West Devon Area Profile

Produced for Devon County Council

February 2014

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West Devon in Summary

CONTRIBUTION TO THE DEVON ECONOMY

West Devon is the largest district in Devon and is predominantly rural, with almost half of its area falling inside Dartmoor National Park boundary. The district is sparsely populated and has a high employment rate, boosted by high self employment and out-commuting. The accommodation and food sector is highly represented, reflecting the large visitor economy generated by the National Park. Workplace wages in the district are exceptionally low (just 75% of the national average) and therefore many travel outside the district to access higher paid employment.

Indicator	2012	% of Devon
Employment	14,700	5%
Businesses	2,200	7%
Real Value Added	£586m	5%
Population	53,900	7%

LABOUR MARKET

Indicator	Key Points	Latest Position
Employment Rate	• Exceeds the national average • Sixth highest employment rate in Devon	75.9%
Unemployment Rate	• Lower than the national average • Highest in Devon	7.2%
Inactivity Rate	• Lower than the national average • Second lowest inactivity rate in Devon	18.3%
NVQ L2+	• Skills profile exceeds the national average at all levels	87.8%
NVQ L4+	• Second highest proportion qualified to NVQ4+ in Devon	43.7%

CURRENT ECONOMIC PERFORMANCE

Indicator	Key Points	Latest Position
Employment Density	• Small employment base relative to size of working age population – density lags national average • Third lowest in Devon	46,357 per 100,000 working age residents
Business Density	• Business density exceeds the national average • Third highest business density in Devon • Strong survival but low start up rates	70 per 1000 working age residents
Productivity	• Equivalent to 78% of the national average • Third lowest productivity levels in Devon	£29,756 per employee
Highly Skilled Occupations	• Under represented due to shortage of professionals. • Skilled trades and admin, associate professionals and secretarial occupations are highly represented	42%
Average Annual Workplace Earnings	• Significantly lower than residence based earnings • Both workplace and resident earnings are lower than the national average	£20,407

ECONOMIC FORECASTS

Indicator	Key Points	% Change 2013-2025
Employment	• Seventh highest proportionate increase in Devon exceeding national average • Driven by construction, accommodation and food and business & finance	+1,500 / 7.7%
Real Value Added	• Fourth highest proportionate increase in Devon, exceeding the national average • Highest growth in business and finance, public sector and construction	+ £171m / 29%
Productivity	• Forecast to increase with improvement in relative productivity levels. • Forecast to be equivalent to 79% of national average by 2025	19.8 %

See Annex 1 for data sources

1 Introduction

1.1 In both the UK and the wider global economy, there are signs of economic recovery and a renewed focus on growth is beginning to emerge. Across England, new plans for economic and social development are taking shape in local areas to help secure funding and/or inform how it will be deployed (for example through the 2014-2020 Structural and Investment Funds and Strategic Economic Plans, both of which are being planned at a Local Enterprise Partnership level). Understanding current economic conditions and the future prospects of local economies can support this process.

The West Devon Area Profile

1.2 This report provides a profile of West Devon, which has been produced on behalf of Devon County Council as part of their function to provide economic intelligence across the county, to inform local economic development plans. The report draws upon standard datasets and Cambridge Econometrics' Local Economy Forecasts Model (LEFM) to set out the district's contribution to the Devon economy, how the economy currently performs and headline economic forecasts relating to employment, value added and productivity.

Introducing West Devon

1.3 The Borough of West Devon is located to the north of Plymouth, bordered by Cornwall to the west, and has the largest area of any district in Devon - 1,164,707 m^2. The borough is predominantly rural in nature, with almost half of its landscape (45%) falling within the boundaries of Dartmoor National Park. This provides considerable income from visitor spend to the towns both within the Park and on its fringe.

1.4 West Devon has a higher proportion of older people when compared to the national average, with over half of its residents aged 45 or over. Meeting the needs of this growing elderly population and supporting the associated pressures on health services is likely to be an increasing challenge for the borough in future years.

A Rural District with a Low Population Density

1.5 All of West Devon's population live in a rural area or larger market town, meaning that it is a 'Rural-80' local authority area based on Defra's classification of rural and urban areas.[1] The large majority of land in West Devon is classified as green space (97%), accounting for 1,123,377 m^2 of its total area. This compares to the county average of 92% and regional average of 91%. As such, the district has a low population density of 0.5 people per hectare, considerably below the English average of 4.1. Of the district's 55 parishes, just 3 have a population density above this average.

1.6 Tavistock and Okehampon are the two principal towns in West Devon.

- **Tavistock:** With a population of almost 12,500, Tavistock is the largest conurbation in West Devon and is located 15 miles north of Plymouth at the western edge of Dartmoor National Park. Plymouth is the town's main economic centre and the 2013 Tavistock Masterplan identified the reopening of the Tavistock to Plymouth railway line as being key to the town's future.
- **Okehampton:** Located on the northern edge of Dartmoor, Okehampton is the second largest town in the district with a population of just over 7,500. Whilst the town is relatively well connected to both the A30 trunk road and A386, West Devon Borough Council has identified a need to improve the town's road infrastructure to relieve the congestion created by its growth.

[1] Defra (2011) Local Authority Rural-Urban Classification

A Varied Transport Infrastructure and Net Outflow of Commuters

1.7 The A30, one of Devon's six strategic routes, starts west of Exeter and connects Okehampton with Cornwall, whilst the A386 starts at Plymouth and continues north through Tavistock to North Devon. The West Devon Core Strategy identified the need to develop the A386 in order to link Tavistock with the rail network. Currently, however, only small parts of the district are served by rail - Bere Alston to Plymouth and a limited service between Okehampton and Exeter in the summer months.

1.8 According to the 2011 Annual Population Survey, there was an outflow of 11,253 commuters from West Devon, predominantly to Plymouth, Exeter and Cornwall, whilst there was an inflow of 5,950 commuters, mostly from Cornwall and Plymouth – providing a net outflow of 5,303.

1.9 Although the latest review of broadband at the district authority level (Point Topic, 2013) suggests that typical speeds in West Devon are far lower than that elsewhere in the UK (4.84 and 62.69 respectively), the roll out of fibre-based (or 'superfast') broadband is currently underway throughout Devon and Somerset. As a result, some exchange areas in West Devon are now superfast broadband enabled.

Report Structure

1.10 The remainder of the report is structured as follows:

- **Chapter 2** sets out the current structure and activity of West Devon's Labour Market.
- **Chapter 3** sets out the current economic performance of the West Devon business and employment base.
- **Chapter 4** sets out economic forecasts for the district.
- **Chapter 5** summarises the key messages and implications of current and future trends for economic development in West Devon.

