Assembling the evidence base for the Local Economic Assessment

District Profile - Mid Devon

A Final Report to Devon County Council

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Contents

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1: Introduction

1.1 This report provides an analysis of the economy of Mid Devon district. It draws on a range of sources, including secondary data and econometric forecasts produced by Cambridge Econometric Local Economy Forecasting Model (LEFM).

1.2 The analysis is framed around four perspectives:

- the spatial economy
- current economic performance
- future projections
- the policy framework for future economic growth

1.3 The 'profile' concludes with a short summary of the key findings of the analysis. A table summarising the key features of the local economy is provided in a supporting Appendix.

2: Mid Devon in profile

Introduction

2.1 Mid Devon is an inland district located in the north east of Devon (and bordering Somerset). The district is close to two National Parks (Dartmoor and Exmoor) and the urban economies of Exeter and Taunton are nearby. The district has a resident population of around 76,000 people, of whom 46,000 are of working age and 29,000 are employed. Within Mid Devon there are around 3,400 businesses which generate, in aggregate, about 23,000 employee jobs. When considering a range of metrics, Mid Devon accounts for roughly 10% of Devon's economy.

The spatial economy

Overview

2.2 The district covers 913 square kilometres. Its landscape is characterised by green rounded hills of pasture and woodland cut through by steep-sided river valleys. Some areas around the Exe Valley and its tributaries are subject to periodic flooding, which can have costly implications for residents and the local economy. Processes of climate change may increase these threats for the district's market towns that have typically evolved as riverside settlements.

2.3 Defra's rural classification system – based on 2001 Census data – defines Mid Devon as a 'Rural-80' district, i.e. one with at least 80 percent of its population living in rural settlements and larger market towns. As with many rural parts of the county, the district's broadband access is characterised by areas of 'notspots' and 'slowspot' connections[1]. Mid Devon is relatively well connected in terms of transport: the M5 Motorway cuts through the east of the district, the A361 joins the M5 in the north not far from Tiverton, and the A30 in the south west corner of Mid Devon runs on to Exeter where it too meets the M5. The district has several railway stations with connections to main line services via Exeter St David's and a mainline station at Tiverton Parkway. Mid Devon's distinctive economic character must therefore be understood in the context of a largely rural, but relatively well connected, district.

The larger towns within Mid Devon

2.4 Within Mid Devon, the largest settlement is **Tiverton**, which is the administrative centre of the district. Tiverton lies at the junction of two important road routes: the A361 North Devon Link Road (linking the M5 Motorway and with the northern Devon towns of Barnstaple and Bideford) and the A393 (linking Exeter with Minehead). According to the town profile prepared by Devon County Council, Tiverton has a population of around 22,000 people, equivalent to over a quarter of all of Mid Devon's population.

[1] See http://www.broadband-notspot.org.uk/map/devon-broadband-notspot.html#10,50.474112921677154,-4.088287353515625,all,2

2.5 Tiverton is a market town and the largest employment sector is retail and wholesale trade. Within the town there are a number of engineering companies, together with Heathcoats textiles (which employs over 500 people) and Reuters (financial information). The Reuters site provides an example of one of the district's vulnerabilities. Mid Devon is home to several 'branch operations' which have their main operations located elsewhere. The Mid Devon Reuters operation recently relocated some of its functions to Exeter.

2.6 After a period dominated by decline during the 1970s and 1980s, Tiverton's modest revival in the last 10 to 20 years has been stimulated through the construction of the A361 North Devon Link Road, a new industrial estate at Little Gornhay, and additional junctions/distributor roads that paved the way for improved access and expansion. Although unemployment amongst the working age resident population is low (1.7%[2]), the average household income of £30,132[3] is below the Mid Devon and Devon averages. Some neighbourhoods within Tiverton are within the most deprived 25% nationally.

2.7 Census 2001 data suggest the town has a high percentage of self containment – with 68% of residents working within the town; however more recent data from APS suggest the degree of self containment may be falling. As a result of workers in Exeter and Taunton seeking to live further afield to find affordable housing, Tiverton has emerged as a popular dormitory town for commuters to these larger local urban areas.

