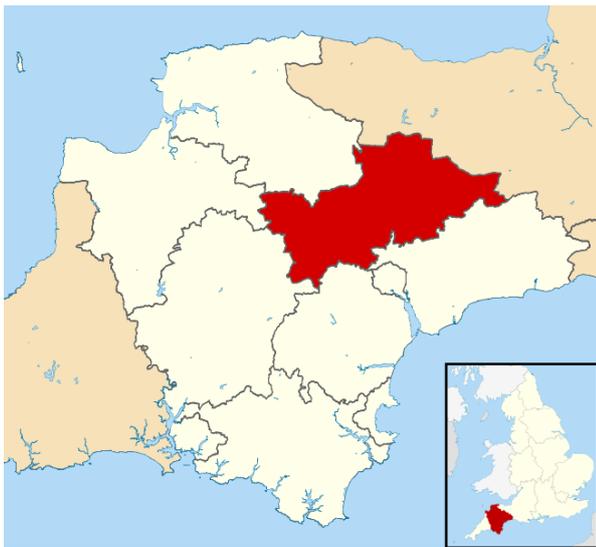


## Economic Profile of Mid Devon



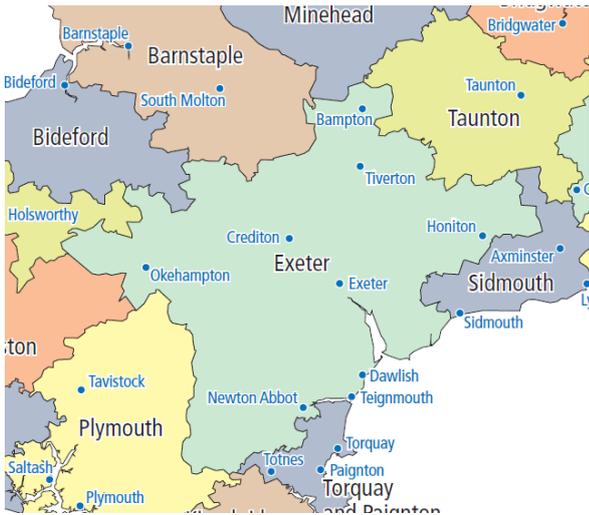
Mid Devon is a rural district located on Devon's eastern border with Somerset, and straddling the main transport links into the county. Covering an area of 913 km<sup>2</sup>, it lies between Exmoor NP to the north and Dartmoor NP to the south west and stretches into the Blackdown Hills AONB to the east. It currently has a population of around 80,600 (2017)<sup>1</sup> with a concentration to the east of the district in the two main market towns of Tiverton (pop. 22,177) and Cullompton (pop. 9,245). The north and the west of the district are predominantly rural, with the district's third market town, Crediton (pop. 7,872) to the north west of Exeter. Over half the population live rurally in the villages and small settlements characteristic of the area.



Economically, the district is heavily influenced by the urban economies of Exeter to the south, and to a lesser degree by Taunton to the north-east. Mid Devon has good transport links, with the M5, North Devon link road and main-line railway running through the District, connecting Devon and the South West with the rest of the UK. It is also close to the regional airports of Exeter and Bristol.

<sup>1</sup> Devon County Council (PPSA Estimates) 2014 (from MDDC Annual Monitoring Report 2016-2017)

