NORTH DEVON & TORRIDGE

BASELINING REPORT

2019-2023

TORRIDGE DISTRICT COUNCIL

northdevon COUNCIL

CONTENTS

1.INTRODUCTION

This report has been prepared for North Devon Council and Torridge District Council, by Jon Vernon, to provide a baseline of socio-economic data against which the collective impact of policy measures and projects outlined in the Northern Devon Economic Strategy and the accompanying Northern Devon Economy, Innovation & Skills (EIS) Plan (the delivery section of the strategy) can be assessed.

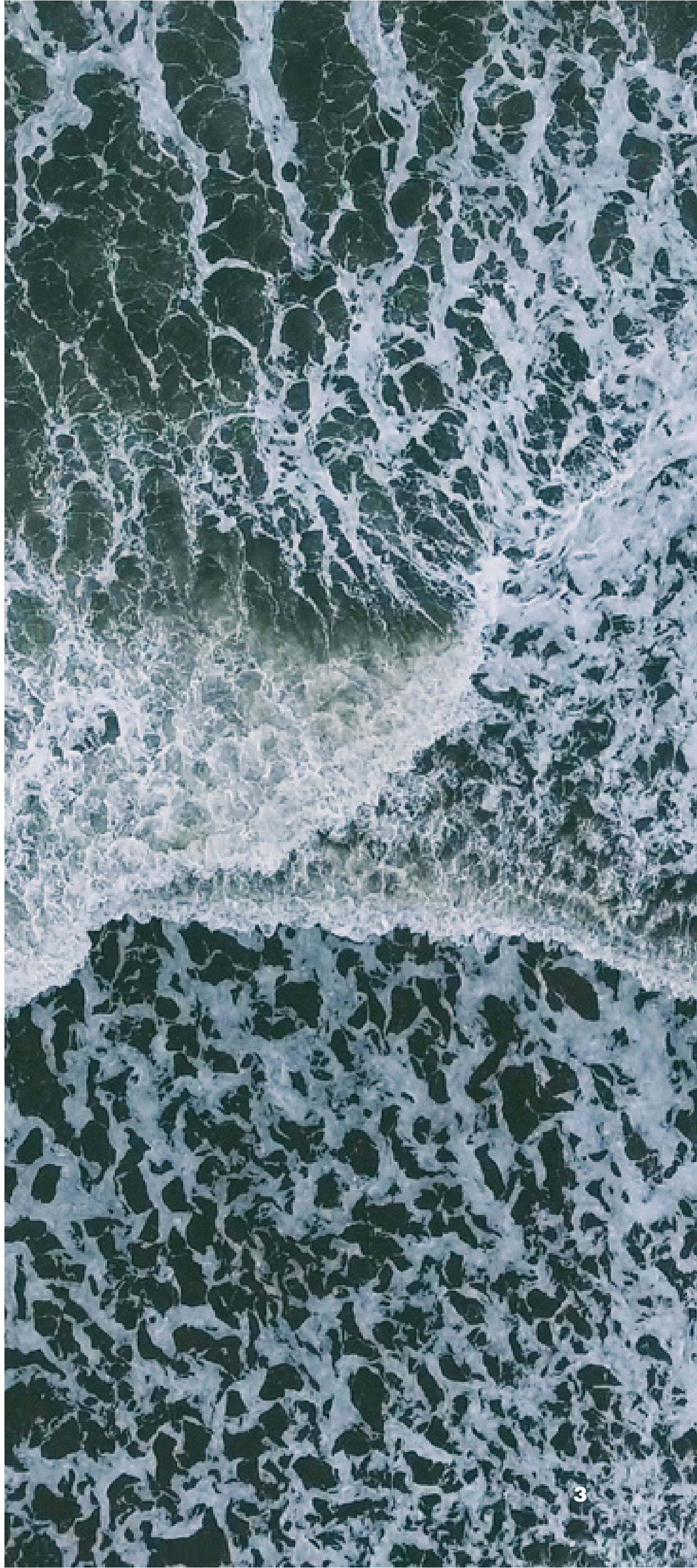
Much has happened in the last four years with significant impacts on national and local economies, including the COVID-19 pandemic, the UK exit from the European single market and Customs Union, the war in Ukraine, the energy and cost-of-living crises, and the rising imperative to address the climate emergency. A benchmark position of 2019, which predates some of these events and subsequent economic volatility, has therefore been used as an appropriate baseline to measure change.