2 The West Devon Labour Market

Key Messages

West Devon is the smallest district in Devon in population terms. The district is predominantly rural and while it offers a range of rural locations, the district is sparsely populated. The area benefits from a high employment rate driven by low levels of inactivity and boosted by high levels of self employment and out-commuting. However, unemployment levels are much higher than those in other districts across Devon and are just slightly lower than the national average.

West Devon also has a strong skills profile. The district consistently has a higher proportion of people qualified to all NVQ levels that nationally and this gap widens as the qualification levels increase. In particular, West Devon has the second highest proportion of working age residents who are qualified to NVQ L4+, significantly exceeding the county-wide and national average.

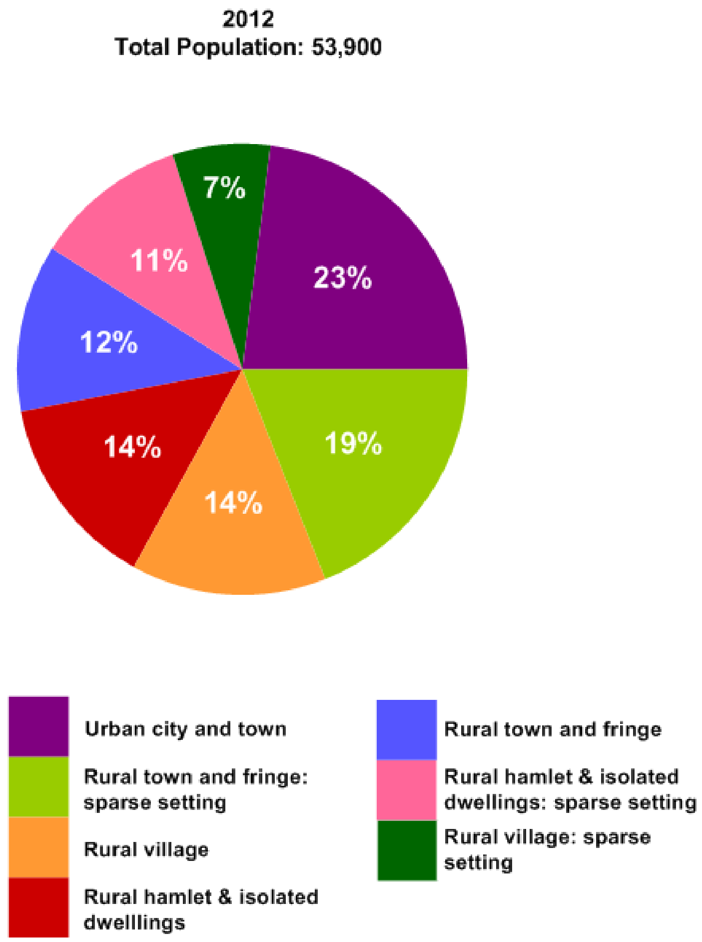
	Indicator	West Devon	Devon	England	Performance against national average
Employment Rate Source: Annual Population Survey, Mid-year Population Estimates	% of working age population	75.9%	75.9%	71.4%	
Unemployment Rate Source: Annual Population Survey, Mid-year Population Estimates	% of economically active popualtion	7.2%	4.5%	7.9%	
Inactivity Rate Source: Annual Population Survey, Mid-year Population Estimates	% of working age population	18.3%	21%	22.4%	
NVQ L2+ Source: Annual Population Survey, Mid-year Population Estimates	% of working age population	87.8%	77.3%	71.8%	
NVQL4+ Source: Annual Population Survey, Mid-year Population Estimates	% of working age population	43.7%	34.9%	34.2%	

Population

2.1 Whilst West Devon is the largest geographical area in the county it is sparsely populated. West Devon is the smallest district in the county in population terms and had a total population of 53,900 in 2012, accounting for 7% of Devon's population.

2.2 The district is predominantly rural, with 77% of the population living in a diverse range of rural areas. This includes rural villages, towns and fringe (where 26% of the population live) and more spare and isolated areas (where approximately half of the population live).

Urban-Rural Population Split



Source: Mid-year Population Estimates, 2011 Census

Age Profile

2.3 West Devon, like many of the districts in Devon, has a small working age population (59%) compared to the national average (64%). The district also has a larger proportion of residents aged 65 and over.

Age Profile of the Population 2012				
	No.	%	Devon (%)	England (%)
Under 16s	8,800	16%	16%	19%
Age 16-64	31,900	59%	60%	64%
Over 65+	13,100	24%	23%	17%
Source: Mid Year Population Survey				

Economic Activity

2.4 The latest data from the Annual Population Survey highlights the relatively high employment rate in West Devon (75.9% compared to the national average of 71.4%). This is the sixth highest employment rate of the eight districts in Devon. West Devon also has the highest self employment rate in the county (27.6% compared to the national average of 13.7%).

2.5 The high employment rate is driven by low levels of inactivity. Where residents are inactive the main reasons are long term sickness (31.2%) and retirement (36.3%). While unemployment levels are also slightly lower than the national average, they are the highest in Devon.

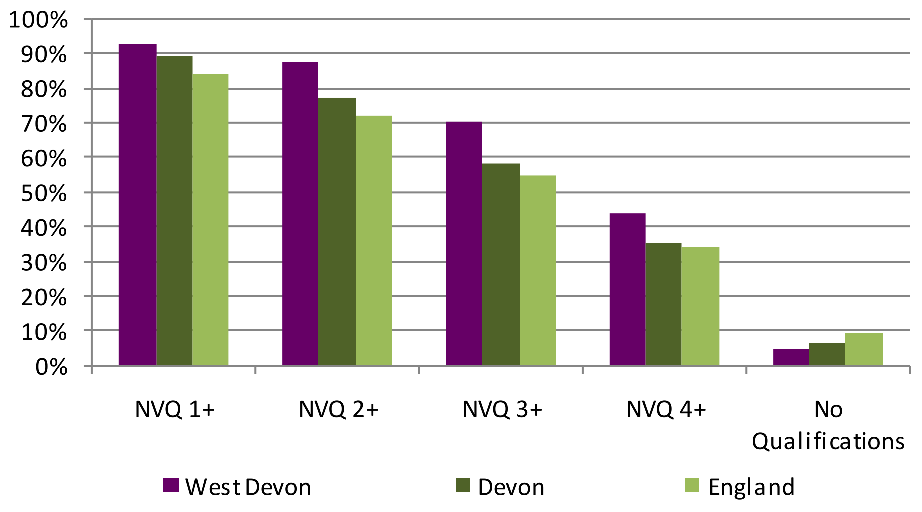
Profile of the Working Age Population 2012/13				
	No.	%	Devon (%)	England (%)
Employment rate	24,300	75.9	75.9	71.4
Unemployment rate	1,900	7.2	4.3	7.9
Inactivity rate	5,900	18.3	21.0	22.4
Source: Annual Population Survey				

Skills

2.6 The working age residents of West Devon are notably more highly qualified when compared to the profile for Devon and England. The district consistently has a higher proportion of people qualified to all NVQ levels than nationally and this gap widens as the qualification levels increase.

