Written evidence - Cornwall Council (PTC0045)

1. Cornwall Council has identified trends pointing to increasing inequalities as a result of the pandemic.

   - Cornwall's housing crisis has worsened since the pandemic began, with knock-on effects for the viability of businesses in some areas.
   - The towns most badly affected by the economic consequences of the pandemic are typically in peripheral areas. The South West has experienced the highest level of economic disruption in the UK. However, even amongst groupings such as "coastal towns", significant inequalities remain.
   - Underlying structural inequalities, such as productivity and skills shortages or mismatches, are likely to make recovery from the pandemic slower in some areas.

   We are conducting further research to build a better, more granular understanding of the inequalities between and within towns in Cornwall. The following submission sets out what we currently know, but we will be in a better position to submit more detail on the topics covered by the Committee's call for evidence within the next few months. We would be very happy to share this information with the Committee in due course.

The context

2. Even before the pandemic, significant place-based economic inequalities existed in Cornwall. In 2018, average workplace earnings in the constituency of St Ives were just over £16,000, compared to more than £20,500 in the constituency of Camborne and Redruth.[1] In broad terms, in 2019 there were higher vacancy rates (as a percentage of employee numbers) in coastal areas in Cornwall (9.5%) compared to rural areas (5.7%).[2] Rural areas in Cornwall tend to have higher levels of people working from home, higher levels of self-employment and a lower share of large businesses than coastal areas.[3] Differences in the type of work people do varies between rural and coastal areas in Cornwall: for example, rural areas typically employ more people in in accommodation and food services as well as construction, with lower shares in real estate and health and social work.[4]

3. Data on unemployment, commuting times, levels of deprivation and other topics of interest is often not available at the town level. Work is currently underway to agree the geographical boundaries of small-scale areas as a first step towards generating statistically robust local information.

[1] Cornwall Council (2020), The Economy of Rural and Coastal Cornwall: A Paper for the Rural and Coastal Vitality Inquiry Panel.
[2] Ibid.
[3] Ibid.
[4] Ibid.

4. There is already a wealth of evidence at the national level showing that coastal towns had comparatively low levels of employment and skills in contrast to urban areas, even before the pandemic. A recent ONS report found that 71% of coastal towns had both slower population and employment growth than the England and Wales average over the 2009 to 2018 period; this compares with 47% of non-coastal towns.[5] Between 2009 and 2018, 50% of coastal towns had a decline in employment compared with 37% of non-coastal towns.[6] Seaside towns have higher shares of self-employment and part-time employment than non-coastal towns as well as a lower share of residents with degree-level qualifications.[7] 12 towns in Cornwall formed part of the ONS study, all but one of which were found to have high levels of deprivation.[8]

5. National level analysis also points to funding inequalities between towns in urban areas and those on the periphery of the UK. Research from the Plymouth Institute of Health and Care Research has found that, despite London being the academically best-performing region in the country, children in Tower Hamlets received £2,239 more funding per pupil than children in Plymouth in 2020-21.[9]

6. Cornwall's economy has a productivity rate of 76% of the national average, part of a wider trend of inequalities in regional productivity.[10] A large body of recent research reports[11] conclude that the current centralised system of government funding and policy design, delivery and decision-making delivers sub optimal results in terms of levelling up and addressing economic inequalities between different areas of the UK. They also all support a more localised approach with devolution of budgets and decision making to local areas as a key design principle. This need for change is of particular relevance to areas that are outside the agglomeration impact of metropolitan areas.

The impact of the pandemic

7. The economic and social consequences of the pandemic have not equally affected urban and peripheral areas. The size of economic contractions as a

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[5] ONS (2020), Coastal Towns in England and Wales. Found here.
[6] Ibid.
[7] Ibid.
[8] Ibid.
[9] Asthana, S. (2021), Forget About the North-South Divide, Children in Coastal Communities Are Being Left Behind. Found here.
[10] ONS (2021), What are the Regional Differences in Income and Productivity? Found here.
[11] Grant Thornton's Placed Based Growth – Unleashing counties' role in levelling up England report; the UK2070 Commission independent inquiry into City and Regional inequalities in the UK; Joseph Rowntree Foundation research; the Local Government Association/ Localis study into "Fiscal Devolution" and the opportunity to adopt an international approach "Rethinking Local"; and The Institute of Fiscal Studies report entitled "Sharing Prosperity? Options and issues for the UK SPF"

result of Covid-19 and measures to address it have varied sharply across the UK. Research by the Centre for Towns in April 2020 showed that the top 5% worst affected towns across the country had a clear peripheral dimension.[12] The South West has had the highest level of pandemic-related job disruption in Great Britain, with more people furloughed, unemployed or losing hours/pay due to Covid-19.[13] The Resolution Foundation partially ascribes this unequal effect on the South West to the proportionally higher level of workers employed in the tourism sector: 13.6% compared to 11.3% nationally, as well as the comparative lack of public-sector jobs.[14]

