Report for:	**Economy PDG**
Date of Meeting:	8 June 2023
Subject:	Mid Devon Economy – Introduction and Overview
Cabinet Member:	Cllr Steve Keable, Planning & Regeneration
Responsible Officer:	Richard Marsh, Director of Place
Exempt:	No
Wards Affected:	All – District wide
Enclosures:	[any appendices – list here]

Section 1 – Summary and Recommendation(s)

To provide an introduction to Mid Devon's local economy, it's current position including arising issues and opportunities.

Recommendation: That members note the contents of the report.

Section 2 – Report

2.0 The role of a prosperous local economy

2.1 A prosperous local economy provides jobs for local people, creating and circulating income and wealth within a local area. 'Good work' provides a decent wage and job security as well as opportunities for employees to gain further skills and achieve career progression. Income deprivation impacts upon individuals such as health, educational outcomes and social mobility as well as local communities in terms access to services and of the quality of places such as town centres and high streets.

3.0 Mid Devon – Economy Overview

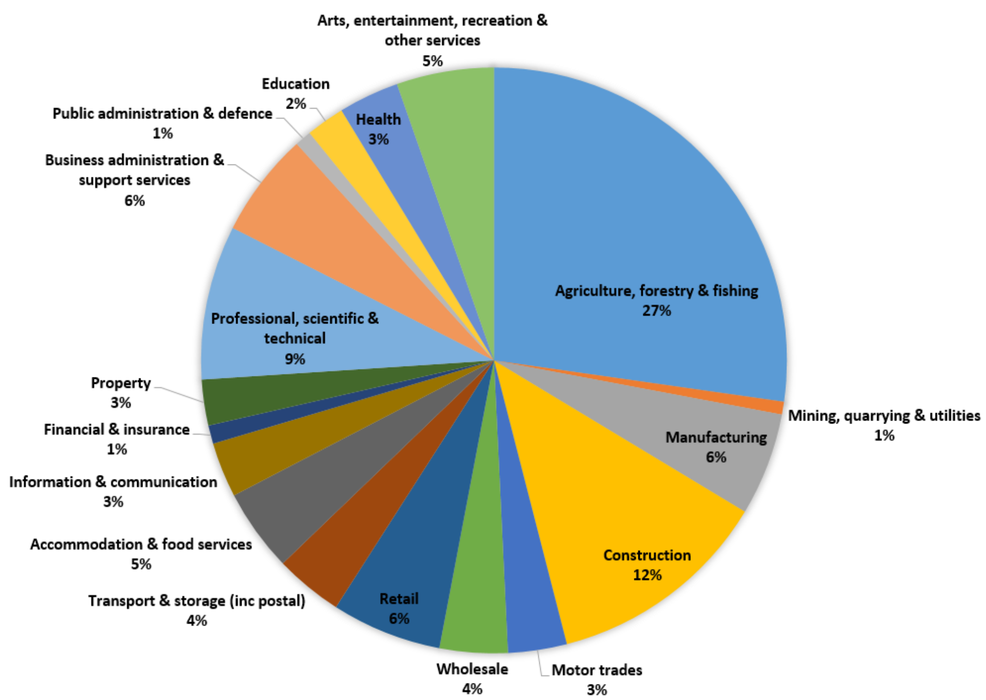
3.1 The Mid Devon economy has traditionally experienced high rates of employment, but lower than average wages. The Mid Devon economy has strong links to surrounding areas, particularly to Exeter to the south, with over a third of the resident population commuting out of the district for work. Mid Devon is relatively strong in manufacturing, but its economy is dominated by traditionally low productivity sectors such as retail, public sector, distribution and agriculture, which means that opportunities for high wage jobs are limited. There are high levels of self-employment and a large number of micro-enterprises particularly in the rural areas.

3.2 The district has, in places, good transport links and is strategically placed on the M5 corridor to benefit from growth in the Exeter sub-region and the Somerset economy to the north.