2.8 South west of Tiverton is the town of **Cullompton.** Cullompton is situated on the banks of the River Culm and at a junction of the M5 Motorway, 12 miles north of Exeter. In aggregate, Cullompton's 8,500 residents are slightly younger than the Devon average, with almost 49% aged 39 or younger (compared to 43% in Devon, but 53% nationally)[4]. This relative youth is driven by a large proportion of 'young families living in newer homes' (Mosaic Group B)[5].

2.9 Significant employers in Cullompton include a Tesco supermarket and the collection of businesses operating at the Kingsmill Industrial Estate. Employers at the industrial estate include: Gregory Disribution, a food storage and distribution firm; St Regis, the UK's largest specialist manufacturer of recycled coloured papers; plus a flour mill, milk depot, and an industrial clothing shop. The arrival of the Tesco supermarket in late 2008 prompted a local discussion of the town's economic character and its future prospects. At the time, the Cullompton town mayor said *"Cullompton was in decline long before Tesco came here"*[6]. A survey of traders in Cullompton revealed that the majority thought the town's atmosphere and appearance deterred shoppers[7]. Just north of Cullompton at Willand, the Two Sisters poultry processing plant employs almost 800 people.

2.10 The third of Mid Devon's larger settlements is **Crediton** which stands on the A377 Exeter to Barnstaple road at the junction with the A3072 road to Tiverton, about 7 miles north west of Exeter. In the early 20th century, shoe-making, tanning, agricultural trade, tin-plating and the manufacture of confectionery and cider were notable local industries. Today, the town has

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[2] *Tiverton Updated Town Profile*, 2010 – produced by Devon County Council
[3] Ibid (ONS model-based estimates, 2007/08)
[4] *Cullompton Updated Town Profile*, 2010 – produced by Devon County Council
[5] Ibid
[6] *Tesco comes to town but what comes with it?* SouthWestBusiness.co.uk, http://www.southwestbusiness.co.uk/news/Tesco-comes-town-comes/article-1609775-detail/article.html
[7] Ibid

two industrial parks at Lords Meadow and Fordton, a dairy, and a small collection of units at Westward Business Park[8]. Jacksons confectionary continues to be manufactured in the town and Graphic PLC, an electronics and microchip manufacturer is located in Crediton. A large Tesco store has also recently opened. In 2001, Crediton was given priority status with regard to the government's Market and Coastal Towns Initiative, following the outbreak of foot-and-mouth disease.

2.11 Crediton has a distinct rural character. Of the 7,000 residents living in Crediton[9] there is a disproportionately large population of 'people living in rural areas far from urbanisation' (Mosaic Group B). Approximately 44% of Crediton residents fall into this category, compared to just 23% across Devon as a whole. According to the town profile prepared by Devon county Council, unemployment amongst working age residents stands at 2.9% in Crediton which is low by national standards, but slightly above the Mid Devon and Devon averages. Living costs are relatively low in Crediton, as shown by the average house price being equivalent to 77% of the Devon county-wide average[10].

Current economic performance

2.12 On composite headline indicators, Mid Devon is mid-ranking in terms of performance. For example:

- on the Competitiveness Index, produced by Robert Huggins and Associates, it ranks as the 212th most competitive district (from among 379 nationally)
- on the overall Index of Multiple Deprivation, Mid Devon is identified as the 177th most deprived (amongst 354 in England) – half way through the national ranking.

2.13 These composite indicators need some unpicking.

Hidden unemployment…

2.14 A notable characteristic of the Mid Devon economy appears to be the existence of a significant proportion of unemployed individuals who are *hidden* by many of the standard labour market metrics. Compared to the Devon county-wide economy, Mid Devon has broadly comparable and strong economic activity rates and employment rates. In addition, the proportion of working age adults claiming out of work benefits is slightly lower in Mid Devon than the average elsewhere in the county. These facts do not suggest that Mid Devon has any issues relating to unemployment. However, using the International Labour Organisation's definition of unemployment, 10.1% of Mid Devon's working age population is classified as unemployed compared to 6.6% in the county and 7.9% nationally. This may suggest significant numbers of people who are unemployed and actively seeking work but have not qualified/registered for Job Seekers' Allowance benefits.