This report is in two parts:
(a) The presentation of a broad range of baseline data for different characteristics of the northern Devon economy, where possible comparing the most recent data with the 2019 position.
(b) A more detailed discussion of key features and characteristics of the economy, tracking changes over time and in comparison to other areas across eight key themes: population, skills, economic activity, the business base, output and productivity, connectivity, competitiveness, and community. This document presents the results of that discussion and analysis, including longer-term directions of travel.

To help ensure that the data is meaningful, throughout the two documents, comparisons are made with the county of Devon (not including Plymouth and Torbay) and England to add context and help identify areas of above and below average performance. This document also includes some analyses of small geographical areas (e.g. Parishes, market towns, Lower- and Middle-layer Super Output Areas) to illustrate .

Section 2 provides an at-a-glance data summary of how socio-economic conditions have changed in northern Devon compared to the county and national average positions, including ‘directions of travel’.

Section 3 then provides some national context to the economic changes experienced since 2019. Sections 4 to 11 then proceed to unpack each of the eight themes in more detail to explore the nature and possible reasons behind the data variances.



2. AT A GLANCE – CHANGE SINCE 2019

INDICATOR	N.DEVON	TORRIDGE	DEVON	ENGLAND	CHANGE					SOURCE
					N.DEVON		TORRIDGE		BASE YEAR	
DEMOGRAPHY										
Population	99,400	68,500	814,400	56.5m	+2.3%	↑	+0.2%	↑	2019	ONS Population estimates 2021
Proportion of population working age (%)	57.7	56.1	58.3	63.0	+0.3%	↑	-0.2%	↓	2019	ONS Population estimates 2021
Proportion of population aged 65+ (%)	25.8	28.5	25.9	18.5	+0.5%	↑	+0.8%	↑	2019	ONS Population estimates 2021
SKILLS & QUALIFICATIONS										
% of residents (16+) with Level 4+ qualifications	28.5	26.2	32.9	33.9	+5.6%	↑	+4.5%	↑	2011	Census 2021
% of residents with qualifications up to Level 3	17.8	17.6	18.6	16.9	+5.4%	↑	+5.5%	↑	2011	Census 2021
% of residents (16+) with no qualifications	17.8	18.8	15.6	18.1	-6.3%	↓	-6.6%	↓	2011	Census 2021
GCSEs in English & Maths by age 19	74.7	68.3	74.7	74.9	+3.4%	↑	+0.5%	↑	2018/19	DfE, Local Authority Indicators 2021/22
Apprenticeship starts (rate per 100K pop'n)	1,023	1,179	1217	991	-12.8%	↓	+2.3%	↑	2018/19	DfE, 2021/22
ECONOMIC ACTIVITY										
% working age pop. in employment (incl. self-emp)	81.3	84.8	77.1	78.7	-1.4%	↓	-6.1%	↓	2019	ONS, Annual population survey 2022
% working age pop. self-employed	16.8	23.3	15.6	9.5	+0.6%	↑	-3.6%	↓	2019	ONS, Annual population survey 2022
Median full-time gross annual earnings (residents)	28,933	28,900	30,002	33,208	+20.9%	↑	+15.1%	↑	2019	ONS , Annual Survey of Hours and Earnings 2022