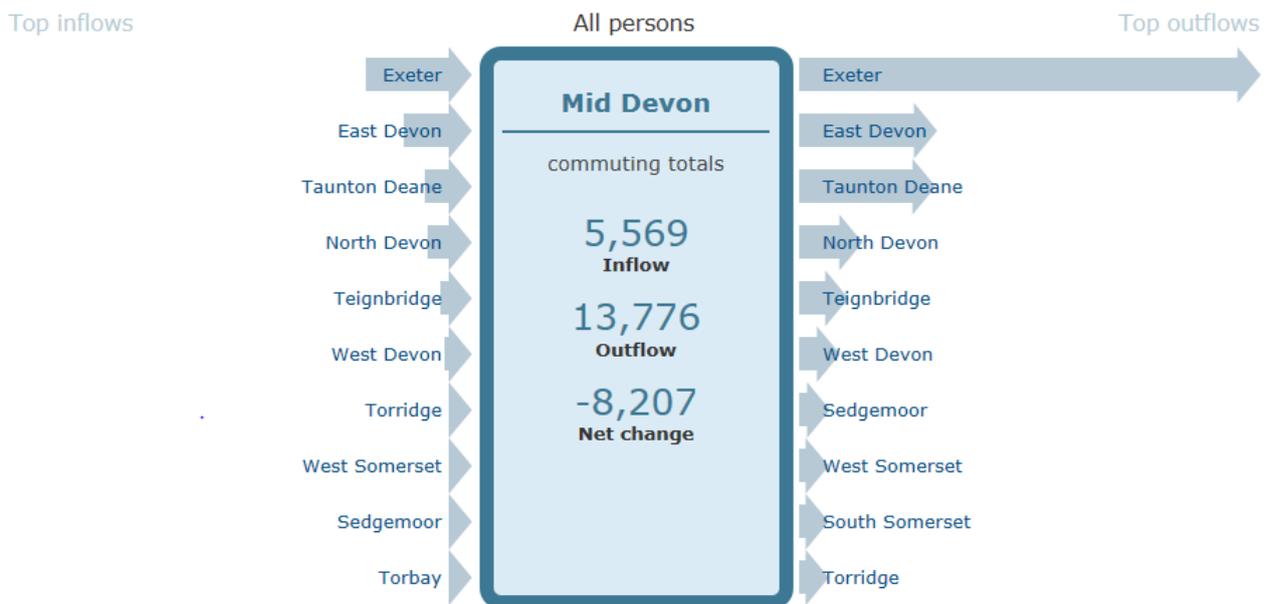
## Greater Exeter functional economic geography



The majority of Mid Devon district lies within the Exeter 'Travel to Work Area'. According to the 2011 census, 37% of the workforce commutes out of the district for work, of which over 50% work in Exeter. Although there is also a flow of workers from other districts into Mid Devon, there is a net outflow of 8,207. The difference between residence- and workplace- based average earnings indicates that workers tend to be commuting to more highly paid jobs outside the district. In total, 75% of workers in Mid Devon also live in Mid Devon while only 57% of working residents of Mid Devon work in Mid Devon.

### District level Inflows and Outflows (2011 Census)

<https://www.nomisweb.co.uk/census/2011/WU01EW/chart/1132462162>



### Population

Data source: ONS population estimates 2017	Mid Devon Number	Mid Devon %	South West %	Great Britain %
Total Resident Population	80,200			
Resident Population of Working Age (16-64)	47,100	58.4%	60.6%	62.9%

Mid Devon has seen an 11% increase in population in the last ten years and is set to increase by a further 18% to 93,500 by the year 2033. Large housing developments are planned for Cullompton and Tiverton which will increase this population even further. Mid Devon has a lower proportion of its population of working age than the national average, mainly due to an increasingly aging population and the fact that a significant proportion of

