The Carrick Marine Sector).

## Productivity

- Productivity, measured by GVA per worker, equalled £32,500, some 18% above the average for all workers in Cornwall.
- Using the Full Time Equivalent (FTE) measure, productivity equalled £34,500, just above the average FTE figure for Cornwall.

## Earnings

- In 2007 median earnings for all employees in this sector were above the average for all employees - £374.9- (Building and repairing of ships, 142%, Building and repairing of pleasure and sporting boats – 128%, Sea and coastal water transport – 112%, Other supporting water transport activities – 144%).

NB Earnings data by employment sector only available at a UK level.

## Additional research required/data issues

Compilation of this profile has indicated a number of gaps in data available. Different methodologies and sources are often used by other organisations making comparisons difficult.

## Caveats:

The size of the sector in this profile may differ to other research as each sector is made up by aggregating a number of other "subsectors" (see notes for employment SIC sectors incorporated in this profile). Other studies may use a broader or narrower definition.

**Totals from each profile should not be added as data included within one profile may also be included within another profile. For example, 3220 - Manufacture of television and radio transmitters... and 3230 - Manufacture of television and radio receivers ..., are included in both the ICT sector profile and the Creative Industries (Broad) sector profile. Fish processing is included in both food and drink and fishing.**

This profile only analyses the *economic* value of a sector. The social, cultural and environmental value of a sector should also be thoroughly considered.

Sector definitions used in this profile may vary slightly between GVA and employment as the GVA data does not have such a detailed sector breakdown. This is because calculating GVA on a local level relies upon numerous data sources, some of which are only available at a broad sector level. For this reason, it has not been possible to include GVA data for some of the more specific or cross-cutting sectors without further extensive research. In addition, the national accounting system's classification limits the way in which we can understand the economy, for example, for the marine profile surf shops and wetsuit manufacturing cannot be drawn from the current structure, they are included in retail and rubber manufacturing, respectively. Again, further extensive research would be required to penetrate this detail.

All data in this profile refers to workplace.

## Business units

Business units, in this publication, refer to business premises and/or head offices. This is the most comprehensive measure of activity as it incorporates counts of individual branches or sites – this is more useful than mapping the enterprise or business alone as this would only provide a count of the location of each head office.

The source of the business units data is the Inter-Departmental Business Register. This register is produced by the Office for National Statistics using VAT (value added tax) and PAYE (pay as you earn) records, therefore, it captures all businesses that either trade over the VAT threshold – for 2006 a turnover of 61,000, and/or are PAYE registered – employ at least one member of staff who earns more than £94/week, or £408/month.

## Annual Business Inquiry (ABI) - Employee Analysis, Workplace Analysis

Data source: NOMIS. Based on a sample.

Discontinuities in 2003 and 2006 make comparisons difficult over a period of time. The 2006 discontinuity means that comparisons of the 2006 ABI employment estimates with earlier years do not provide a reliable comparison.

Elements contributing to the discontinuity include:

1. Change in reference date from December to September.
2. Use of Business Register Survey data within the ABI/1 results.
3. Change to the Minimum Domain Methodology.

NOMIS state that *'It is not possible to measure the impact of the changes made precisely, however the scale of the overall discontinuity between the 2005 and 2006 ABI/1 is estimated to be in the range of 150,000 to 350,000 (0.6 to 1.3 per cent of the total number of employees) in a downward direction.'*

All employment data from the ABI employee analysis has been rounded to the nearest 100 in line with release of data rules.

### Geographical anomalies

Data from different sources differs in its geographical coverage. The ABI covers Great Britain, ASHE data covers the United Kingdom.

### Earnings data

Earnings data by employment sector is only available at a UK level. Earnings levels in Cornwall are substantially lower and although it is expected that the difference applies across all sectors, the exact relationship is unknown, therefore care should be taken in interpreting the data.

## Data:

### Employment

The employment figures in this profile refer to the number of jobs in the marine sector. Figure 1 uses the total figure, thus incorporating both part and full time work.

#### Marine sector

	Full Time Workers	Part Time Workers	Total
1999	1200	200	1400
2000	1200	100	1300
2001	1400	100	1500
2002	1100	100	1200
2003	1600	100	1700
2004	1600	100	1800
2005	1300	100	1400
2006	1600	200	1700

Source: NOMIS, Annual Business Inquiry © Crown Copyright

#### Marine employment as a % of total

	Cornwall	SW	GB
1999	0.9	0.5	0.3
2000	0.8	0.6	0.3
2001	0.9	0.6	0.3
2002	0.7	0.6	0.3
2003	0.9	0.6	0.3
2004	1.0	0.6	0.3
2005	0.8	0.6	0.3
2006	0.9	0.6	0.3

Source: NOMIS, Annual Business Inquiry © Crown Copyright

### Business units

#### Sector business units as a percentage of all units

	Cornwall and Isles of Scilly	South West	Great Britain
	%	%	%
1999	0.9	0.3	0.2
2000	0.9	0.3	0.2
2001	0.9	0.3	0.2
2002	0.9	0.3	0.2
2003	0.8	0.3	0.2
2004	0.9	0.3	0.2
2005	0.9	0.3	0.2
2006	0.8	0.3	0.2

Source: NOMIS, Annual Business Inquiry © Crown Copyright

## GVA

Marine GVA data has been sourced from the Local GVA model for Cornwall level data and the Office for National Statistics (ONS) for UK statistics. The following tables provide the raw data from which the graphs on page one were produced.