[8] Crediton Area Website, http://www.crediton.co.uk/commerce/devon_business.html
[9] *Crediton Updated Town Profile*, 2010 – produced by Devon County Council
[10] Ibid

Low levels of inward commuting and a strong 'pull' from neighbouring urban areas…

2.15 In terms of travel-to-work patterns, Mid Devon is distinctive in having very high levels of *workplace* self-containment but significantly lower *residence* self containment. According to data from APS (2008):

- 75% of workers in Mid Devon also live in Mid Devon
- 57% of working residents in Mid Devon work in Mid Devon.

2.16 These data are consistent with a predominantly rural but well-connected district situated on the edge of a significant urban economy: the flows of workers in relation to Mid Devon are – on balance – overwhelmingly outwards and Exeter is the principal destination. However, Mid Devon's workplace-based earnings are slightly higher than those calculated on a residence-based measure. The implication may be that Mid Devon's out-commuters to Exeter are concentrated in some of the lower occupational groups and/or relatively low paid employment in the public sector (health/education, etc.)

With a distinctive sectoral employment structure…

2.17 Table 2-1 provides detailed evidence relating to the sectoral make-up of employee jobs within Mid Devon (self employment and farm agriculture apart[11], which are both important in Mid Devon).

Table 2-1: Sectoral profile of Mid Devon (2009), shown in terms of (a) sectors in which the district has a high location quotient[12] for employee jobs (relative to Devon) and (b) sectors with the largest numbers of employee jobs

Sectors in which Mid Devon has a high location quotient for employee jobs (relative to Devon)	**LQ**	**Employee jobs**	**Mid Devon's largest sectors in terms of the number of employee jobs**	**LQ**	**Employe e jobs**
63 : Information service activities	8.5	n/a	47 : Retail trade, except of motor vehicles and motorcycles	1.0	2,900
13 : Manufacture of textiles	5.5	n/a	85 : Education	1.2	2,400
17 : Manufacture of paper and paper products	4.7	n/a	49 : Land transport and transport via pipelines	2.6	1,600
29 : Manufacture of motor vehicles, trailers and semi-trailers	4.4	100	46 : Wholesale trade, except of motor vehicles and motorcycles	1.4	1,400
20 : Manufacture of chemicals and chemical products	3.2	n/a	56 : Food and beverage service activities	0.8	1,300

[11] The data used in Table 2-1 is taken from the Business Register Employment Survey (BRES). Currently the BRES sample does not include self-employed individuals and BRES does not collect farm agriculture data at the district level. A more reliable source for assessing the scale of the agricultural sector is Defra's annual 'Agriculture & Horticulture Survey'. The most recent survey yielding results published at a local authority district level was held in June 2007. This found that in Mid Devon just over 4,000 individuals were employed in agriculture – 1,300 full time self employed, 1,700 part time self employed and 1,000 employees.

[12] A Location Quotient (LQ) compares the relative size of a specific industry in a defined geographic area (in this case the local authority district) to that in another defined geographic area (in this case the county). A LQ of 1.0 implies that for the sector in question, the incidence of employee jobs in the local authority district is the same (as a proportion of all employee jobs) as for the county as a whole. Conversely a LQ of 2.0 would suggest that the incidence of employee jobs in the sector locally is twice that which is observed across the county as a whole, relative to the total number of employee jobs. Put simply, it is therefore a measure of *relative* specialisation