2.7 When compared to the other local authorities in Devon, West Devon has the second highest proportion of the population of working age residents who are qualified to NVQ Level 4+. This level currently stands at 43.7% compared to the Devon average of 34.9%.

Qualifications of the Working Age Population 2012



Source: Annual Population Survey

3 Current Economic Performance

Key Messages

West Devon is also the smallest district in Devon in employment terms, and has one of the lowest employment densities, increasing its reliance on other employment centres including Plymouth, Exeter and Cornwall.

Accommodation and food is the area's main employment specialism reflecting the large visitor economy resulting from almost half of the district falling within the Dartmoor National Park boundaries. There are also high levels of employment in construction and utilities.

The area has a high business density, reflecting the presence of a large number of micro businesses and strong survival rates. The start up rate is however the lowest in Devon.

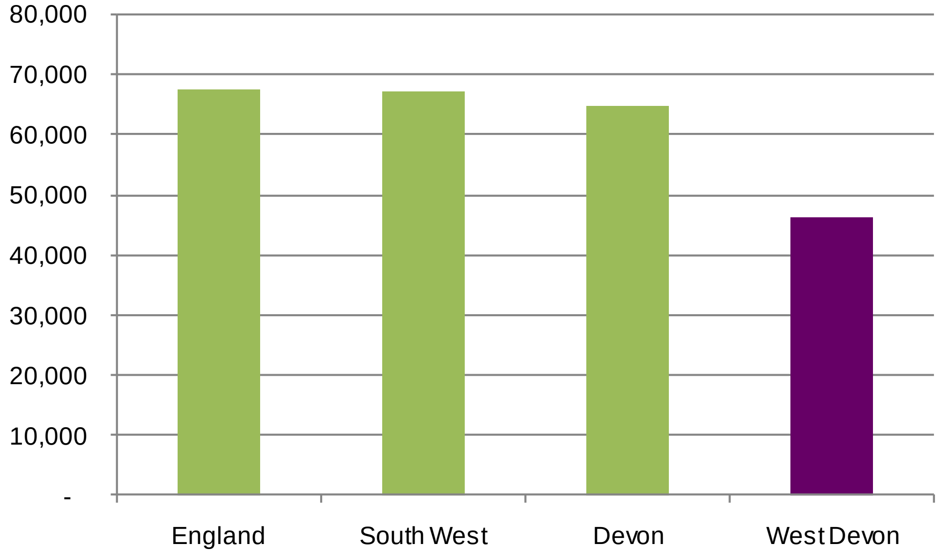
The area's share of real value added (5%) is in line with its share of employment. Productivity continues to be a challenge, with the level of real value added equivalent to just 78% of the national average – the third lowest level in Devon. While there is a reasonably high proportion of highly skilled occupations in the Devon context, West Devon under-performs the national average on this indicator. This is reflected in the workplace earnings which are just 75% of the average for England, with residents who travel outside the area for work having higher earnings than people working locally on average.

	Indicator	West Devon	Devon	England	Performance against national average
Employment density Source: BRES, Mid-year Population Estimates	Employees per 100,000 working age residents	46,357	64,799	67,699	68%
Business density Source: Business Demography, Mid-year Population Estimates	Businesses per 1,000 working age residents	70	67	60	116%
Productivity Source: LEFM	Real Value Added per Employee	£29,756	£31,897	£38,293	78%
Highly Skilled Occupations Source: Annual Population Survey	Top 3 occupational groups as % of all occupations	42%	38%	45%	
Average workplace earnings Source: ASHE	Average Gross Annual Earnings	£20,407	£23,470	£27,376	74%

Employment

3.1 West Devon is the smallest district in Devon in employment terms. In 2012, there were 14,700 employees in the district, accounting for 5% of total employment in the county. West Devon also has the third lowest employment density with just 46,000 jobs available per 100,000 working age residents. This is much lower than both the county-wide and national averages. To achieve an employment density in line with England, approximately 6,800 additional jobs would need to be created (an uplift of 15%).

Employment Density – Employees per 100,000 Working Age Residents 2012



Source: Mid-year Population Estimates, Business Register and Employment Survey

3.2 Mirroring the employment profile of the county, the largest employment sector in West Devon is wholesale and retail, which accounts for 18% of total employment. This is closely followed by accommodation and food and health and social work activities which account for a further 30% of employment in West Devon.

3.3 While West Devon contributes 5% to total employment in Devon, its contribution to five sectors is much higher. In particular, the district accounts for 11% of Devon's agricultural employment and 8% of all accommodation and food service employment.

3.4 A location quotient (LQ) provides an indication of how highly represented a sector is within the employment base of a geographic area compared to the national level. A LQ of one indicates that employment in the sector is equivalent to the national level, while a sector with a LQ of more than one denotes a high level representation and specialisation. A LQ of less than one highlights that a sector is under-represented.

3.5 In 2012, West Devon had a LQ of higher than one in eleven of the nineteen main sectors, partly reflecting the small employment base. Employment was particularly high in accommodation and food services, construction and water services, highlighting local employment specialisms. The latter is partially accounted for by Dartmoor's large reservoirs, which supply fresh water across Devon and are also used to power small hydro electric power stations, such as the Mary Tavy hydro electric power station near Tavistock.

3.6 Agriculture should also be recognised as an important sector in West Devon. There are a large number of people in West Devon who work in the agricultural sector who are self employed and therefore not always captured by standard data sets. In particular, there is a large amount of livestock on Dartmoor, including hill sheep farms, and there are also strong links between agricultural activity in the area and food processing/supply chains. It has been previously reported that agriculture, forestry and fishing account for a large proportion of businesses in Dartmoor National Park (a higher proportion than in any other National Park)[2].

3.7 In other sectors, such as wholesale and retail, the high representation is likely to reflect the small scale employment base and the particularly low levels of employment in key private service sectors, such as professional, scientific and technical, administration and support, and finance and insurance. Employment levels in the latter are less than half of national levels.

[2] Valuing England's National Parks – Final report. National Parks England. 2013.