### Marine sector GVA as a percentage of total GVA

	Cornwall	UK
	%	%
1999	0.9	0.4
2000	0.8	0.3
2001	0.8	0.3
2002	0.6	0.3
2003	0.9	0.4
2004	0.9	0.4
2005	0.8	na
2006	0.8	na

Source: Owen Nankivell, (2008) *Local GVA model*; ONS, (2006), *UK Input-Output Analyses*.

### GVA £million – Cornwall and UK

	Cornwall	UK
	£ (Million)	£ (Million)
1999	35.3	3,110
2000	35.7	2,832
2001	38.7	2,781
2002	33.9	2,931
2003	53.3	3,618
2004	55.9	4,592
2005	47.9	na
2006	57.7	na

Source: Owen Nankivell, (2008) *Local GVA model*; ONS, (2006), *UK Input-Output Analyses*.

## Earnings

**Employee weekly pay – marine sector** [NB Earnings data by employment sector only available at a UK level].

### Weekly pay - Gross (£) - For all employee jobs: United Kingdom, 2007

Description	Code	Median	AS % of all
<b>ALL EMPLOYEES</b>		374.9	100.0
Building and repairing of ships	3511	533.0	142.2
Building and repairing of pleasure and sporting boats	3512	479.0	127.8
Water transport	61	417.7	111.4
Sea and coastal water transport	611	421.5	112.4
Sea and coastal water transport	6110	421.5	112.4
Inland water transport	612	x	na
Inland water transport	6120	x	na
Other supporting water transport activities	6322	539.5	143.9
Renting of water transport equipment	7122	x	na

Source: ONS, (2007), Annual Survey of Hours and Earnings, Table 16.1a Weekly pay - Gross (£) - For all employee jobs: United Kingdom, 2007.

The table below shows earnings levels in Cornwall compared to both the South West and Great Britain. All data for 2007.

## Median Earnings by workplace 2007

Area	All		All Full-time		All Part-time	
	£	%	£	%	£	%
Cornwall	304.9	81.3	373.3	81.7	140.4	97.6
South West United Kingdom	349.2	93.1	427.8	93.7	144.7	100.6
United Kingdom	374.9	100	456.7	100	143.9	100
Area	Male		Male full-time		Male part-time	
	£	%	£	%	£	%
Cornwall	358.9	77.3	399	80.1	149.7	108.6
South West United Kingdom	441.4	95	476.5	95.6	147.9	107.3
United Kingdom	464.5	100	498.3	100	137.8	100
Area	Female		Female Full-time		Female Part-time	
	£	%	£	%	£	%
Cornwall	239	83.1	344.4	87.4	138.7	95.3
South West United Kingdom	267	92.9	363.3	92.2	144	98.9
United Kingdom	287.5	100	394	100	145.6	100

Source: Annual Survey of Hours and Earnings, (2007). Table 7.1a Weekly pay - Gross (£) - For all employee jobs: United Kingdom, 2007.

## References:

BERR, (2005), Marine Sector Technology Plan. An overview of key technologies and R&D requirements for the UK marine engineering sector.

Nankivell, (2005), The Carrick Marine Sector.

Office for National Statistics, (2007), Annual Survey of Hours and Earnings - 2007, Weekly pay - Gross (£) - For all employee jobs.

Pugh & Skinner, (2002), A New analysis of Marine-related Activities in the UK Economy with Supporting Science and Technology.

SEMTA, (2006), Sector Skills Agreement for the UK Marine Sector

University of Plymouth, (2003), Skills Needs of the Marine & Maritime Sector in the South West of England, Final Report, July 2003, Social Research & Regeneration Unit and Marine Science & Technology, University of Plymouth.

## Notes:

### Spatial distribution

The maps indicating the spatial distribution of employment and business units use both ward and Lower Super Output Areas. The wards are those used for District Council elections. Super output areas are a new geographical hierarchy designed to improve the reporting of small level statistics. They are now used in preference to administrative boundaries such as wards as they are of roughly equal population levels and are based on the area's characteristics, not historical events. The lower super output areas have a mean population size of 1,500.

## Gross Value Added (GVA)

### What is Gross Value Added?

GVA measures the contribution each sector, industry or producer makes to the economy, and when added, the total value of economic activity in a particular area. It is used as an indicator of the value of economic activity that takes place within a sector, or area.

The marine sector in this profile refers to the following SIC(2003) activities:

- 3511 Building and repairing of ships
- 3512 Building and repairing of pleasure and sporting boats
- 6110 Sea and coastal water transport
- 6120 Inland water transport
- 6322 Other supporting water transport activities
- 7122 Renting of water transport equipment

## Sector profiles in this format:

- Advanced engineering
- Agriculture & forestry
- Agri-food
- Creative industries
- Environmental Technology
- Fishing
- Food and Drink
- Information & communication technology
- Manufacturing
- Marine
- Medical & health
- Tourism
- Voluntary

For further information about this or the other profiles in the series please contact Peter Wills, Corporate Economy and Europe Unit, Cornwall County Council: 01872 322520, [pwills@cornwall.gov.uk](mailto:pwills@cornwall.gov.uk)