Sectors in which Mid Devon has a high location quotient for employee jobs (relative to Devon)	**LQ**	**Employee jobs**	**Mid Devon's largest sectors in terms of the number of employee jobs**	**LQ**	**Employee jobs**
10 : Manufacture of food products	2.9	700	86 : Human health activities	0.8	1,200
49 : Land transport and transport via pipelines	2.6	1,600	88 : Social work activities without accommodation	1.0	800
25 : Manufacture of fabricated metal products, except machinery and equipment	2.6	500	10 : Manufacture of food products	2.9	700
52 : Warehousing and support activities for transportation	2.5	400	43 : Specialised construction activities	1.3	700
26 : Manufacture of computer, electronic and optical products	1.9	n/a	84 : Public administration and defence; compulsory social security	0.5	700
75 : Veterinary activities	1.7	100	87 : Residential care activities	0.9	600
01 : Crop and animal production, hunting and related service activities	1.7	n/a	45 : Wholesale and retail trade and repair of motor vehicles and motorcycles	1.1	500
03 : Fishing and aquaculture	1.5	n/a	63 : Information service activities	8.5	500
28 : Manufacture of machinery and equipment n.e.c.	1.5	300	93 : Sports activities and amusement and recreation activities	1.4	500
82 : Office administrative, office support and other business support activities	1.5	300	25 : Manufacture of fabricated metal products, except machinery and equipment	2.6	500

Source: SQW, based on BRES, 2009

2.18 The data in Table 2-1 suggest that within Mid Devon:

- The big sectors (in terms of numbers of employee jobs) are similar to those across Devon as a whole. These fall into three main categories, provision of local health/education services; food service and accommodation; and retail/wholesale. Mid Devon's 'tourism offer' appears to be focused on the food services element rather than accommodation. Given the district's proximity to both Exmoor and Dartmoor National Parks, there could be an opportunity for Mid Devon to provide a stronger accommodation offer.

- Mid Devon's high degree of connectivity is reflected in the importance of the land transport sector, which includes both passenger and freight transport by road and rail. This sector is large in employment terms, providing over 1,500 employee jobs in the district, and large in relative terms with almost 3 times as many employee jobs in Mid Devon than across Devon as a whole.

- Although not necessarily big employers, Mid Devon does have some distinctive specialisms. Over eight times as many "Information service activities" employee jobs exist in Mid Devon than across Devon as a whole. As defined, this sector includes web search portals, data processing and hosting activities, as well as other activities that primarily supply information. Mid Devon also appears to have a stronger than average manufacturing base, with activity in textiles, paper, motor vehicles, chemicals and food.

- Although reasonably important in absolute terms, employee jobs in “public administration and defence” are under-represented in Mid Devon suggesting that some of the associated services may be delivered from outside the district but also, perhaps, that Mid Devon could be reasonably resilient in the face of public sector spending cuts.

And a distinctive business character…

2.19 Within Appendix A, Table A-1 provides further headline indicators for Mid Devon. These need to be interpreted within the context set out above. They confirm that Mid Devon is home to a favourable entrepreneurial and business climate:

- *There is a high incidence of self employment within Mid Devon:* Although this is consistent with the county as a whole, the slightly lower than average proportion of self-employed residents in Mid Devon may reflect the local manufacturing and transport sector strengths.
- *Business density (measured as the stock of businesses per person of working age) is slightly higher than the average for Devon, as is the business birth rate:* This may suggest that the underlying business and entrepreneurial climate in Mid Devon remains strong locally.
- *At both high and low levels, the skills profile of Mid Devon’s residents of working age is slightly weaker than for Devon as a whole, but school-level attainment is above the average for the county:* These observations are important in terms of future economic growth. They suggest, among other things, that businesses’ workforces may be less skilled than those elsewhere and this must have some bearing on performance. Moreover, they imply that young people who achieve good results at GCSE and A Level are not finding their way into the resident working population; the inference may be that they are finding employment opportunities elsewhere.
- *There is a relative lack of businesses operating, and employees working, in the knowledge economy:* Mid Devon has a smaller than average proportion of firms and individuals in knowledge-based sectors. This suggests a reason for the district’s poor skills profile and the apparent ‘flight’ of young people with high attainment levels.