Employment by Sector 2012				
	Size		Concentration	
Sector	**No.**	**%**	**Sector**	**LQ**
Wholesale & retail	2,700	18%	Accommodation & food	2.23
Accommodation & food	2,200	15%	Utilities: water	1.65
Health & social work	2,200	15%	Construction	1.35
Education	1,700	11%	Other services	1.31
Manufacturing	1,300	9%	Mining	1.21
Construction	900	6%	Education	1.18
Public admin	600	4%	Wholesale & retail	1.14
Prof., scientific & tech	600	4%	Health & social work	1.12
Transport & storage	400	3%	Real estate	1.12
Other services	400	3%	Agriculture	1.04
Admin & support	400	2%	Manufacturing	1.02
Arts & entertainment	300	2%	Arts & entertainment	0.94
Info. & comms.	300	2%	Public admin	0.86
Real estate	300	2%	Transport & storage	0.62
Finance & insurance	300	2%	Prof., scientific & tech	0.52
Utilities: water	200	1%	Info. & comms.	0.50
Agriculture	100	1%	Finance & insurance	0.45
Mining	<100	0%	Admin & support	0.28
Utilities: electric & gas	<100	0%	Utilities: electric & gas	0.25
Source: Business Register and Employment Survey				

3.8 When a more detailed sector definition is used (2 Digit Standard Industrial Classification), the concentrations and specialisms within West Devon become more apparent. In particular, the analysis shows that:

- There is high level of employment in both food and beverage services and in particular accommodation, where employment levels are almost five times the national average, reflecting the attractiveness of the area to visitors and the inclusion of Dartmoor National Park within the districts boundaries. The food and beverage sub-sector includes a large number of small businesses which serve both visitors and residents. Key employers in the tourism sector include Manor House Hotel and Ashton Golf Course.

- Whilst the overall manufacturing sector has average levels of employment, the manufacture of food products is highly represented, reflecting the local employment specialism in food processing and the presence of a number of large companies including Ambrosia, Taw Valley Creamery, Gregory Distribution and Devonshire Desserts.

- Within the heath and social care sector there is a high level of employment in residential care activities, reflecting the age profile of the population and the high proportion of residents aged 65 and over, increasing demand for these services.

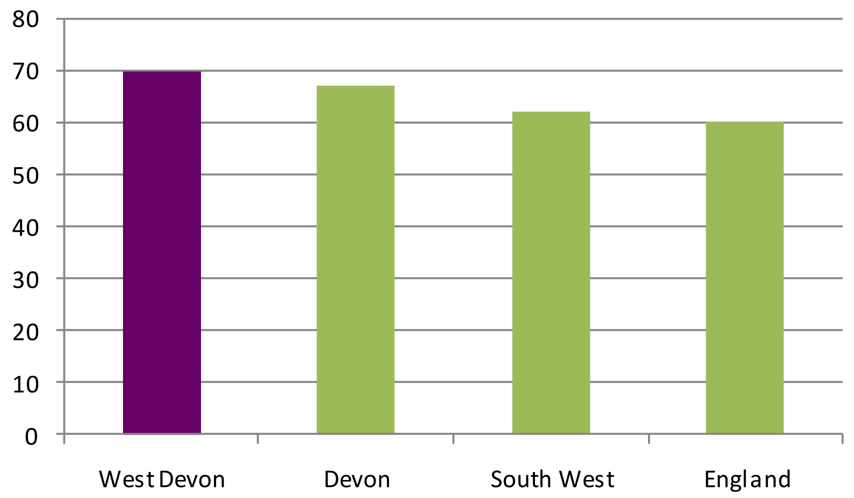
- The above average levels of employment in construction are driven by sub-sectors being highly represented – specialised construction activities and the construction of buildings.

Employment Specialisms 2012		
Sector	**No.**	**LQ**
Accommodation	1,000	4.77
Manufacture of food products	600	3.61
Residential care activities	1,100	2.85
Food and beverage service activities	1,300	1.57
Specialised construction activities	600	1.54
Construction of buildings	300	1.44
Activities of membership organisations	200	1.41
Other personal service activities	200	1.40
Postal and courier activities	200	1.31
Retail	1,900	1.28
Source: Business Register and Employment Survey		

The Business Base

3.9 With over 2,200 active businesses In 2012, West Devon had a high business density of approximately 70 businesses per 1,000 working age residents. This was the third highest density in Devon, significantly higher than both the regional and national average. The high business density reflects high concentrations of micro businesses, which have less than 10 employees and account 89% of the business base.

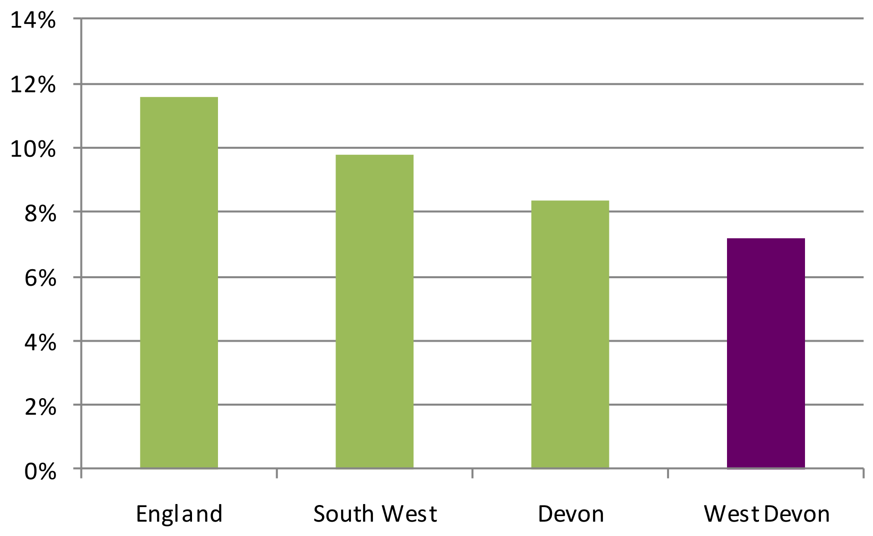
Business Density 2012 – Businesses per 1,000 Working Age Residents



Source: Business Demography

3.10 With 160 new businesses in 2012, the business start up rate in West Devon was 7% - significantly lower than the national average of 12%. Of all districts in Devon, West Devon had the lowest start up rate and another 62 businesses needed to be created in order to close the gap with the county's top performing district (Exeter at 10%). An additional 98 businesses would have been required to keep pace with the national average (an uplift of 61%).