INDICATOR	N.DEVON	TORRIDGE	DEVON	ENGLAND	CHANGE					SOURCE
					N.DEVON		TORRIDGE		BASE YEAR	
BUSINESS BASE										
Count of active businesses	4,020	2,725	33,755	2,592,840	+3.7%	↑	+10.5%	↑	2019	ONS Business Demography 2021
Business births (new active businesses with at least 1 employee)	285	390	3,490	324,485	-16.2%	↓	+90%	↑	2019	ONS Business Demography 2021
OUTPUT & PRODUCTIVITY										
Total GVA (£ million)	2,189	922	17,504	1,682,752	-4.7%	↓	-6.0%	↓	2019	ONS, experimental estimates 2020
Gross Value Added (GVA) per hour worked (£)	31.9	24.4	31.5	38.9	+9.6%	↑	-1.2%	↓	2019	ONS Subregional productivity indices 2021
Gross Value Added (GVA) per filled job (£)	43,596	34,070	44,887	52,286	+5.7%	↑	-2.6%	↓	2019	ONS Subregional productivity indices 2021
CONNECTIVITY										
Superfast broadband coverage (> 30 Mbps) - % of premises able to receive	94.2	88.5	93.1	97.9	+4.2%	↑	+4.0%	↑	Aug 2019	Thinkbroadband.com Aug 2023
Ultrafast broadband coverage (> 100 Mbps) - % of premises able to receive	49.9	35.6	56.9	79.2	+46.6%	↑	+31.7%	↑	Aug 2019	Thinkbroadband.com Aug 2023
COMPETITIVENESS										
UK Competitiveness Index ranking (of 379 LA areas)	252	357	-	-	+3	↑	-12	↓	2018	UK Competitiveness Index 2021
COMMUNITY										
Index of Multiple Deprivation (IMD) - Neighbourhoods (LSOAs) in most deprived decile (10%) nationally	3	0	-	-					N/A	ONS, Index of Multiple Deprivation 2019
Average IMD ranking of LSOAs across Local Authority area (where 1 = most deprived nationally, of 317 areas)	123	67	-	-					N/A	ONS, Index of Multiple Deprivation 2019

3. CONTEXT – CHANGING UK ECONOMY SINCE 2019

- **Brexit** – Following the end of a transition period, the UK officially left the single market and Customs Union on 31 December 2020. The economic impacts are hard to isolate because of overlapping effect of other events.
- **COVID-19** – The pandemic has had significant economic impacts[i]:
  - **Jobs and incomes** in the UK were dramatically reduced.
  - **Household spending fell** by a record 20% during the first national lockdown, in particular restaurants, hotels, transport and recreation.
  - The Bank of England **interest rate** was reduced to 0.1% in March 2020 to support households and businesses.
  - Lockdown measures led to **an unprecedented fall in GDP** (down 19.8% between April and June 2020).
  - The **national furlough scheme** supported 11.6 million jobs, cushioning unemployment, which rose from 3.8% at the end of 2019 to 5.2% by the end of 2020.
  - **GDP recovered** by 17.6% in the 3rd quarter of 2020 as restrictions were lifted. Household spending rose by 19.6% over the same period and average house prices by 13.5% in the year to June 2021.
  - GDP had been restored to pre-COVID levels by the 1st quarter of 2022.
- UK **inflation has risen rapidly**, from 0.5% in August 2020 to 9.6% in October 2022 (CPIH annual rate), with a number of contributary factors e.g. surges in worldwide demand following emergence from the pandemic, disruption to global supply chains, shortages of labour and materials, and the war in Ukraine leading to rising fuel and food prices.
- With **labour supply shortages**, annual private sector regular **pay growth** increased to 7.7% in the three months to May 2023[ii].
- The recent trend in inflation is downward to 6.3% in September 2023, largely due to household **energy costs stabilising** (CPIH annual rate).
- The **Bank of England interest rate** was **increased** to 5.25% in August 2023 to reduce inflation. The Bank expects inflation to fall to around 5% by the end of 2023 and to meet its target of 2% by early 2025 .
- **Higher interest rates will directly impact** consumer spending, house prices, investment in housing, exchange rates, and business investment.
- **GDP has grown, but slowly**, below pre-pandemic growth rates – in the second quarter of 2023 UK GDP was 1.8% higher than the pre-pandemic level of Q4 2019; a similar performance to France and stronger than Germany (in the Eurozone +2.7%, France +1.7%, Germany +0.2%, and the US +6.1%)[iii].
- The Office for Budget Responsibility's most recent economic assessment (March 2023)[iv] is that despite movements in the right direction, **significant structural challenges remain**:
  - **Business investment has stagnated** since 2016.
  - **Labour market participation fell dramatically** following the pandemic, with more than ½ million people leaving the labour market, although the Bank of England's most recent assessment is that the employment rate has grown since May 2023.
  - While wholesale energy prices have reduced, **gas prices have remained at twice their pre-pandemic level**.
  - **Productivity growth has been slow**; at less than its pre-financial crisis rate since 2010,
- Current **Bank of England projections** (Aug 23) are that by the third quarter of 2026, GDP growth rate will rise to 1.1%; the average inflation rate will fall to 1.9%; and that the Bank Rate will be at 4.5% (BoE).
- Headline conclusions from the Bank of England's latest report of business conditions across the country[v] (Q3 2023) were:
  - **Economic activity remained subdued** with growing concerns about the outlook.
  - Employment and pay – there has been a **softening in employment intentions** with lower pay settlements expected.
  - Costs and prices – easing cost pressures were translating into **lower consumer price inflation**.