3.3 The district has a number of key employment sites. Most of the industrial estates include a mix of manufacturing and distribution uses.

3.4 Mid Devon remains a largely rural district with outstanding natural capital but with issues around rurality, including economic isolation and a lack of services and resources in the rural areas which supress rural potential.

MID DEVON BUSINESS COUNTS - % LOCAL UNITS BY INDUSTRY (2022)



Source: Interdepartmental Business Register Office for National Statistics (ONS)

3.5 Micro businesses, employing between 0 and 9 employees, predominate in Mid Devon. There are very few large businesses that employ in excess of 250 people. These large businesses include education providers, health and care providers, public administration as well as manufacturing businesses.

UK Business Counts – number of local units by size (no. of employees) – Mid Devon (2022)

Total	Micro (0 to 9)	%	Small (10 to 49)	%	Medium (50 to 249)	%	Large (250+)	%
4,940	4,385	88.8	480	9.7	70	1.4	10	0.2

Source: Interdepartmental Business Register Office for National Statistics (ONS)

4.0 Population and Labour Market

4.1 The Office for National Statistics (ONS) population estimate for Mid Devon (2021) was 83,200. Of these, 48,500 were aged between 16-64 (working age). Compared to the South West and nationally, Mid Devon has a slightly smaller proportion of residents that are of working age.

Population aged 16-64 (2021)	Mid Devon %	South West %	Great Britain %
All people aged 16-64	58.3	60.7	62.9

Source: ONS Population estimates
Note: % is a proportion of total population

Employment and unemployment (October 2021- September 2022)

Data Source; ONS annual population survey	Mid Devon %	South West %	Great Britain %
Economically Active	81.2	80.3	78.4
In employment	77.0	78.1	75.5
Employees	60.8	66.7	66.0
Self-Employment	16.2	11.2	9.2
Unemployed (Model-based)	3.1	2.7	3.7

Source: ONS annual population survey

4.2 81.2% of the Mid Devon population aged 16-64 are economically active which is slightly higher than the South West and nationally.

5.0 Employee jobs (2021)

5.1 Employment in Mid Devon is concentrated in Wholesale and Retail trade and Manufacturing with levels of employment in manufacturing being significantly above the South West and national percentage levels. There are less jobs in sectors such as Public administration and Financial and insurance activities reflecting the predominance of Exeter as a commercial centre.

Employee Jobs by Industrial Sector (Using Standard Industrial Classification SIC codes)	Mid Devon (Employee jobs)	Mid Devon (%)	South West (%)	Great Britain (%)
Total Employee Jobs	26,000	-		
Full-Time	16,000	61.5	65.0	68.1
Part-Time	9,000	34.6	35.0	31.9
Employee Jobs by Industry				
G: Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles	5,000	19.2	15.4	14.4
C: Manufacturing	4,500	17.3	8.6	7.6
P: Education	2,500	9.6	9.1	8.8
Q: Human Health And Social Work Activities	2,500	9.6	15.0	13.7
I: Accommodation And Food Service Activities	2,250	8.7	9.9	7.5
F: Construction	1,750	6.7	4.9	4.9
M: Professional, Scientific And Technical Activities	1,500	5.8	8.1	8.9
H: Transportation And Storage	1,250	4.8	4.6	5.1
N: Administrative And Support Service Activities	1,250	4.8	7.1	8.9
R: Arts, Entertainment And Recreation	900	3.5	2.0	2.3
E: Water Supply; Sewerage, Waste Management And Remediation Activities	500	1.9	1.0	0.7
J: Information And Communication	350	1.3	3.2	4.5
O: Public Administration and Defence; Compulsory Social Security	350	1.3	4.5	4.6
S: Other Service Activities	350	1.3	1.5	1.9
L: Real Estate Activities	300	1.2	1.5	1.8
K: Financial and Insurance Activities	125	0.5	2.7	3.6
B: Mining and Quarrying	50	0.2	0.1	0.1
D: Electricity, Gas, Steam and Air Conditioning Supply	50	0.2	0.5	0.4

6.0 Skills and occupations

6.1 Mid Devon’s employment by occupation levels are broadly similar to the profile of the South West and nationally apart from the significant representation of skilled trade occupations (21% compared with 10.5% and 8.7% respectively), reflecting the presence of advanced manufacturing industries within the district.