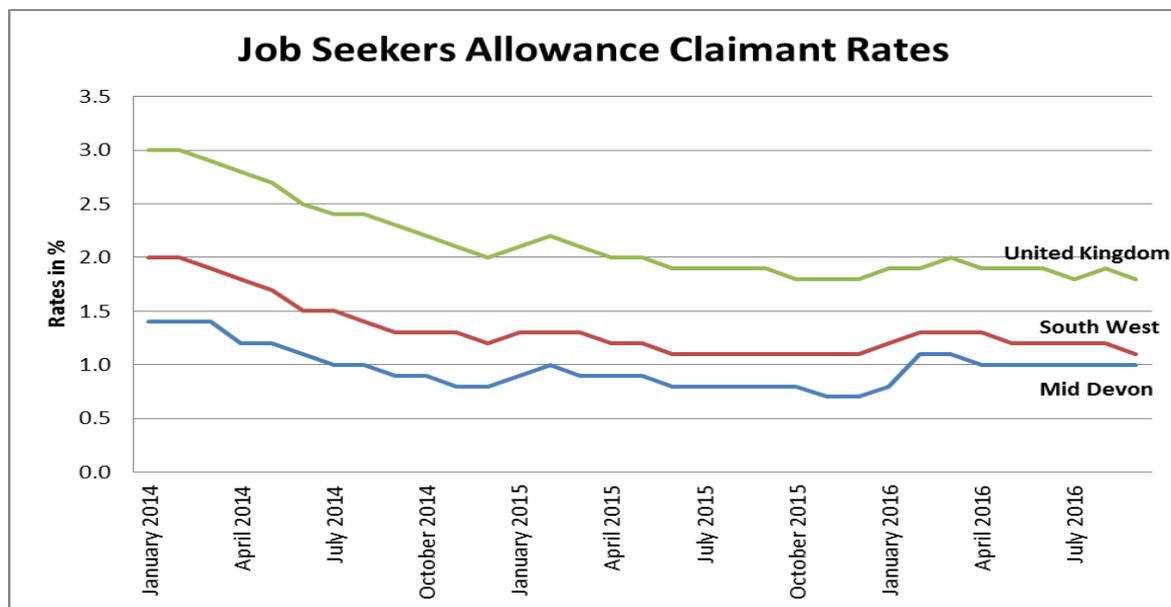
young people move out of the area for education or work. The Black and Minority Ethnic population makes up about 2-5% of the population with currently a large number of migrant workers, mostly from Eastern Europe.

## Employment

Mid Devon has a high employment rate and low unemployment. Of the 47,100<sup>2</sup> residents aged between 16-64, 85% are economically active. This is significantly higher than the South West and the UK rates, and is at a level at which the district has effectively full employment. However, this figure includes a high proportion of part-time and self-employed workers, and there may be a level of underemployment.

<i>Data Source; ONS annual population survey Apr 2017 – Mar 2018</i>	Mid Devon Numbers	Mid Devon %	South West %	Great Britain %
Economically Active	44,400	85.4	80.9	78.4
In employment	43,300	82.9	78.2	75.0
Employees	33,800	71.1	65.7	64.0
Self-Employment	9,100	11.1	12.1	10.6
Unemployed (Model-based)	1,100	2.5	3.3	4.3

The unemployment rate is very low at 2.5%. The claimant rate in July 2018 was only 0.8%<sup>3</sup>, which is almost a third of the UK rate of 2.2%.



## Self Employment

Mid Devon has extremely high levels of self-employment. At 11.1% it is higher than the national average and higher than most of our nearest neighbours. This may be a result of the low level of employee jobs in the district, but also reflects the relative strength of farming, as the majority of agricultural workers are self-employed. Construction is also a strong sector in Mid Devon, which also has high levels of self-employed workers.

<sup>2</sup> ONS population estimates 2017

<sup>3</sup> ONS July 2018

## Job Density

There are an estimated 36,000 employment jobs in the District in 2016<sup>4</sup>. This represents a job density of 0.78 (i.e. 78 jobs for 100 resident population aged 16-64). This level is typical of an area adjacent to an economic hub, such as Exeter, which has a density of 1.2 (meaning there are more jobs than working age people). Within the functioning economic geography of Exeter and the Heart of Devon, East Devon and Teignbridge all have similar job densities to Mid Devon, with 0.89 and 0.76 respectively.

## Employment

There is a predominance of low waged, low skilled jobs in the district, with service sectors such as wholesale and retail (20.8%), health and social work (10.4%) and education (10.4%) predominating. However, the district has a relatively large manufacturing sector, making up 18.8% of employment, focusing on textile, food and paper manufacture. Mid Devon has a number of larger manufacturers such as Heathcoat Fabrics, Hepco, Devon Valley Papermill, Graphic PLC, Ernst Jackson making high-spec. globally-recognised products. There is also a concentration of distribution and logistics along the M5 corridor, and a growing professional, scientific and technical services sector, including a number of green engineering businesses.