4. POPULATION

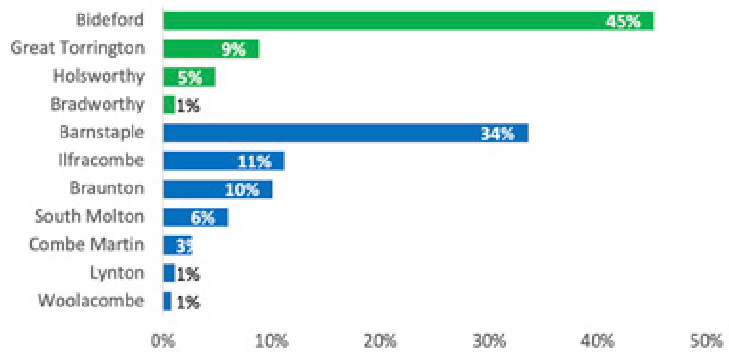
- Northern Devon accounts for **31% of Devon's land area**, but at the last Census **only 21% of population** in the county (see Table 4.1).
- The area has a **strong rural character** – Defra classifies North Devon as 'largely rural' and Torridge as 'mainly rural', Defra's highest rural classification.
- **Population density is amongst the lowest in the country** – 11th lowest in Torridge and 22nd lowest in North Devon (see Table 4.1).
- **Most of the population is focused within northern Devon's market towns** (see Fig. 4.1). In North Devon two-thirds of the population (66%) reside within market towns, with Barnstaple accounting for one third of the district's population (34%). In Torridge 60% live within market towns, with Bideford accounting for 45% of residents.
- **The area's demographic age profile is distinctive** from the national picture (see Fig. 4.2). Younger age groups (up to age 50) are underrepresented and older age groups (50+) overrepresented, reflecting the popularity of northern Devon as a retirement destination. The **retention of qualified young people** is a strategic challenge for the area.
- **Population growth since 2000 in Torridge (+18%) has exceeded the national growth trend (+15%)** (see Fig. 4.3 which shows growth from an indexed baseline in 2000). Population growth in North Devon initially exceeded the national trend, but then lagged behind. Net growth in North Devon over the period has been +14%, just below the national trend.
- **Not all areas have experienced the same level of population growth** (see Fig. 4.4). Between 2011 and 2020, highest growth has been within the market towns of Holsworthy, South Molton and Bradworthy, which have outstripped District averages. In contrast, **populations within coastal towns have declined** over the period. It should be noted that the source of this data is population estimates, which can vary, nevertheless Fig. 4.4. does illustrate a 'direction of travel'.
- **Population growth across different age groups is expected to vary considerably** (see Fig. 4.5). Whilst northern Devon's population is expected to have grown by 13% by 2043 (from a 2021 base), the working age population (16-64) is forecast to be almost static (+2%), whilst older age groups (65+) are forecast to grow by 43% and for children (0-15) to fall by 1%. The **generational imbalances** illustrated by Fig. 4.2 are **expected to widen** in the future.