8. Research by the Power to Change charitable trust has found that the effects of the pandemic on high streets have been geographically unequal: Plymouth saw a spending collapse of -83% in April 2020 which has not recovered – but Redcar only experienced limited initial losses, with spending now recovering to +10-20% above 2019 levels.[15] Even amongst coastal towns, the effects of the pandemic – and prospects for recovery – have been unequal: resort towns such as Penzance saw a summer 2020 rise in spending, whereas Plymouth saw a reduction compared to 2019 levels.[16]

9. One way to quantify the unequal effect of the pandemic within Cornwall is to refer to the number of Business Interruption Loans (CBILS) per thousand enterprises in different Parliamentary constituencies, as in the table below.[17]

CBILS Loans by Parliamentary Constituency – Loans per 1000 Enterprises

RANK OUT OF 650	CONSTITUENCY	NUMBER OF ENTERPRISES	NUMBER OF LOANS	LOANS PER 1000 ENTERPRISES
129 (↓17)	Truro and Falmouth	4,680	154 (↑31)	33
158 (↓41)	St Austell and Newquay	3,865	121 (↑20)	31
295 (↓88)	Camborne and Redruth	3,045	82 (↑11)	27
492 (↓11)	North Cornwall	5,185	110 (↑24)	21
541 (↓88)	St Ives	3,840	74 (↑8)	19
583 (↓5)	South East Cornwall	3,835	67 (↑15)	17

Orange figures are changes compared to 5 October data.

10. Cornwall is undergoing an acute housing crisis, exacerbated by the national restrictions in March and May 2020;[18] historically low Bank of England base rates;[19] as well as by a rise in demand fuelled by the extended stamp-duty holiday and an increase in home-working driving an exodus from cities to rural areas. In February 2021 Cornwall overtook London as the most

[12] Centre for Towns (2020), Covid-19 and Our Towns. Found here.
[13] Ibid.
[14] Ibid.
[15] Power to Change (2021), Recovery of High Streets in Coastal Towns to be Tracked Following Pandemic. Found here.
[16] Ibid.
[17] Cornwall Council (2021), Economic Impact of Covid-19 on Cornwall. Found here.
[18] BBC (2020), Coronavirus: Moving Home Allowed as Curbs Lift on Estate Agents In England. Found here.
[19] Bank of England (2020), Bank Rate Maintained at 0.1% - May 2020. Found here.

searched for location, with 5 million searches on Rightmove.[20] Rightmove reports that asking rents in April 2021 are 15% higher than in April 2020.[21] Demand has increased by 115% and the number of available listings has reduced by 42%.[22] We are already hearing anecdotal evidence from businesses that they are having difficulty employing staff because of a lack of nearby affordable housing.

11. Even pre-pandemic, there was a lack of available housing for local people wishing to rent or buy. The average house price in Cornwall is around nine times the average wage, compared to seven times the average in England as a whole, with proportionally fewer homes for rent than elsewhere in the country.[23] Over 13,000 households in Cornwall were on the housing waiting list in March 2021,[24] with monthly applications for social housing rising from 188 in April 2020 to 1,136 in March 2021.[25] The number of households with children living in temporary accommodation in Cornwall have thankfully not greatly increased over the course of the pandemic (158 in January-March 2020, compared to 169 in October-December 2020).[26] The same cannot be said for the number of households without children living in temporary accommodation, which has risen from 336 in January-March 2020 to 524 in October-December 2020.[27]

Ongoing research

12. Town Specific Economic Profiles are in the early stages of development. These profiles aim to address the shortage of town-level information, pulling together the available economic data at lower level geographies for many of Cornwall's towns, in order to inform local Councillors and decision makers. Smaller-scale data on employment levels, household income and business type will give a clearer picture of any disparities between and within towns. We would be happy to share this research with the Committee in due course.

12 July 2021

[20] Rightmove (2021), One Year On: Cornwall Replaces London As Most Searched for Place to Live. Found here.
[21] Cornwall Council (2021), Cornwall Housing Market Briefing, May 2021. Internal document.
[22] Ibid.
[23] Cornwall Council (2020), The Cornwall We Know. (Found here)
[24] Cornwall Council (2021), Homechoice Applications Report, June 2021. Internal document.
[25] Ibid.
[26] Cornwall Council (2021), Households in Temporary Accommodation Quarterly Snapshots. Internal document.
[27] Ibid.