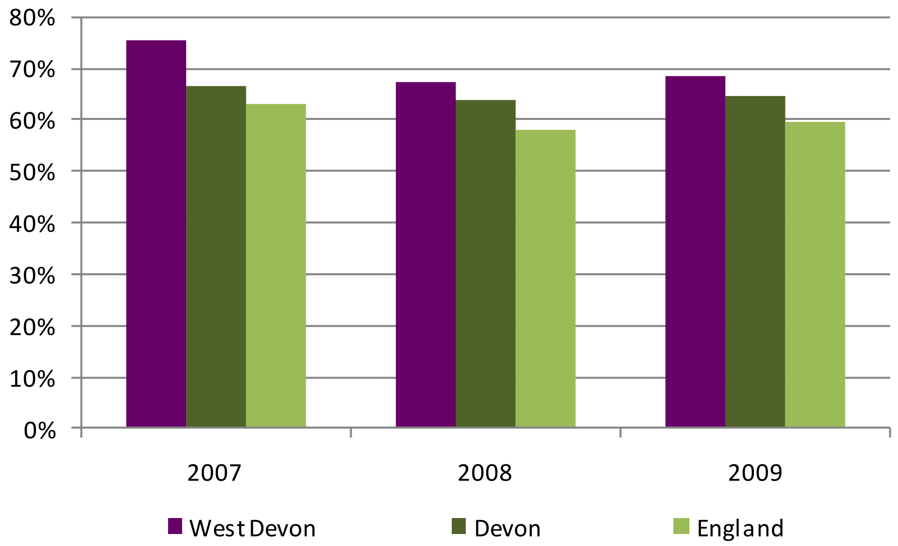
Business Start Up Rate 2012 – Births as % of Active Businesses



Source: Business Demography

3.11 Approximately 69% of businesses created in 2009 in West Devon have survived for a three year period, exceeding both the national (60%) and the county wide (65%). This mirrors the trends for businesses set up in 2007 and 2008.

Three Year Business Survival Rates by Business Birth Year



Source: Business Demography 2012

Real Value Added

1.1 Value added is typically used to provide a measure of an area or sector's economic contribution. It can be measured in gross or real terms, with the latter eliminating the effects of inflation and basing the value of output on the prices of a fixed year[3].

1.2 While data is not available at the district level through the Regional Accounts produced by the Office for National Statistics (ONS)[4], estimates produced by Cambridge Econometrics' Local Economic Forecasting Model provide an indication of district level performance. This section draws upon the model's 2012 data to ensure consistency with the employment and business data. Of note, the sector definitions in the model vary from those used in standard datasets.

[3] In the case of the LEFM, data on real value added is based on 2009 prices
[4] This smallest geography for which this is available is NUTS3 (i.e. Devon)

3.12 The model estimates that West Devon generated £586m of real value added in 2012, accounting for 5% of total value added in Devon. This is the same contribution that the district makes to Devon's total employment levels.

Productivity

3.13 For the purpose of this report, productivity is measured as the level of real value added generated per employee. As with many parts of the South West, productivity has been a long term challenge for the Devon economy. This is also the case in West Devon, where £29,760 of value added was generated per employee in 2012, equivalent to just 78% of the national average. In comparison to the other districts in the county, West Devon has the third lowest levels of productivity.

3.14 The productivity challenge which West Devon faces is clearly highlighted by sectoral productivity levels. Overall, there are two main ways in which sector performance currently contributes to the below average levels of productivity:

- **Sector performance:** In 2012, the productivity levels of all but one sector (public sector) in West Devon were below the national average. The extent of the underrepresentation varied by sector, ranging from the productivity of the information and communications sector being equivalent to just 63% of the national average to other services and accommodation and food reaching 99%. The relative productivity levels of the utilities, transport and storage and finance and business sector were also particularly low.
- **Sector mix:** Several of the sectors which are highly represented in West Devon in employment terms typically generate lower levels of value added, including agriculture and accommodation and food services. In contrast, sectors with higher levels of productivity, particularly business and finance, continue to be under-represented in the district and the rest of Devon in employment terms.

Productivity By Sector (value added per employee) 2012			
Sector	**£**	**Sector**	**% of UK**
Utilities	75,500	Public sector	100%
Manufacturing	48,857	Other services	99%
Info & comms.	40,500	Accommodation & food	99%
Construction	38,200	Manufacturing	93%
Business & finance	36,250	South West Sector Average	88%
South West Sector Average	33,828	Agriculture	88%
Devon Sector Average	31,897	Distribution & hotels	88%
Public sector	31,037	Construction	87%
West Devon Sector Average	29,756	Devon Sector Average	83%
Transport and storage	27,000	West Devon Sector Average	78%
Distribution & hotels	25,966	Business & finance	74%
Other services	25,889	Transport and storage	73%
Accommodation & food	18,115	Utilities	68%
Agriculture	15,333	Info & comms.	63%
Source: Cambridge Econometrics LEFM			

Occupational Profile

3.15 Highly skilled occupations are commonly defined as the top three occupational groups – managers and senior officials; professional occupations; and associate professional and technical occupations.

3.16 In 2012/13[5], highly skilled occupations accounted for 42% of all occupations in West Devon. This was the third highest concentration in Devon, exceeding the county-wide average but falling below the national average.

[5] Data cover period October 2012 to September 2013

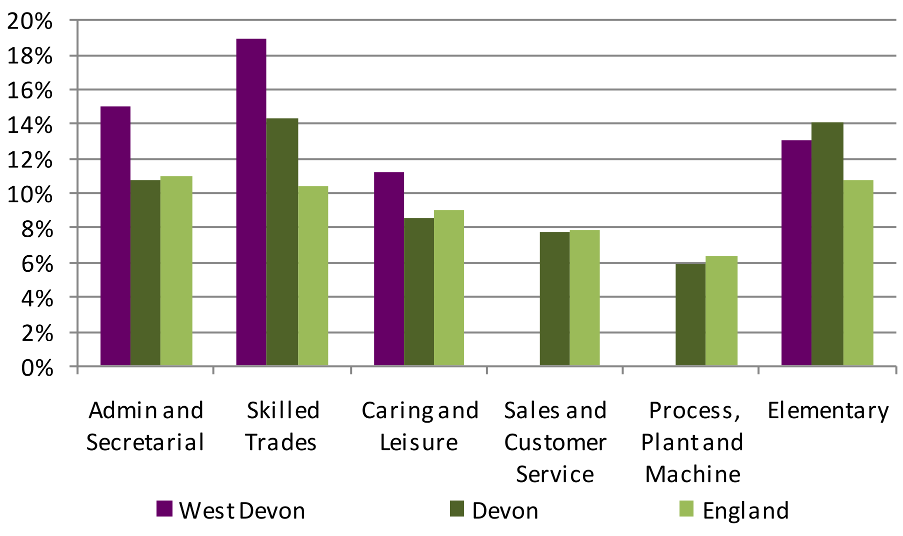
3.17 In particular, West Devon has a very high proportion of managers – almost double the national and county-wide average. There was, however, a shortage of professional and associate professional occupations when compared to the national average.