<b>Employee jobs by Industrial Sector</b>	<b>Count</b>	<b>Industry percentage</b>
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	5,000	20.8%
C. Manufacturing	4,500	18.8%
Q. Human health and social work activities	2,500	10.4%
P. Education	2,500	10.4%
I. Accommodation and food service activities	1,750	7.3%
H. Transportation and storage	1,000	4.2%
F. Construction	1,000	4.2%
M. Professional, scientific and technical activities	1,000	4.2%
N. Administrative and support service activities	900	3.8%
R. Arts, entertainment and recreation	700	2.9%
O. Public administration and defence; compulsory social security	600	2.5%
S. Other service activities	400	1.7%
J. Information and communication	400	1.7%
L. Real estate activities	300	1.2%
E. Water supply; sewerage, waste management and remediation activities	250	1.0%
A. Agriculture, forestry and fishing	200	0.8%
K. Financial and insurance activities	175	0.7%
B. Mining and quarrying	40	0.2%
D. Electricity, gas, steam and air conditioning supply	25	0.1%
<i>ONS Business Register and Employment Survey 2016</i>	<b>24,000</b>	

<sup>4</sup> Source: Nomis: Job Density 2016

Agriculture remains a significant influence on the economy, particularly in rural areas. Approximately 8% of the workforce is directly involved in agriculture, and 18.5% of Mid Devon businesses are dependent on agriculture, either as primary producers, processors, manufacturers or retailers. Food processing is a major element of the manufacturing sector.

Agricultural Labour Force on commercial holdings in Mid Devon 2016		%
Farmers, partners, directors and spouses, Full Time	1,311	36.7%
Farmers, partners, directors and spouses, Part Time	1,214	34.1%
Salaried Managers	73	2.0%
Regular Workers, full time	376	10.5%
Regular Workers, part time	326	9.1%
Casual Workers	262	7.3%
<b>Total Labour Force</b>	<b>3,563</b>	
<i>Source: DeFRA June Farm Survey 2016</i> <a href="https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june">https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june</a>		

## Wages

Median Gross Annual Pay (for full time workers)	Mid Devon	South West	GB
By place of work	£25,767	£27,123	£28,866
By place of residence	£27,408	£27,537	£28,758

Source: ONS annual survey of hours and earnings 2017

As mentioned above, many of the jobs in Mid Devon are low waged and low skilled. Average workplace earnings in Mid Devon are 11% lower than the national average. However, earnings by place of residence are considerably higher than the average by workplace. This seems to suggest that those who commute out of the District are working in better paid, probably more highly skilled jobs.

## Training & Skills

<i>Data Source; ONS annual population survey Jan 2017 – Dec 2017</i>	Mid Devon Numbers	Mid Devon %	South West %	Great Britain %
NVQ level 4 and above	13,800	31.4 %	39.0%	38.6%
NVQ level 3 and above	23,500	53.6%	60.3%	57.2%
NVQ level 2 and above	34,400	78.6%	79.0%	74.7%
NVQ level 1 and above	40,400	92.2%	90.1%	85.4%

The percentage of Mid Devon workforce holding a degree or higher qualification (NVQ 4+) at 31.4% is well below the national average.

Mid Devon schools perform well against national figures.

2017	% achieving English Bacc. <sup>5</sup>
Uffculme School	65%
Cullompton Community College	46%
Queen Elizabeth's School	45%
Tiverton High School	44%
Devon	42%
England	43%

The proportion of students achieving English Baccalaureate level<sup>4</sup> is higher than the national average. However, this does not necessarily translate to young people accessing higher education. By the age of eighteen, those achieving Level 3 qualifications falls slightly below the England average. In 2013/14, only 44% of students from state-funded schools and colleges in Devon went to a UK higher education institution compared to the England average of 58%.