Future projections

2.20 Based on its Local Economy Forecasting Model (LEFM), Cambridge Econometrics (CE) is able to generate employment projections for local areas. These are modelled projections which are developed at the level of individual sectors and are consistent with regional forecasts. They are not fully fledged “forecasts” in their own right at district level and they rely on important assumptions (notably that (a) relative patterns of sectoral performance are sustained in the future and (b) the policy context does not change greatly). However, they provide an important insight into what *might* happen and hence they are an important guide for policy-makers and others.

Overall scale of growth in Mid Devon

2.21 Based on the LEFM, Table 2-2 provides headline data for Mid Devon and Devon County on five key indicators: GVA, GVA per capita, population, productivity (GVA per job), and employment. The table provides a baseline position for 2010 (although note that data for 2010 are modelled rather than primary); historic annual growth rates for each five-year period from 1985-90 to 2005-2010; and projected annual growth rates for 2010-15 and 2015-2020.

Table 2-2: 2010 baseline and annual growth rates for key LEFM indicators, for Mid Devon, Devon and the UK

	2010 Baseline	1985-90	1990-95	1995-2000	2000-2005	2005-2010	2010-2015	2015-2020
GVA (£m, CVM, reference year 2005)								
Devon	11,148	5.0%	1.0%	1.8%	4.1%	0.5%	1.6%	3.0%
Mid Devon	868	4.8%	1.4%	2.7%	4.1%	-2.5%	2.3%	3.4%
UK	1,124,758	3.6%	1.5%	3.5%	2.7%	0.6%	2.0%	3.1%
GVA per Capita (£000, CVM, reference year 2005)								
Devon	14.8	3.7%	0.5%	1.0%	3.3%	-0.1%	1.2%	2.6%
Mid Devon	11.3	3.5%	1.0%	1.7%	2.9%	-3.4%	1.7%	2.8%
UK	18.2	3.3%	1.2%	3.2%	2.2%	0.0%	1.4%	2.5%
Population (thousands)								
Devon	751	1.3%	0.5%	0.8%	0.8%	0.6%	0.4%	0.4%
Mid Devon	77	1.2%	0.4%	1.0%	1.1%	0.9%	0.5%	0.5%
UK	61,918	0.2%	0.3%	0.3%	0.5%	0.6%	0.5%	0.6%
Productivity (£000/job, CVM, reference year 2005)								
Devon	31.1	1.1%	1.9%	2.2%	1.0%	1.1%	1.7%	2.1%
Mid Devon	30.9	1.4%	2.5%	2.4%	1.0%	0.4%	2.0%	2.3%
UK	36.6	1.7%	2.5%	2.2%	1.7%	0.7%	1.9%	2.1%
Employment (thousands)								
Devon	358	3.8%	-0.9%	-0.5%	3.0%	-0.6%	-0.1%	1.0%
Mid Devon	28	3.3%	-1.1%	0.3%	3.1%	-2.8%	0.2%	1.0%
UK	30,698	1.9%	-1.0%	1.2%	1.0%	-0.1%	0.1%	0.9%

Source: LEFM

2.22 From Table 2-2, some important observations can be made:

- Mid Devon's population has consistently grown slightly quicker than that of Devon since 1995-2000; looking ahead, rates of projected population growth in Mid Devon are similar to those in Devon as a whole and the UK.
- Over recent years, Mid Devon's rate of employment growth has stalled and it appears to have been badly affected by recession – much more so than the county as a whole and the UK.
- Similarly, Mid Devon's recent performance in terms of GVA growth has been poor, declining by 2.5% per annum between 2005 and 2010. Nevertheless, the rate of GVA growth between 2010 and 2020 is expected to outpace the county-wide and national economy.

- Levels of GVA per capita in Mid Devon are around 72% of those across Devon; however a quicker pace of future growth is expected to narrow this gap over the next decade.
- Mid Devon's productivity (defined as GVA per job) lags slightly behind the county average. However the gap is projected to start to close in the short to medium term.

Projected changes in Mid Devon's sectoral make-up

2.23 Against this backdrop, LEFM provides some insight into future sectoral prospects. In the paragraphs that follow, we examine these prospects from two contrasting perspectives.