% of Highly Skilled Occupations (as a proportion of all occupations) 2012/13

Source: Annual Population Survey

3.18 Where data is available for the remaining occupational groups in West Devon, it highlights the high representation of administrative and secretarial and skilled trade occupations.

% of Occupations (as a proportion of all occupations) 2013



Source: Annual Population Survey
Note: Data for sales and customer service and process, plant and machine operative occupations is not available for West Devon as the sample size is too small.

Average Earnings

3.19 The reasonably high representation of highly skilled occupations does not translate into high wages in the district, with average annual workplace earnings equivalent to just 75% of the national average. This is a refection of the sectoral profile of the district's employment base, with a high proportion of managers likely to work in sectors which are typically lower paid (such as accommodation and food).

3.20 With an average differential of £6,000, resident based earnings are significantly higher then workplace earnings, highlighting the attraction of commuting to work in areas outside the district and particularly Plymouth. As a result of these strong links, the resident based earnings also exceed the county-wide average.

Average Gross Annual Earnings 2013			
	West Devon	**% of Devon**	**% England**
Workplace based	£20,407	87%	75%
Resident based	£26,062	110%	95%
Source: Annual Survey of Hours and Earnings			

4 Economic Forecasts

Key Messages

The economic forecasts for West Devon are positive, with both employment and real value added growth expected to exceed the national average. Construction, accommodation and food and business and finance are expected to drive employment growth, collectively accounting for 73% of the additional jobs, construction and, in particular, business and finance are also forecast to make a significant contribution towards real value added growth, as is the public sector.

Productivity is also forecast to increase and West Devon is one of three districts where relative levels of productivity are forecast to improve as a result of productivity improvements in five sectors, and particularly business and finance. However, despite these improvements the level of real value added generated per employee is expected to be the second lowest in Devon, equivalent to just 79% of the national average in 2025 (compared to 78% in 2013).

West Devon	Change 2013 - 2020	Change 2020 - 2025	Overall Change 2013 - 2025	UK Comparison 2013 - 2025
Employment Source: LEFM	4.1%	3.4%	7.7%	6.9%
Real Value Added Source: LEFM	15.8%	11.4%	29%	27%
Productivity Source: LEFM	11.3%	7.7%	16.6%	18.9%

The Local Economic Forecasting Model

4.1 This section of the profile summarises the economic forecasts for West Devon as set out in the latest version (November 2013) of the Cambridge Econometrics' Local Economy Forecasting Model (LEFM). The model provides locally tailored projections across a wide range of indicators, including value added and employment and allows district level forecasts to be benchmarked against those of Devon, the South West and the UK. The forecasts are updated on a quarterly basis.

4.2 While economic forecasts provide a useful indication of the future prospects of local areas, it is important to recognise that they are projections and that they are subject to change based on the range and complexity of the underpinning assumptions.

4.3 Further, the forecasts do not take account of the impact of new policy interventions that may be implemented over the forecast period, such as the development of new employment sites and delivery of business support and skills programmes, which have the potential to alter the scale and nature of economic growth. As such, they largely present the 'policy off' situation. However, as the forecasts take account of historic performance, including policy at the time, it is not possible to generate a truly policy off scenario.

4.4 It should also be noted that the modelled numbers produced can vary from those produced through standard datasets and that data may not be directly comparable (e.g. employment in the LEFM includes self employment, while this is excluded in the Business Register and Employment Survey). However, headline trends and relative performance remain consistent.

The Outlook for the UK and Devon

4.5 Forecasts for the UK are positive and suggest that the economic recovery is beginning to gather pace, with particular improvements forecast from 2015 onwards, when the average annual growth rates for both employment and value added will increase from the 0.5% and 1.5% forecast for 2013-2015, to 0.6% and 2.2% respectively.

4.6 While these increases are good news for the UK economy, it is important to note that even the higher growth forecasts from 2015 onwards will remain below peak levels of growth witnessed pre-recession (1.2% per annum for employment between 2000 and 2005, and 3.2% per annum for GVA between 2005 and 2011).

4.7 The headline message for Devon mirrors that of the UK, with growth forecast across a number of indicators, particularly from 2015 onwards. Again, growth will not reach the peak levels witnessed previously and, unlike in the last growth cycle, Devon's growth is not projected to significantly outpace the national average.

Employment

4.8 Between 2013 and 2025, employment in West Devon is forecast to increase by 8%, creating an additional 1,500 additional jobs. This is the smallest net increase forecast across Devon's districts - reflecting the scale of the economy - and the seventh highest proportionate increase. Employment growth is expected to be slightly higher than the regional and national average of 7% (a common trend across all districts).

Employment Change 2013 - 2025							
	Employment			Net Change		% Change	
Area	2013	2020	2025	2013-2020	2020-2025	2013-2020	2020-2025
West Devon	19,600	20,400	21,100	800	700	4%	3%
Devon	375,400	394,100	408,600	18,700	14,500	5%	4%
SW	279,570,0	290,040,0	298,770,0	104,700	87,300	4%	3%
UK	323,322,00	335,036,00	345,659,00	117,140,0	106,230,0	4%	3%
Source: Cambridge Econometrics LEFM							

4.9 Overall, West Devon's share of total employment in Devon is expected to remain static between 2013 and 2025.

Real Value Added

4.10 The level of value added growth in West Devon is forecast to significantly exceed employment growth between 2013 and 2025 resulting in an additional £171m of real value added per annum by 2025. With a projected increase of 29%, West Devon is projected to experience the fourth highest real value added uplift of the Country's districts, ahead of the regional and national average (27% in both cases).

