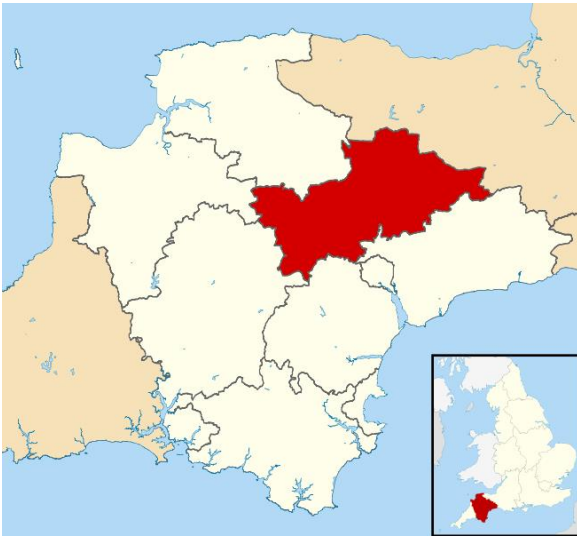


An Economic Profile of Mid Devon

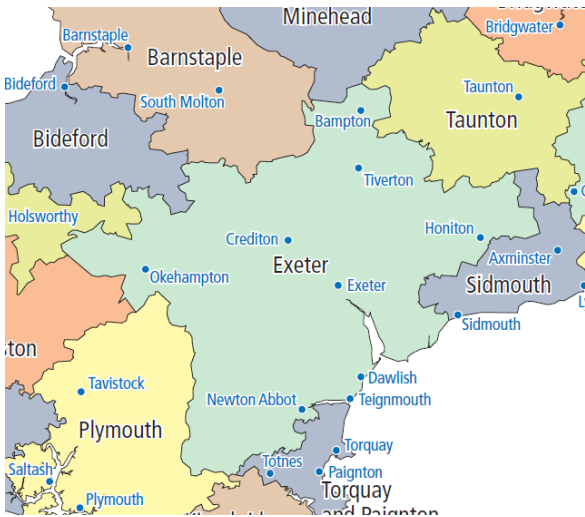


Mid Devon is a rural district located on Devon's eastern border with Somerset, and straddling the main transport links into the county. Covering an area of 913 km², it lies between Exmoor NP to the north and Dartmoor NP to the south and stretches into the Blackdown Hills AONB to the east. It currently has a population of around 79,500 (2015) with a concentration to the east of the district in the two main market towns of Tiverton (pop. 22,000) and Cullompton (pop. 8,700). The north and the west of the district are predominantly rural, with the district's third market town, CREDITON (pop. 6,900) 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.

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, with nearly half of these travelling to Exeter (17%). Although there is also a flow of workers from other districts into Mid Devon, there is a net outflow of 8,202. The difference between residence- and workplace-based average earnings indicates that workers tend to be commuting to more highly paid jobs. 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.

Population

<i>Data source: ONS population estimates 2015</i>	Mid Devon Number	Mid Devon %	South West %	Great Britain %
Total Resident Population	79,500			
Resident Population of Working Age (16-64)	46,900	59.0%	61.1%	63.3%

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. Mid Devon has a lower proportion of its population of working age than the national average, mainly due to an increasingly aging population. However, 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 a large number of migrant workers, mostly from Eastern Europe.