## Businesses

There are currently 4,510 businesses in Mid Devon<sup>6</sup>, of which 92.2% are micro businesses with less than 10 employees. One of the contributing factors is the high rate of self-employment at 15.5% compared to 10.6% nationally.

Source: Nomis: UK Business Counts (Enterprises) 2017		Mid Devon %	South West %
Total	4,510		
Micro (0 to 9)	4,160	92.2%	89.2%
Small (10 to 49)	305	6.8%	9.0%
Medium-sized (50 to 249)	40	0.9%	1.4%
Large (250+)	5	0.1%	0.3%

This is borne out by the small number of businesses with a turnover greater than £500k.

### Businesses by size of turnover (£000s)

Source: UK Business: Activity, Size & Location 2017	Mid Devon Number	Mid Devon %	South West %	UK %
£0-49 k	1,190	26.4%	22.0%	18.7%
£50-99 k	905	20.1%	21.1%	23.3%
£100-249 k	1,305	28.9%	29.9%	30.8%
£250-499 k	515	11.4%	12.8%	12.5%
£500-999 k	300	6.7%	7.0%	6.8%
£1000-4999 k	160	3.5%	3.7%	3.8%
£5000+ k	90	2.0%	2.2%	2.4%
Total	30	0.7%	0.7%	0.8%

<sup>5</sup> English Baccalaureate is a Grade C in English and Maths, and a Grade C in the following areas, sciences, language, history or geography.

<sup>6</sup> UK Business Counts (Enterprises) 2017

## Business start-ups

Source: ONS Business Demography 2016	Total Count of Businesses	Business birth count 2016	Business birth rate	Business death count 2016	3 yr survival rate
Mid Devon	3,355	330	9.8%	235	81.0%
South West			13.5%		76.8%
UK			14.6%		75.0%

Although Mid Devon has a high 3-year business survival rate, the business birth rate is relatively low compared to national and regional averages. This may be in part due to the low levels of unemployment. In areas of high unemployment, there is more incentive to start your own business. However, business start-ups created out of a necessity rather than natural entrepreneurship have a higher attrition rate.

## Infrastructure

### Digital Connectivity (Broadband and 4G)

Devon has the lowest broadband connectivity and 4G coverage in the south west. Only 76% of premises have speeds > 30 MB compared to an average of 90% in England in general.

	➤ 30 Mb	< 10 Mb	4G coverage (urban)	4G coverage (rural)
Devon	76%	12%	42%	7%
Somerset	79%	9%	38%	18%
England	90%		82%	28%

*Ofcom Connecting Nations 2016*

This falls to 72% in Mid Devon, which has the lowest broadband speeds amongst EHOD (Exeter and Heart of Devon) authorities<sup>7</sup>

	Mid Devon	East Devon	Teignbridge	Exeter	UK
% of connections <2Mb/s	3	1	1	0	
% of connections <5Mb/s	7	4	3	1	
% of connections <10Mb/s	12	7	6	2	
% of connections <30Mb	28	16	16	8	
Average Download Speeds					
SFBB availability (superfast)	69%	80%	58%	17%	91%
UFBB availability (ultrafast)	2%	3%	26%	75%	
FFTP availability (full fibre)	2%	3%	0%	9%	3%