Employment by occupation (Jan 2022- Dec 2022)

Standard Occupational Classification (Soc) Groups	Mid Devon (numbers)	Mid Devon (%)	South West (%)	Great Britain (%)
Managers, Directors And Senior Officials	4,200	11.4	10.1	10.4
Professional Occupations	7,500	20.2	24.9	26.2
Associate Professional Occupations	3,300	8.9	14.1	14.8
Administrative & Secretarial Occupations	2,900	7.8	9.9	10.0
Skilled Trades Occupations	7,800	21.0	10.5	8.7
Caring, Leisure And Other Service Occupations	2,900	7.8	8.7	8.0
Sales And Customer Service Occupations	2,300	6.2	6.6	6.4
Process Plant & Machine Operatives	2,900	7.7	5.6	5.6
Elementary Occupations	3,400	9.0	9.2	9.5

Source: ONS annual population survey
Notes: Numbers and % are for those of 16+
% is a proportion of all persons in employment

6.2 In terms of skills, the percentage of Mid Devon workforce holding a degree or higher qualification (NVQ4+) at 34.6%, is well below the South West and national averages.

Qualifications (Jan 2021 – Dec 2021)	Mid Devon (%)	South West (%)	Great Britain (%)
NVQ 4 and above	34.6	42.0	43.6
NVQ 3 and above	59.6	62.7	61.5
NVQ 2 and above	80.4	80.3	78.1
NVQ 1 and above	91.8	90.8	87.5

Source: ONS annual population survey Note: % is a proportion of resident population of area aged 16-64

7.0 Wage levels

7.1 Wage levels in Mid Devon have typically been below that of the South West and nationally; this trend continues.

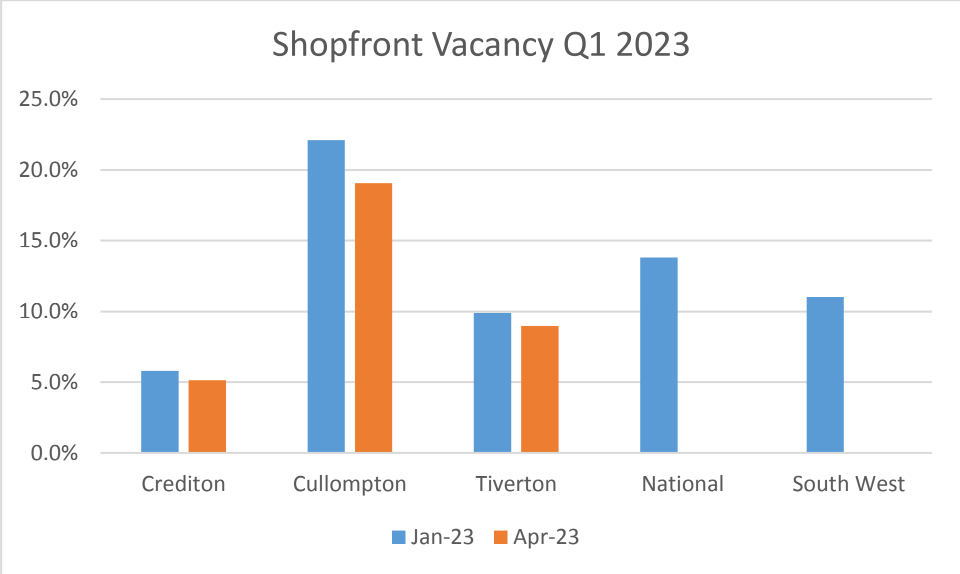
Earnings by place of work (2022)