2.24 Table 2-3 summarises sectoral employment prospects in Mid Devon. It identifies those sectors which, **in absolute terms**, are projected to grow or decline quickly in the period 2010-2015. For these sectors, it also identifies the level of employment in 2010, the location quotient (for employment relative to Devon); and longer term employment growth prospects.

Table 2-3: Sectoral composition of employment in 2010 in Mid Devon; the location quotient for sectors in Mid Devon relative to Devon; and project annual growth rates in employment for 2010-2015 and 2015-2020

	Employment in Mid Devon in 2010	Employment LQ relative to Devon in 2010	Projected annual growth rate in employment, 2010-2015	Projected annual growth rate in employment, 2015-2020
Sectors projected to see the highest rates of absolute growth in employment between 2010 and 2015				
Food, drink & tobacco	700	2.6	6.8%	-0.5%
Other business services	3600	1	3.0%	4.2%
Other manufacturing	200	0.7	2.6%	1.9%
Hotels & catering	1700	0.7	1.7%	1.9%
Transport & communications	1900	1.5	1.2%	0.4%
Insurance	<100	0.2	1.0%	1.2%
Sectors projected to see fast rates of employment decline between 2010 and 2015				
Other mining	<100	0.7	-1.3%	-1.4%
Basic metals & metal products	500	2.2	-1.5%	-1.1%
Public admin. & defence	1000	0.5	-1.9%	-0.1%
Electricity, gas & water	<100	0	-2.2%	-0.9%
Wood & paper	200	2.3	-2.7%	-1.8%
Chemicals & man-made fibres	200	1.3	-4.7%	-5.4%
Agriculture etc[13]	1400	1.3	-7.6%	-7.5%

Source: LEFM

2.25 Within the table, the sector projected to grow most quickly is *food, drink and tobacco* while *agriculture* is expected to decline at the fastest rate. Within Mid Devon, relatively strong employment growth is projected in *other business services* and *other manufacturing*. *Public*

[13] *Agriculture etc* includes estimates of jobs in both forestry and fishing. Cambridge Econometrics' estimates of jobs also include self-employment. As a result the size of the 'sector' is likely to be larger than that noted in the BRES data in Table 1 above. The estimates of employee jobs are consistent with ONS estimates of workforce jobs for the South West and estimates of self-employment are consistent with a three-year rolling average of self-employment from the Annual Population Survey (APS).

administration and defence is set to see significant job losses and in absolute terms, this will hit Mid Devon hard. However – as noted above – the sector as a whole is underrepresented within the district and hence the impact may be lower than elsewhere.

2.26 Table 2-4 examines sectoral growth prospects from a different vantage point. Here, the perspective is an entirely **relative** one. Specifically, the table sets out those sectors in which Mid Devon is **relatively** strong/weak in an absolute sense as compared to Devon. It also identifies those sectors in which the district's employment growth prospects are **relatively** strong/weak as compared to Devon. In this context, it is important to note that relatively strong prospects can mean absolute decline albeit at a slower rate than in Devon as a whole.

2.27 The findings from Table 2-4 suggest which sectors may drive the district's future economic performance. Of particular importance are the *food, drink and tobacco* and *distribution* sectors which are already large in Mid Devon relative to Devon as a whole and are expected to experience particularly strong growth relative to Devon as a whole. Mid Devon's *transport and communications* sector is also expected to see absolute employment growth over the next decade. Whilst much of Mid Devon's manufacturing/ engineering base is expected to decline in absolute numbers, the decline is anticipated to be less severe than in the county as a whole.