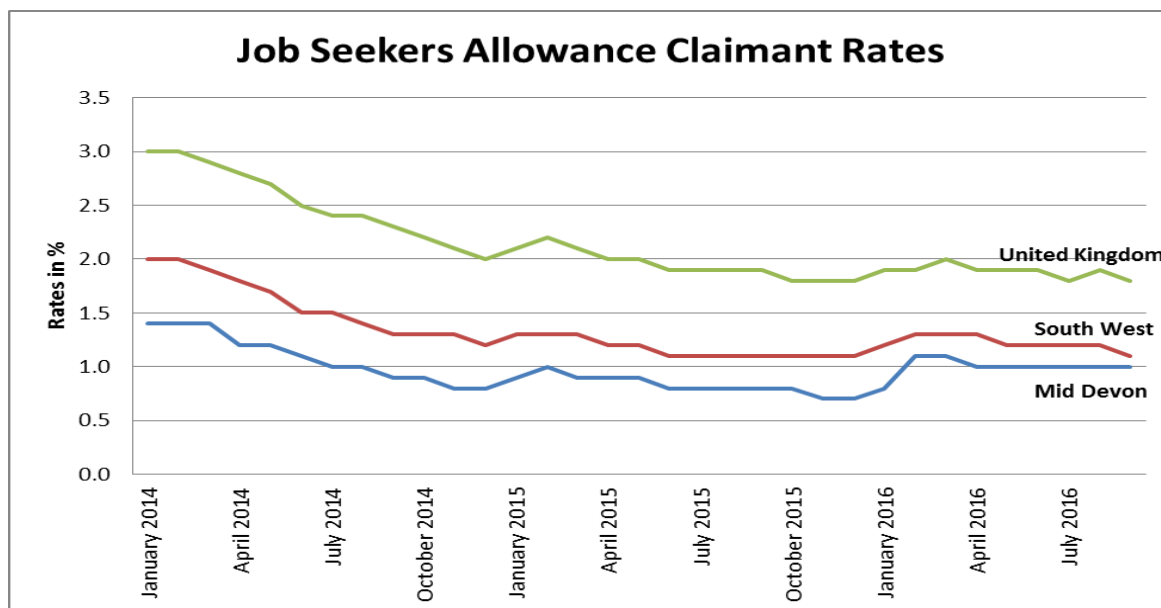
Employment

Mid Devon has a high employment rate and low unemployment. Of the 46,900¹ 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 Oct 2015 – Sept 2016</i>	Mid Devon Numbers	Mid Devon %	South West %	Great Britain %
Economically Active	42,000	85.1	80.8	77.8
In employment	40,700	82.4	77.3	73.9
Employees	28,500	60.7	65.0	63.1
Self-Employment	12,200	21.7	11.9	10.4
Unemployed (Model-based)	1,300	3.0	4.1	4.9

¹ ONS population estimates 2015

The unemployment rate is very low at 3.0%. The December JSA claimant rate was only 0.9%², which is just half of the UK rate of 1.8%.



Self Employment

Mid Devon has extremely high levels of self-employment. At 21.7% it is double 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.

Job Density

There are an estimated 36,000 employment jobs in the District in 2015³. This represents a job density of 0.77 (i.e. 77 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 0.88 and 0.74 respectively.

Employment

Employment within the District is predominately in low waged, low skilled jobs, with sectors such as wholesale and retail (21%), health and social work (10.5%) and education (9.5%) predominating. However, the district has a relatively large manufacturing sector, making up 16.8% 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.

² ONS December 2016

³ Source: Nomis: Job density 2015

Employee jobs by Industrial Sector	Count	Industry percentage
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	5,000	21.0%
C. Manufacturing	4,000	16.8%
Q. Human health and social work activities	2,500	10.5%
P. Education	2,250	9.5%
F. Construction	1,500	6.3%
M. Professional, scientific and technical activities	1,500	6.3%
H. Transportation and storage	1,250	5.3%
I. Accommodation and food service activities	1,250	5.3%
N. Administrative and support service activities	1,250	5.3%
R. Arts, entertainment and recreation	800	3.4%
O. Public administration and defence; compulsory social security	600	2.5%
S. Other service activities	350	1.5%
J. Information and communication	300	1.3%
L. Real estate activities	250	1.1%
A. Agriculture, forestry and fishing	200	0.8%
E. Water supply; sewerage, waste management and remediation activities	175	0.7%
K. Financial and insurance activities	150	0.6%
B. Mining and quarrying	40	0.2%
D. Electricity, gas, steam and air conditioning supply	25	0.1%
	24,000	