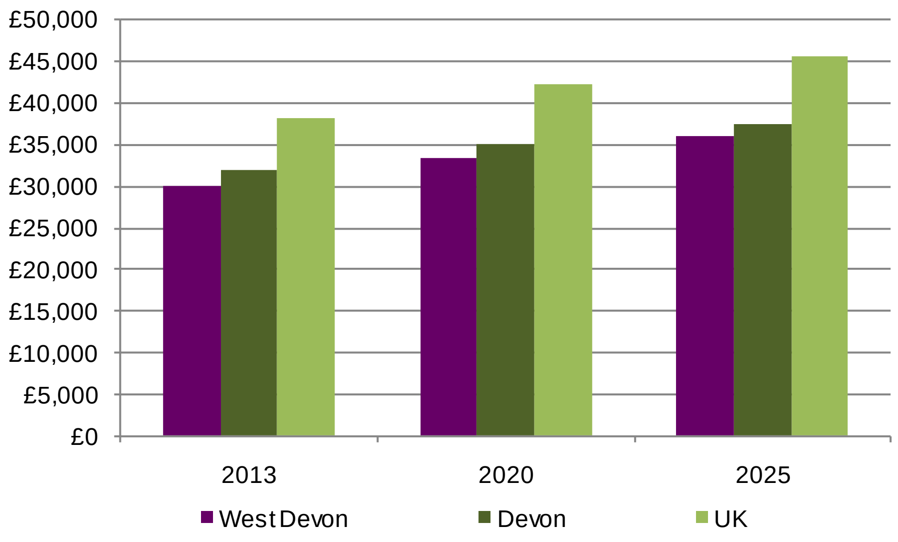
Real Value Added 2013 - 2025							
	Real Value Added (£m)			Net Change		% Change	
Area	2013	2020	2025	2013-2020	2020-2025	2013-2020	2020-2025
West Devon	589.3	682.4	760.3	93	78	16%	11%
Devon	12,004.8	13,789.4	15,307.6	1,784.6	1,518.2	15%	11%
SW	94,861.4	108,671.8	120,450.7	13,810.4	11,778.9	15%	11%
UK	1,238,540	1,417,753	1,573,965	179,213.2	156,211.9	14%	11%
Source: Cambridge Econometrics LEFM							

Productivity

4.11 Devon's long term challenge of productivity is evident within each of the districts and this is forecast to continue between 2013 and 2025. While productivity is forecast to rise across all districts and reach £36,033 of value added generated per employee in West Devon by 2025, performance against the national average is forecast to be less positive.

4.12 West Devon is one of three districts where the relative position is forecast to improve with the extent to which real value added growth is forecast to outpace the national average, exceeding employment growth projections. However, despite this improvement, it is expected that by 2025, productivity levels will be just 79% of the national average (compared to 78% in 2013), generating the second lowest level of value added per employee in Devon.

Productivity Levels (Value Added per Employee) 2013 - 2025



Source: Cambridge Econometrics LEFM

Sectors – Forecast Absolute Growth

4.13 The majority of sectors in West Devon's economy are forecast to grow or remain relatively static in both employment and real value added terms between 2015 and 2025, with the exception of manufacturing and agriculture which are expected to experience a slight employment decline.

4.14 The three main sectors expected to drive employment growth are construction, accommodation and food and business and finance, which are collectively forecast to account for 73% of the additional jobs. Construction and, in particular, business and finance are also forecast to make a significant contribution towards real value added growth, as is the public sector.

Net Change 2013 – 2025 – Ranked by greatest level of change							
Employment				Real Value Added (£m)			
Sector	2013-2020	2020-2025	2013 - 2025	Sector	2013-2020	2020-2025	2013 - 2025
Construction	400	100	500	Business & finance	21.9	21.7	43.6
Accommodation & food	100	200	300	Public sector	13	15.5	28.5
Business & finance	200	100	300	Construction	17.4	9.4	26.8
Distribution, hospitality	100	100	200	Manufacturing	11	6.7	17.7
Other services	100	100	200	Distribution, hospitality	9.3	6.7	16
Transport & storage	0	100	100	Accommodation & food	7.1	5.8	12.9
Info. & comms.	100	0	100	Info. & comms.	4.5	3.4	7.9
Public sector	0	100	100	Other services	4	3	7
Mining	0	0	0	Transport & storage	2.2	2.4	4.6
Utilities	0	0	0	Agriculture	1.7	2.4	4.1
Agriculture	-100	0	-100	Utilities	0.9	1	1.9
Manufacturing	-100	0	-100	Mining	0	0.1	0.1
Source: Cambridge Econometrics LEFM							

4.15 Other key points to note include:

- **The role which sectors play in driving growth will vary:** There are a number of key differences between the sectors which will drive job creation and those which will make a greater contribution in value added terms reflecting varying productivity levels. In particular, accommodation and food will be a key employment creation sector (with low levels of value added growth), while the public sector will make a more significant contribution to value added growth than employment growth. The manufacturing sector will also make a significant contribution to real value added growth despite employment decline.
- **The timing of employment growth will vary by sector:** Construction and business and finance are expected to make a more significant contribution to employment growth between 2013 and 2020, while accommodation and food and the public sector are expected to play a greater role between 2020 and 2025. Similar differences are also projected in the timings of value added growth, although the variances are often not as stark, with forecast productivity gains helping to balance growth.

Sectors – Forecast Growth Rates

4.16 The above average employment and real value added growth forecasts for West Devon are driven by the projected growth rates for most sectors exceeding the national average. With regards to employment, the level of decline forecast for the manufacturing sector is also expected to be lower than the national average.

Growth Rates 2013-2025 – Ranked by fastest growing					
Employment			Real Value Added		
Sector	West Devon	UK	Sector	West Devon	UK
Construction	33%	19%	Business & finance	58%	51%
Info. & comms.	25%	17%	Construction	48%	52%
Other services	22%	9%	Info. & comms.	46%	53%
Business & finance	15%	12%	Other services	30%	29%
Transport & storage	14%	9%	Accommodation & food	28%	28%
Accommodation & food	12%	16%	Manufacturing	26%	23%
Distribution, hospitality	7%	3%	Transport & storage	23%	29%
Public sector	2%	4%	Distribution, hospitality	20%	19%
Mining	0%	-7%	Agriculture	17%	17%
Utilities	0%	13%	Public sector	17%	14%
Agriculture	-7%	-5%	Utilities	13%	9%
Manufacturing	-7%	-11%	Mining	10%	5%
Source: Cambridge Econometrics LEFM					

Sectoral Productivity

4.17 While productivity levels are expected to increase across all of West Devon's sectors between 2013 and 2025, the change in the relative position of each sector against the UK will vary. Specifically the productivity gap is forecast to:

- **Reduce in five sectors:** (accommodation and food, distribution, agriculture, business and finance and utilities) by up to 11 percentage points;
- **Increase in four sectors:** (manufacturing, other services, transport and storage and information and communications) by up to seven percentage point;
- **Remain static in three sectors:** (public sector, construction and mining).

4.18 Overall, the significant levels of improvement forecast for business and finance and utilities is one of the main factors contributing to the improvement in West Devon's overall productivity levels. The utilities sector is forecast to be the only sector which out-performs equivalent levels of productivity nationally by 2025, with productivity levels of the other services sector falling below the national average.