Table 2-4: Patterns of current specialisation and projected future growth (in employment) in Mid Devon *relative* to Devon

	High employment LQ relative to Devon, 2010	Low employment LQ relative to Devon, 2010
Strong relative growth in employment, 2010-2020	**Food, drink & tobacco**	<u>*Other mining**</u>
	<u>*Textiles, clothing & leather**</u>	**Other manufacturing**
	<u>*Basic metals & metal products**</u>	**Retailing**
	<u>*Mechanical engineering**</u>	**Hotels & catering**
	<u>*Electronics, elect & inst eng**</u>	**Other business services**
	<u>*Motor vehicles**</u>	<u>*Public admin. & defence**</u>
	Distribution	**Other services**
Weak relative growth in employment, 2010-2020	<u>*Agriculture etc**</u>	**Printing & publishing**
	<u>*Wood & paper**</u>	**Rubber & plastic products**
	<u>*Chemicals & man-made fibres**</u>	<u>*Non-metallic mineral products**</u>
	Transport & communications	**Other transport equipment**
		Construction
		Banking & finance
		Insurance
		<u>*Education & health**</u>

Source: LEFM Note that sectors shown in **bold** are projected to see absolute employment growth in *Mid Devon* over the period 2010-2020; Those shown in <u>*underlined italics*</u> are projected to decline in absolute terms

2.28 On the basis of modelled output from LEFM therefore, Mid Devon's short-medium term prospects for sustained economic growth appear to be broadly positive. All of these observations are consistent with – and demonstrate the importance of – the district's location vis-à-vis the national transport infrastructure in terms of driving economic growth.

Policy framework for future economic growth

2.29 Mid Devon District Council adopted its *Core Strategy 2026* in July 2007. The document highlights a number of local policies in relation to future economic growth. The key points can be summarised as follows:

- concentrate new development within the towns, protecting their character, with priority given to development of brownfield sites and supporting town centre vitality and viability
- limit development in rural settlements to that which meets a local social or economic need, supports their general vitality and viability and protects their character
- strictly limit development in open countryside, protecting its character, whilst promoting rural diversification

2.30 The Spatial Strategy set out in the Core Strategy notes that the market towns of Tiverton, Cullompton and Crediton will be the main foci for new development (with a limited role for Bampton), with the scale of development consistent with the character of their individual infrastructures, economies, characters and constraints. As such, the size/scale of development is intended to be largest in Tiverton and to then descend in the order presented above. Given Mid Devon's proximity to the Exmoor and Dartmoor National Parks – which have significant development restrictions – development within Mid Devon is important in relation to the wider economy.

2.31 In terms of housing, 6,800 new dwellings are planned between 2006 and 2026. Tiverton (2,900), Cullompton (1,900) and Crediton (700) are expected to provide for over 80% of the housing allocations, with Bampton playing a much more limited role and the remaining rural areas providing for local needs only. In Tiverton and Cullompton, 70% of new housing and employment land developments are expected to take place on greenfield sites. Development in Tiverton is expected to take place to the east of the town, where there are large areas of relatively unconstrained land and in Cullompton, development will be primarily in the form of a single, large mixed use urban extension, possibly to the north west of the town.

2.32 To meet employment needs, the Spatial Strategy calls for 300,000 square metres of employment (B1-B8) floorspace and 10,000 square metres of retail (A1) floorspace. As above, this will primarily be focused on Tiverton, followed by Cullompton and Crediton.

Conclusions

2.33 When considering Mid Devon's local profile, its economic characteristics must be considered in terms of the district being a **rural** but physically **well connected** area. This connectivity is largely based around the M5 Motorway, but also includes relatively strong rail links.

2.34 The accessibility into, and out of, Mid Devon creates both opportunities and threats for the district. On the positive side, Mid Devon's **strong land transport sector** is a reflection of its good transport infrastructure. Mid Devon's connections also provide the opportunity for many residents to work outside of the district, with **Exeter exercising a significant employment 'pull'**. Mid Devon is characterised by significant levels of net outward-commuting.

2.35 Mid Devon's **business climate is relatively strong** and the district is home to a number of businesses providing jobs in sectors such as information services and textiles, paper and vehicle manufacturing. Nevertheless, the district has been **hit relatively hard by the recent downturn** and has shed jobs at a faster rate than Devon as a whole. In addition, the district overall has a relatively **weak skills profile** and there is some suggestion that its out-commuters are generally working in lower paid occupations.