Table 4.1 Population density

	NORTH DEVON	TORRIDGE	DEVON
Population	99,400	68,500	814,400
% of Devon population	12.2%	8.4%	100%
Area	1,085km²	984km²	6,707km²
% of Devon land area	16.2%	14.7%	100%
Population density	90.8/km²	69.2/km²	123.7/km²

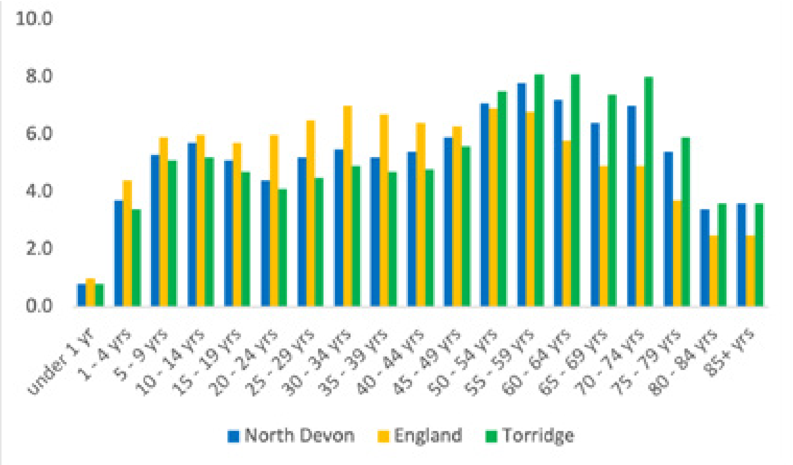
Source: Census 2021

Fig 4.1 Share of population within market towns (%) – Torridge & North Devon



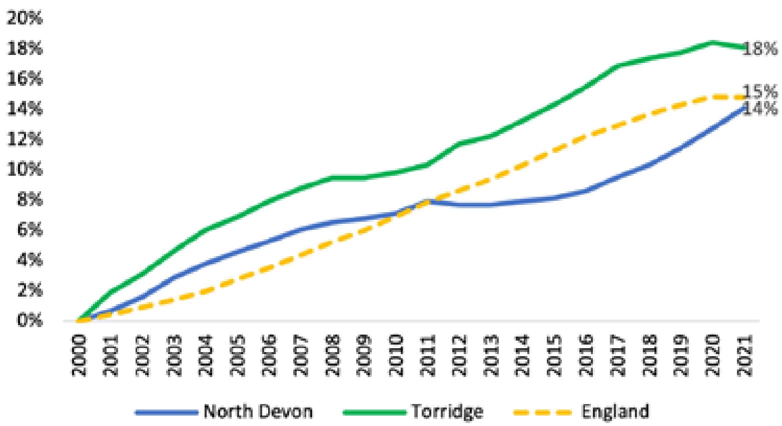
Source: ONS population estimates: small area 2020 (estimates for Built Up Areas)

Fig 4.2 Age profile (% of population)