Gross Weekly Pay	Mid Devon (£)	South West (£)	Great Britain (£)
Full-Time Workers	577.2	611.3	642.0
Male Full-Time Workers	624.2	650.8	686.7
Female Full-Time Workers	502.6	549.8	584.5

Source: ONS annual survey of hours and earnings – workplace analysis
Notes: Median earnings in pounds for employees working in the area

8.0 Town Centres

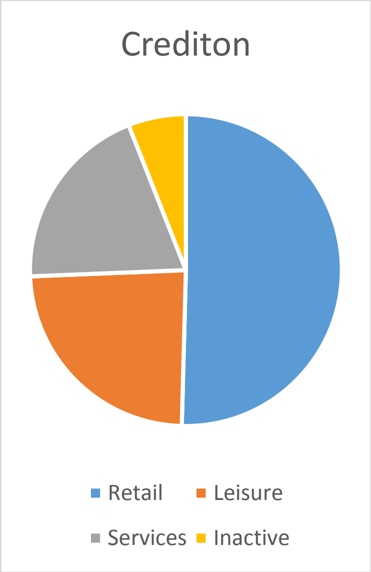
8.1 Mid Devon has three main towns: Crediton, Cullompton and Tiverton. Compared to other towns of similar size, Crediton and Tiverton are not doing too badly, with shop vacancy rates much lower than the national average, whilst Cullompton continues to struggle with persistent vacancies.

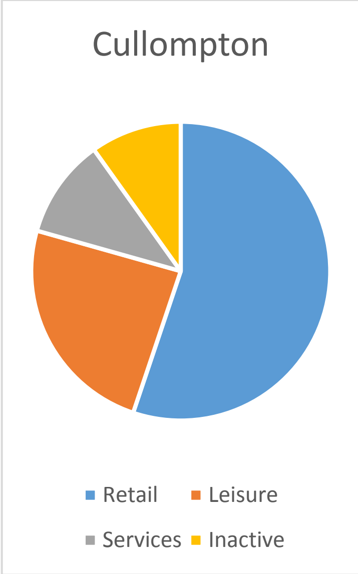


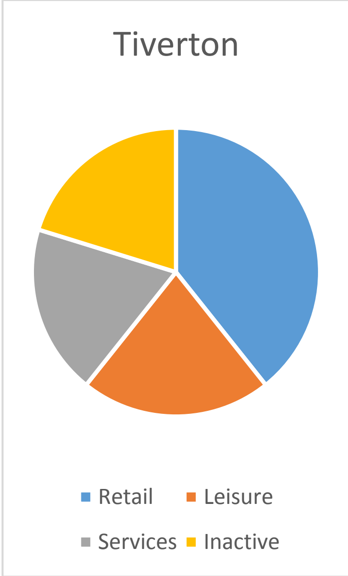
8.2 All high streets in Devon were impacted by significant temporary business closures during the first 2020 lockdown. Since then, there has been a significant shift in spend patterns with many of the smaller market towns that are focused on independent stores holding up best, buoyed in part by the resumption of the holiday trade; higher numbers of people working from home and shopping more locally.

8.3 However, like town centres up and down the country, there are signs of stress in Mid Devon's town centres/high streets. It is generally recognised that the role of town centres is changing. Amongst an array of place management techniques, to increase resilience, town centres need to provide a balanced offer of retail, service and leisure facilities to attract a range of visitors. They need to become destinations as a whole with visitors especially looking for a more experiential offer. Similarly, town centre businesses can accommodate evolving shopper behaviours by combing physical footfall with digital and offering specialist experiences (such as VIP events).

8.4 In terms of our towns and their current offer, each town has a different profile (inactive means the business isn't open to the public or is vacant):







8.5 Through the Shared Prosperity Fund, we have a series of grant schemes for town centre businesses to address these issues, supporting ecommerce, physical improvements to shop fronts and funding for arts, cultural and heritage events.