2.36 Mid Devon is projected to **grow more quickly** (in terms of employment and output) than Devon as a whole over the next period. It is expected that this will be led by strong growth in the **food and drink**, **distribution**, and **transportation sectors**. Mid Devon's spatial/ physical development is limited by the need to maintain its current rural character. Future housing and employment floorspace growth is likely to be concentrated on the existing larger market towns, namely Tiverton, Cullompton and Crediton.

Appendix A: Headline indicators

Table A-1: Headline economic indicators for Mid Devon

Indicator	Year (latest)	Source	Mid Devon	Mid Devon as % or index of Devon	Devon	South West
Resident population	2001	Census	69,774	10%	704,493	4,928m
Workplace population	2001	Census	26,863	9%	306,591	2,256m
Employed residents	2001	Census	49,761	10%	503,207	3,534m
Self employed residents	2001	Census	7,304	12%	63,389	356,431
Residents working at or mainly from home	2001	Census	7,421	12%	62,353	366,058
% of resident workers working in district	2001	Census	82%	0.91	90%	97%
% of workplace jobs undertaken by residents of the districts	2001	Census	45	0.82	55%	62%
Commuting balance (in-commuting minus out-commuting)	2001	Census	-5,831		-6,202	N/A
Resident population	2009	ONS	76,000	10%	747,400	5.231m
Resident population of working age (WAP)	2009	ONS	46,400	10%	458,100	3.297m
Total employees	2009	BRES	22,873	8%	303,770	2.269m
Employed residents 3 year average	2007/08-2009/10	APS - ONS	29,967	10%	286,567	2.073m
Self-employed residents as a proportion of working age population (16-64) – 3 year average	2007/08-2009/10	APS - ONS	5867	10%	57,753	350k
GVA £M	2007	ONS	n/a			
GVA per capita	2007	ONS	n/a			
Median gross weekly pay full-time employees - workplace based 3 year average	2007/08-2009/10	ASHE - ONS	£416	101%	£412	£454
Median gross weekly pay full-time employees - residence based 3 year average	2007/08-2009/10	ASHE – ONS	£414	97%	£426	£460
Economic activity rate (% of WAP) 3 year average	2007/08-2009/10	APS - ONS	80.6%	1.01	79.6%	79.0%
Employment rate (% of WAP) 3 year average	2007/08-2009/10	APS - ONS	74.6%	0.99	75.6%	74.9%
ILO Unemployment rate (modelled) 3 year average	2007/08-2009/10	APS-ONS	10.1%	1.53	6.6%	6.4%
Overall IMD rank	2007	CLG	177	N/A	N/A	N/A
% of WAP on out of work benefits	2010	DWP	8.0%	0.91	8.8%	10.0%
% of WAP with NVQ 4+ 3 year average	2007/08-2009/10	APS - ONS	27.2%	0.95	28.7%	28.7%
% of WAP below NVQ 2 3 year average	2007/08-2009/10	APS - ONS	20..7%	0.87	23.7%	24.5%
% of WAP no qualifications 3 year average	2007/08-2009/10	APS - ONS	10.3%	1.11	9.3%	9.4%
Not in education, employment or training NEET) aged 18	2009/10	Dfe	N/A	N/A	5.7%	5.6%
GCSE attainment with English and Maths, Grade A* to C	2009/10	Dfe	56.3%	1.03	54.7%	55.4%

Indicator	Year (latest)	Source	Mid Devon	Mid Devon as % or index of Devon	Devon	South West
Enterprise births per 1,000 WAP	2009	IDBR - ONS	6.2	1.09	5.7	5.8
5-year business survival rate	2009	IDBR - ONS	53.4%	1.04	51.3%	50.2%
Business stock (enterprises) per 1,000 WAP	2009	IDBR - ONS	77.6	1.06	73.2	66.5
House price: earnings ratio	2009	Land Registry	7.17	0.83	8.64	7.63
Overall rank in Huggins Competitiveness Index	2010	Robert Huggins	212	N/A	N/A	N/A
% of employees in knowledge economy	2009	BRES	41%	0.89	46%	50%
% of businesses (local units) in knowledge economy	2009	IDBR - ONS	21%	0.91	23%	31%