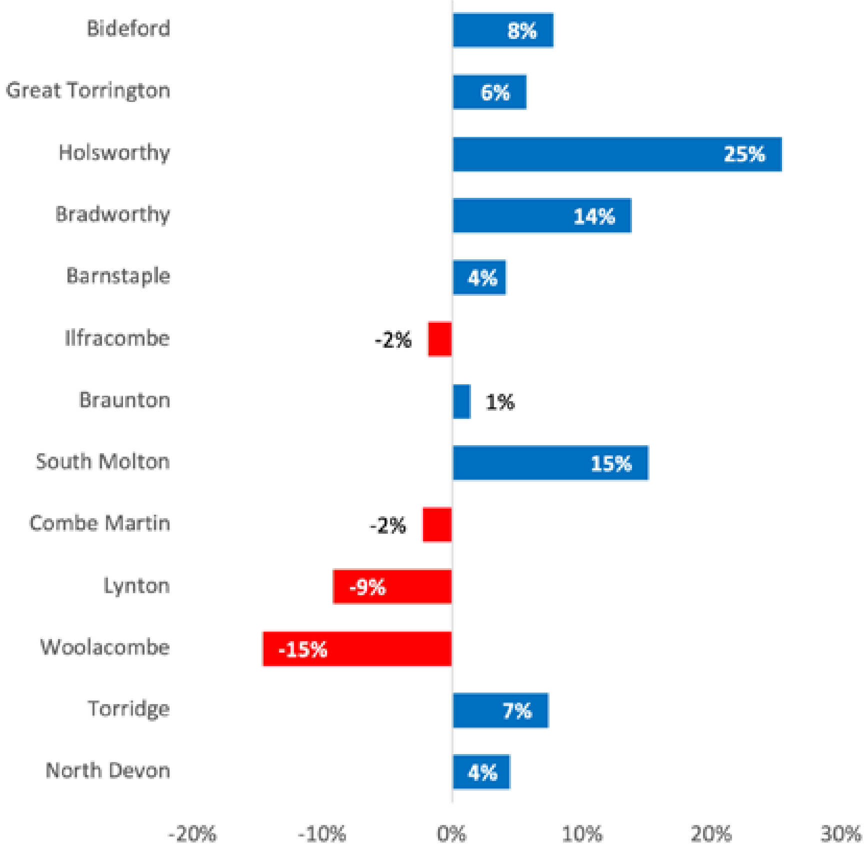
Source; Census 2021

Fig 4.3 Population growth from indexed 2000 base



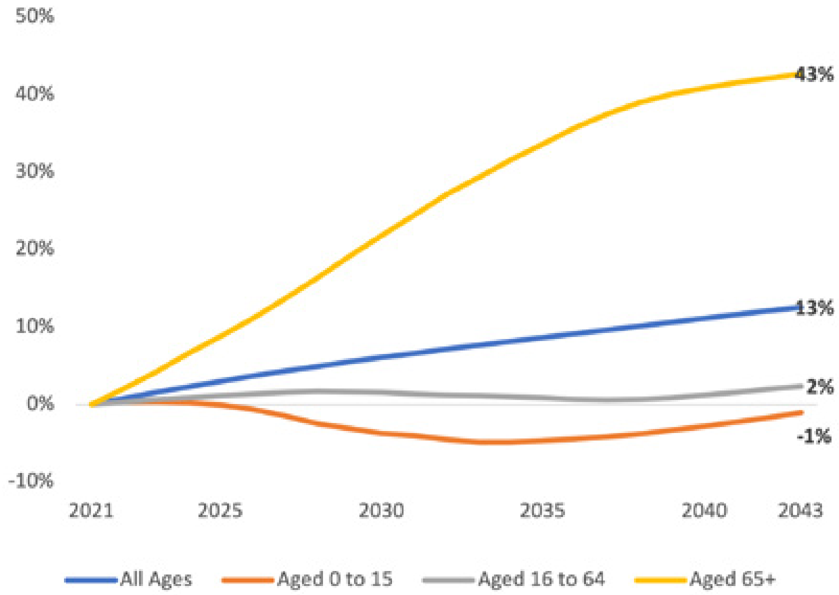
Source: ONS, mid-year population estimates

Fig 4.4 Population growth within market towns 2011-2020



Source: ONS population estimates: small area 2011/2020 (estimates for Built Up Areas)

Fig 4.5 Projected population growth in northern Devon by age group 2021-2043



Source: ONS, Population projections - local authority based by single year of age