9.0 The Visitor Economy

9.1 The natural beauty of Mid Devon's landscape and the cultural interest of its historic buildings is a great draw for visitors. Tourism is recognised as an important part of Mid Devon's economy. It contributes significantly through job creation, increased expenditure and income into local communities.

9.2 Through the Shared Prosperity Fund, we have a number of projects to support the visitor economy, including the development and piloting of a Mid Devon Walking Festival in September 2024. This is complemented by a series of wider promotional campaigns and a grant scheme to enhance the visitor offer.

10.0 The Rural Economy

10.1 In January, 2023 officers presented a report that outlined discussions with the National Farmers Union regarding the key challenges within the agricultural sector (please see previous report: New Report Template (middevon.gov.uk)).

10.2 One of the District Council's investment priorities under the Shared Prosperity Fund is to "Support a thriving agricultural sector that showcases field-to-fork practices and low food miles to market". Funding will be used to promote local food production and field-to-fork initiatives as well as the adoption of agri-tech solutions and environmental practices. This is with the aim of increasing the number of local producers supplying directly into local markets to build a stronger and more resilient agricultural sector and stronger and more resilient rural communities.

11.0 Issues/ Opportunities/ challenges

11.1 The Covid pandemic, the impact of Brexit and geopolitical upheaval have all impacted upon individual businesses, the local economy and residents' incomes and outgoings.

11.2 To remain competitive, many businesses are seeking to consolidate/ modernise and are seeking higher quality, fit for purpose – energy efficient buildings.

11.3 Businesses do not see the local authority boundaries, they want to be, for example, close to Exeter, have good access to the M5, an attractive business environment and increasingly the opportunity to own rather than rent their business premises.

11.4 Exeter has a chronic shortage of new business space – it is envisaged that demand for further housing and modern business accommodation in Exeter will mean that existing business areas will be redeveloped/ consolidated to accommodate new growth/ city centric business and in turn, we will see an 'overspill' of demand for employment land and premises in the surrounding districts.

11.5 In light of the above, demand for employment space and premises in Mid Devon is forecast to remain strong and currently there is an undersupply of deliverable employment sites relative to active demand.

Financial Implications

The report is an information report and does not of itself have any financial implications – although some of the matters discussed do have financial implications for the Authority; such as the creation and receipt of business rates.

Legal Implications

There are no legal implications arising from this information report.

Risk Assessment

This is an information report and does not of itself have any risk implications.

Impact on Climate Change

The report is an information report and does not of itself have any impact on Climate Change.

Equalities Impact Assessment

It is acknowledged that there is a relationship between economy and equality whereby disadvantaged groups of people can have greater or lesser opportunities for economic advantage depending on the climate and growth potential.

Economically disadvantaged individuals are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital or credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged. There are unfortunate intersections between socioeconomic status and those with protected characteristics or from marginalised or minority communities putting them at greater risk of social and therefore economic disadvantage. Social and digital isolation issues across a rural district has the potential to exacerbate these risks.

Mid Devon's Prosperity Programme and the Economic Strategy outline key projects to tackle these risks and grow the economy. They are supported by equality assessments and communication plans.

Relationship to Corporate Plan

The work of the Growth, Economy and Delivery team supports the corporate objectives for the economy:

- Bringing new businesses into the District
- Business development and growth
- Improving and regenerating our town centres
- Growing the tourism sector

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer:
Agreed by or on behalf of the Section 151
Date: LT 23/5/23

Statutory Officer:
Agreed on behalf of the Monitoring Officer
Date: LT 23/5/23

Chief Officer:
Agreed by or on behalf of the Chief Executive/Corporate Director
Date: LT 23/5/23

Performance and risk:
Agreed on behalf of the Corporate Performance & Improvement Manager
Date: Lt 23/5/23

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Linda Perry, Economic Development Officer
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Telephone: 01884 244696

Background papers:
None