Productivity By Sector 2013 - 2025

	2013		2020		2025	
Area	**£**	**% Eng**	**£**	**% Eng**	**£**	**% Eng**
Public sector	£30,491	100%	£32,855	100%	£35,036	100%
Other services	£26,111	100%	£27,500	97%	£27,727	93%
Accommodation & food	£18,200	97%	£20,231	98%	£20,857	99%
Manufacturing	£48,071	92%	£60,231	96%	£65,385	91%
South West	**£33,931**	**89%**	**£37,468**	**89%**	**£40,316**	**89%**
Distribution, hospitality	£26,167	87%	£28,323	88%	£29,531	88%
Construction	£36,867	86%	£38,263	84%	£41,050	86%
Agriculture	£17,071	84%	£19,692	90%	£21,538	90%
West Devon	**£30,066**	**78%**	**£33,451**	**79%**	**£36,033**	**79%**
Business & finance	£37,400	77%	£43,955	81%	£51,478	86%
Transport & storage	£28,143	75%	£31,286	77%	£30,375	73%
Utilities	£75,500	69%	£80,000	75%	£85,000	80%
Info. & comms.	£42,500	69%	£43,000	62%	£49,800	64%
Mining	£0	0%	£0	0%	£0	0%

Source: Cambridge Econometrics LEFM

Sectoral Profile

4.19 Overall, despite the changes outlined above, the sector profile of the West Devon economy is forecast to remain largely unchanged in both employment and real value added terms. The high levels of employment growth forecast for the public sector are however expected to increase the sector's share of total employment causing the overall contribution of other sectors, including accommodation and food and construction to decrease. In contrast, the public sector's share of real value added is expected to decrease, with contribution of the construction sector increasing.

5 Key Messages and Implications

Key Strengths

An Attractive Natural Environment Support the Visitor Economy

5.1 With almost half of the district's landscape falling within the boundaries of Dartmoor National Park the district's natural environment makes it an attractive place to live and visit. West Devon has a strong visitor economy which is underpinned by a large accommodation and food sector, and which generates expenditure in other areas of the economy, such as retail. A need for continual investment to maintain visitor appeal will be important.

A Strong Skills Base

5.2 The skills profile of West Devon's working age residents is strong. Residents are notably more qualified at all NVQ Levels when compared to the county-wide and national average and the gap widens as the qualification levels increase. West Devon also has the second highest proportion of working age residents qualified to NVQ L4+ in Devon. This contributes to the high employment rate in the area and can be used as a key selling point to attract new employers to West Devon. The quality of the workforce and the availability of the required skills is one of the biggest factors that influences a company's decision on location.

A Large Business Base, supported by High Levels of Enterprise

5.3 Micro businesses form the core of the business base, contributing to West Devon having the third highest business density in Devon. The business base is supported by high levels of self employment, suggesting a strong entrepreneurial culture. The dominance of small employers means that the economy should be less vulnerable to the impact of business closures which can be severe in areas with high dependence on single employers. Given the business structure, it is important to consider how small businesses (including those run by a sole trader) can be supported to grow their operations and create new employment opportunities.

Positive Growth Forecasts

5.4 The growth forecasts for West Devon are positive, with both employment growth and real value added growth projected to slightly exceed the national average. This is expected to result in an additional 1,500 additional job across a number of sectors including construction, accommodation and food and business and finance. This will increase the number and range of local opportunities.

Key Challenges

Increasing Employment Levels, including in Professional Occupations

5.5 Despite being a sparsely populated district, the number of employment opportunities available relative to the size of the working age population is low. West Devon has the third lowest employment density in Devon and also has below average levels of highly skilled occupations, with a particular gap in professional occupations. Both of these factors contribute to the high levels of out-commuting, placing pressures on the transport network and, with the lack of rail access, increasing dependence on car travel. While the employment forecasts will help to address this, capturing a higher share of growth in key private service sectors will help to further expand and diversity the employment base.

Attracting and Retaining Young People and Growing the Working Age Population

5.6 West Devon has a small working age population, and the proportion of residents aged under 16 is low when compared to the national average. With forecasts that the population will continue to age, attracting and retaining young people and expanding the working age population will be essential. This could include a range of activities, including those set out above relating to increasing the availability and quality of local employment opportunities, increasing the number of vocational training opportunities for young people, and improving access to services.

Reducing Dependence of Surrounding Economies

5.7 West Devon has strong connections to surrounding economies, as evidenced by high levels of out-commuting both to other parts of Devon and the wider South West. Whilst this ensures that residents have access to a wider range of employment opportunities, it restricts the district's ability to control its own fortunes and could make it vulnerable to economic stresses in other areas. Building a diverse local employment base, including through employment growth forecast in the area, will help to reduce this challenge.

Closing the Productivity Gap

5.8 At present, West Devon has the third lowest productivity levels in Devon and real value added per employee is just 78% of the national average. While West Devon is one of three districts where the productivity gap with the national average is forecast to improve as a result of productivity, this will only take West Devon to 79% of the national figure and the under-performance will continue to be evident. Active measures could be taken to help reduce the gap including a focus on attracting and growing high productivity sectors and increasing productivity levels of the existing workforce.

The Natural Environment as a Constraint to Growth

5.9 While the attractiveness of the natural environment is a significant asset, its also presents a potential constraint to growth. Securing high levels of new employment growth through both existing and incoming businesses requires the availability of suitable land and business premises as well as access to a range of supporting services. While employment land allocations have been identified in Tavistock and Okehampton, new development in the wider area will be subject to the restrictions of the National Park status and other environmental considerations. There may also be resistance from local residents. However, ensuring an appropriate supply of sites and premises and increasing the local service base will be important to support growth. This includes flexible workhubs and live/work units.

Annex 1: Summary Table Data Sources

Indicator	Source	Date
Employment	BRES	2012
Businesses	Business Demography	2012
Real Value Added	LEFM	2012
Population	Mid-year Population Estimates	2012
Employment Rate	BRES Mid-year Population Estimates	 2012
Unemployment Rate	Annual Population Survey Mid-year Population Estimates	Oct 2012-Sep 2013 2012
Inactivity Rate	Annual Population Survey Mid-year Population Estimates	Oct 2012-Sep 2013 2012
NVQ L2+	Annual Population Survey Mid-year Population Estimates	Oct 2012-Sep 2013 2012
NVQ L4+	Annual Population Survey Mid-year Population Estimates	Oct 2012-Sep 2013 2012
Employment Density	BRES Mid-year Population Estimates	2012 2012
Business Density	Business Demography Mid-year Population Estimates	2012 2012
Productivity	LEFM	2012
Highly Skilled Occupations	Annual Population Survey	Oct 2012-Sep 2013
Average Annual Workplace Earnings	Annual Survey of Hours and Earnings	2012
Employment Forecasts	LEFM	-
Real Value Added Forecasts	LEFM	-
Productivity Forecasts	LEFM	-