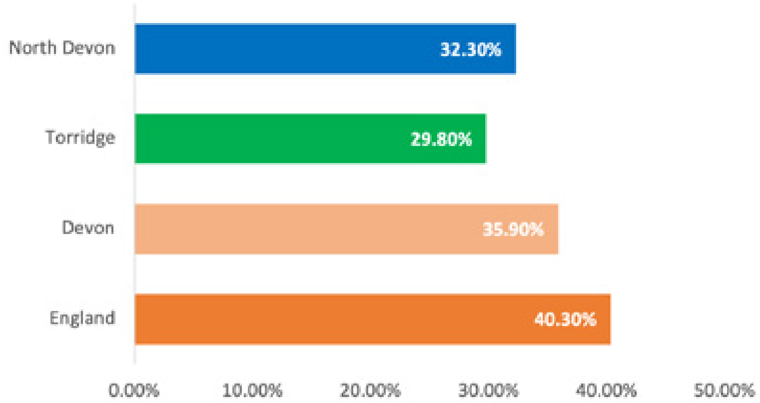
5. SKILLS

- Table 5.2 illustrates the level of educational attainment (highest level of qualification held) amongst residents aged 16 and above at the 2021 census.
- **Level 4 qualifications are viewed as a key driver of productivity** and include degrees, higher degrees, NVQ level 4-5, HNC, HND, RSA, Higher Diploma, BTEC Higher level, and professional qualifications (e.g. teaching, nursing, accountancy).
- The proportion of residents (aged 16+) with **Level 4 or above qualifications** in North Devon and Torridge in 2021 were the two **lowest in the county** – in Torridge 1 in 4 residents (26.2%) compared to 1 in 3 (33.9%) nationally.
- North Devon and Torridge had the **highest proportions of residents (16+) with no qualifications** in Devon, though only Torridge (18.8%) exceeded the national average (18.1%). Both areas showed improvement since 2011 (see Fig. 5.4).
- The proportion of residents with a qualification up to **Level 3** in both areas was above the national average in 2021, with higher increases since 2011 (see Fig. 5.3).
- **Young people** aged 16 in northern Devon are **less likely to progress to Higher Education** than the national average (see Fig. 5.1) – in 2017/18 the proportion of 16 year-olds who progressed to Higher Education in North Devon (32.3%) and Torridge (29.8%) was less than the Devon (35.9%) and national (40.3%) averages.
- The **loss of young people and their skills** at graduation age and beyond (see Fig. 5.2) has a direct effect on the local labour market.
- Compared to the 2011 Census, **the proportion of residents with Level 4+ qualifications had increased** in 2021 (see Fig. 5.2) – up by 5.6% in North Devon, up by 4.5% in Torridge, compared to Devon (+5.1%), but again lagged behind the national picture (+6.5%).
- In line with the national trend, **apprenticeship starts have fallen away** since 2016/17 (see Fig. 5.5) though have shown some signs of recovery in Torridge in 2021/22 following emergence from the pandemic.
- After rising in 2017/18, **apprenticeship achievements have seen a similar downward trend**, with no signs of recovery just yet (see Fig. 5.6).
- It should be noted that Figures 5.5 and 5.6 are indexed trend lines which illustrate similar 'directions of travel'.
- Fig. 5.5 illustrates comparative **performance in relation to size of population** – on this basis in 2021/22 both North Devon and Torridge showed start and achievement rates **below the Devon average,** but **in excess of the national average**.

Table 5.1 Headline statistics – Skills

	N. DEVON	TORRIDGE	ENGLAND	SOURCE
% of residents (16+) with Level 4+ qualifications	28.5	26.2	33.9	Census 2021
% of residents (16+) with qualifications up to Level 3	17.8	17.6	16.9	Census 2021
% of residents (16+) with no qualifications	17.8	18.8	18.1	Census 2021
GCSEs in English & Maths by age 19	74.7	68.3	74.9	DfE 2021/22
Apprenticeship starts (rate per 100,000 population)	90.8/km²	69.2/km²	123.7/km²	DfE, 2021/22