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 dependant 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 2013		%
Farmers, partners, directors and spouses, Full Time	1,270	38.2%
Farmers, partners, directors and spouses, Part Time	1,113	33.5%
Regular Workers, full time	370	11.1%
Regular Workers, part time	314	9.4%
Casual Workers	203	6.1%
Total Labour Force	3,327	
<i>Source: DeFRA June Farm Survey 2013</i>		
https://www.gov.uk/government/statistical-data-sets/structure-of-the-agricultural-industry-in-england-and-the-uk-at-june		

Wages

Median Annual Gross Pay (for full time workers)	Mid Devon	South West	UK

By workplace	£22,984	£26,260	£28,090
By place of residence	£25,969	£26,686	£28,132

Source: ONS annual survey of hours and earnings 2016

As mentioned above, many of the jobs in Mid Devon are low waged and low skilled. Average earnings in Mid Devon are 18% 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 2015 – Dec 2015</i>	Mid Devon Numbers	Mid Devon %	South West %	Great Britain %
NVQ level 4 and above	18,600	38.9 %	37.3%	37.1%
NVQ level 3 and above	34,500	72.1%	58.5%	55.8%
NVQ level 2 and above	41,500	86.7%	77.6%	73.6%
NVQ level 1 and above	45,400	94.9%	89.7%	84.9%

While the percentage of Mid Devon workforce holding a degree or higher qualification (NVQ 4+) (38.9%) is above the national average (37.1%), it is well below our near neighbours.

<i>Data Source; ONS annual population survey Jan 2016 – Dec 2016</i>	Mid Devon	East Devon	Teign-bridge	Exeter	West Devon	Taunton Deane
NVQ level 4 and above	39%	48%	36%	42%	52%	44%

Mid Devon schools perform well against national figures. The proportion of students gaining five or more GCSEs at A* to C grades, including English and Maths, is higher than the national average. However, by the age of eighteen, those achieving Level 3 qualifications falls slightly below the England average. This translates into surprisingly low levels of students progressing to higher education. 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 4,410 businesses in Mid Devon⁴, 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 21.7% compared to 10.4% nationally.

<i>Source: Nomis: UK Business Counts (Enterprises) 2016</i>		Mid Devon %	South West %
Total	4,410		
Micro (0 to 9)	4,070	92.2%	89.0%

⁴ UK Business Counts (Enterprises) 2016

Small (10 to 49)	295	6.7%	9.2%
Medium-sized (50 to 249)	40	1.0%	1.5%
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)

<i>Source: UK Business: Activity, Size & Location 2014</i>	Mid Devon Number	Mid Devon %	EHOD %	South West %	England %
£0-49 k	1,120	26.6%	22.4%	20.5%	17.9%
£50-99 k	925	22.0%	21.7%	23.5%	24.0%
£100-249 k	1,185	28.1%	20.9%	29.0%	29.6%
£250-499 k	475	11.3%	11.9%	12.1%	11.8%
£500-999 k	265	6.3%	7.3%	7.0%	7.3%
£1000-4999 k	205	4.9%	6.2%	6.2%	7.1%
£5000+ k	35	0.8%	1.5%	1.6%	2.3%
Total	4,210				

Business start-ups

<i>Source: ONS Business Demography 2015</i>	Total Count of Businesses	Business birth count 2015	Business birth rate	Business death count 2015	3 yr survival rate
Mid Devon	3,260	320	9.8%	250	64.2%
South West	222,015	26,155	11.8%	19,415	61.8%
UK	2,672,025	383,075	14.3%	252,040	59.4%

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, but business start-ups created out of a necessity rather than natural entrepreneurship have a higher attrition rate.

Productivity (GVA)

Even acknowledging the now well-known 'productivity gap' between the UK and its nearest rivals amongst the G7 countries, 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. (NB the smallest geographical area for which GVA figures are reliably available is at Devon County Council level.)

	Devon CC	HotSW	South West	UK
GVA per head	£17,942	£17,623	£21,163	£23,755
Labour productivity (per hour)	£24.4	£25.2	£27.6	£30.1

As with much of the region, low productivity is a problem for the district. 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, but even within sectors, south west businesses are 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 Heart of the South West LEP is producing a productivity plan which will set out how we can work together to address this challenge.