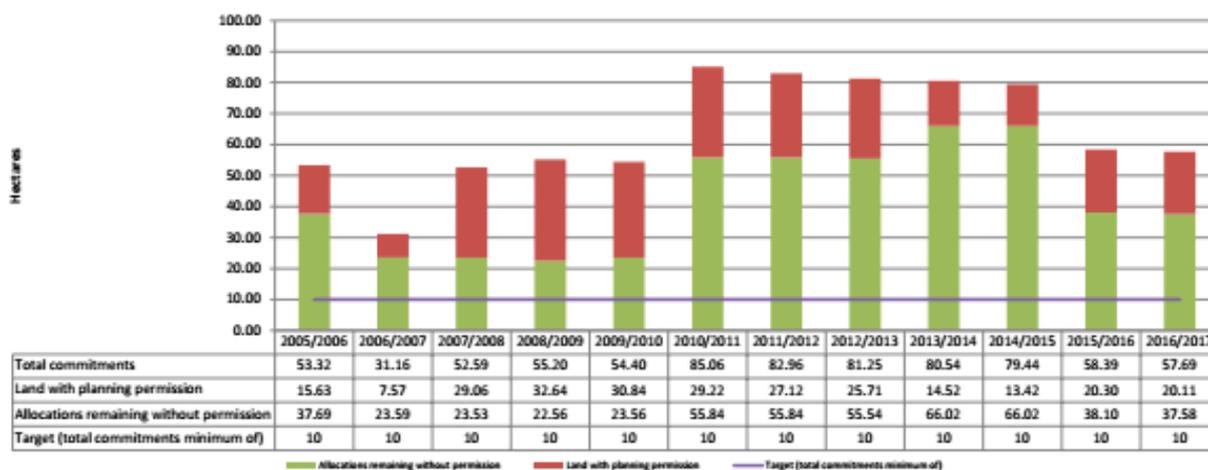
*Ofcom Connecting Nations 2016*

## Employment Space (from MDDC Annual Monitoring Report 2016-17)

<sup>7</sup> 2017 Ofcom Connected Nations Report

<https://www.ofcom.org.uk/research-and-data/multi-sector-research/infrastructure-research/connected-nations-2017/data-downloads>

Supply of employment land (i.e. the total of employment allocations and land with planning permission) has remained above the minimum 10 hectares target. Previous years had seen approximately 10-20 hectares of allocated land with planning permission at any one time. 22,000 sqm of B1/B8 has now been granted permission in June 2017 on the Eastern Urban Extension (outside of this monitoring period). A planning permission for 12,000 sqm B1/B2/B8 on the proposed allocation, Venn Farm in Cullompton, was granted permission in December 2016. Also on the windfall site, Hitchcocks Farm two B1/B2/B8 permissions totalling 5434 sqm have been granted permission indicating growing confidence in the market for employment land.



Source: Mid Devon District Council

## Productivity (GVA)

Productivity in the South West, as measured by GVA, is considerably lower than the UK average. GVA (Gross Value Added) measures the value of economic output and more specifically it measures the contribution to the economy of each individual producer, industry or sector. Aggregated, it can be used as an indication of prosperity, living standards and the prospects for economic growth.

Estimated GVA 2016	Mid Devon	East Devon	Teignbridge	Exeter	Devon CC	UK
Total GVA (£ million)	£1,330m	£2,413m	£2,413m	£4,082m		
GVA per head	£16,663	£17,246	£18,583	£31,446	£17,942	£23,755

As with much of the region, low productivity is a problem for the district. Compared to our nearest neighbours Mid Devon has a much lower GVA per head than any of the other EHOD authority areas. The current sectoral mix in Mid Devon has a large proportion of traditionally low productivity sectors, such as retail, agriculture, accommodation and food, logistics, health and social care.

Sectoral code	Broad Sectoral Category	£ million
GHI	Distribution	267
OPQ	Public Sector (Health, Education)	237

L	Real Estate	235
C	Manufacturing	213
F	Construction	118
MN	Professional	94
ABDE	Agriculture and Forestry	87
RST	Other	46
J	Information	19
K	Finance	12

*Sectoral Contribution to the Mid Devon Economy by broad sectoral category*  
<https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/regionalgrossvalueaddedbalancedbylocalauthorityintheuk>

Even comparing sector with sector south-west businesses tend to be less productive than their national counterparts.

There are a number of factors that may contribute to this:

- Lack of competition locally, or with other businesses nationally, because of the effects of peripherality
- Skills shortages in higher skilled areas of employment.
- Lower than average proportion of pupils progressing to higher education
- Lower levels of investment in innovation, research and development
- Low business start-up rates
- Low levels of exporting
- Peripherality – it costs more to move products to market
- Infrastructure problems, such as poor broadband particularly in rural areas.

The LEP has produced a Productivity Strategy for the South West, which seeks to address some of these issues.