Fig 5.1 Progression of 16 year-olds to Higher Education (2017/18)



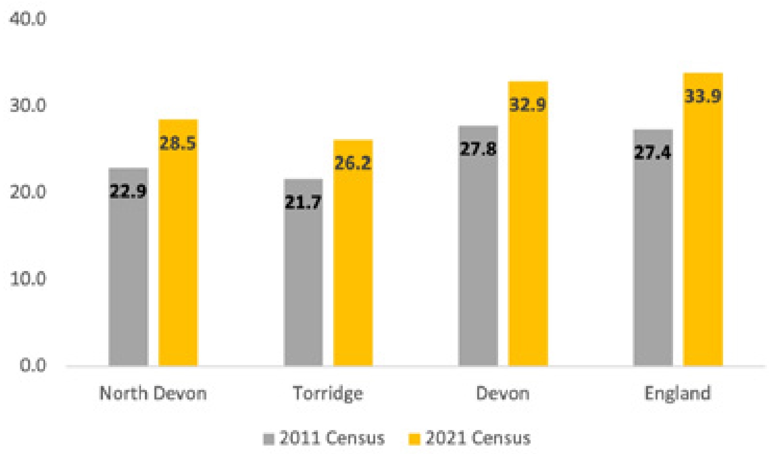
Source: Office for Students, ONS 2012/13 to 2017/18 (proportion of 16 yo state-funded mainstream school pupils in HE at age of 18 or 19 2012/13 to 2017/18)

Table 5.2 Level 4+ qualifications 2021 vs 2011 (% residents 16+)

AREA	% NO QUALIFICATIONS	% LEVEL 1 & ENTRY LEVEL	% LEVEL 2	% APPRENTICESHIP	% LEVEL 3	% LEVEL 4 OR ABOVE	% WITH OTHER QUALIFICATIONS
North Devon	17.8	11.1	15.5	6.8	17.8	28.5	2.6
Torridge	18.8	11.5	15.8	7.3	17.6	26.2	2.8
East Devon	15.1	9.9	14.9	6.4	17.1	33.8	2.7
Exeter	13.5	8.2	11.4	4.8	25.1	34.7	2.3
Mid Devon	17.0	10.2	15.5	6.0	18.0	30.7	2.6
South Hams	13.0	8.4	13.5	5.9	16.9	39.9	2.5
Teignbridge	15.7	10.1	14.8	6.5	17.4	32.8	2.7
West Devon	15.6	10.0	14.6	6.3	16.8	34.1	2.6
Devon	15.6	9.8	14.4	6.2	18.6	32.9	2.6
England	18.1	9.7	13.3	5.3	16.9	33.9	2.8

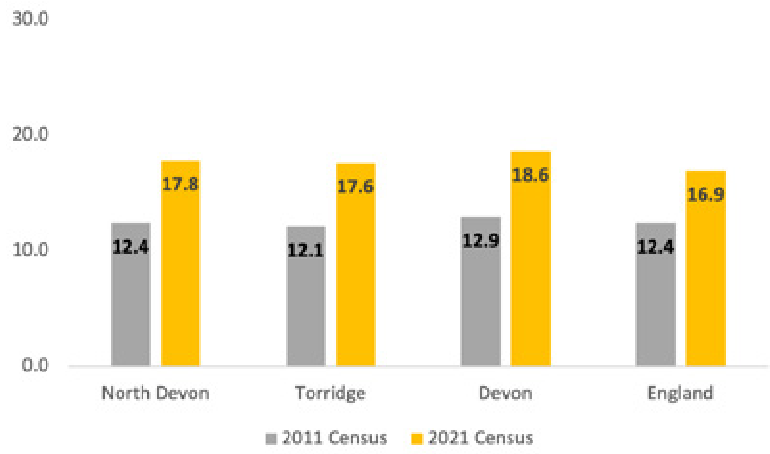
Source: Census 2021

Fig 5.2 Level 4+ qualifications 2021 vs 2011 (% residents 16+)



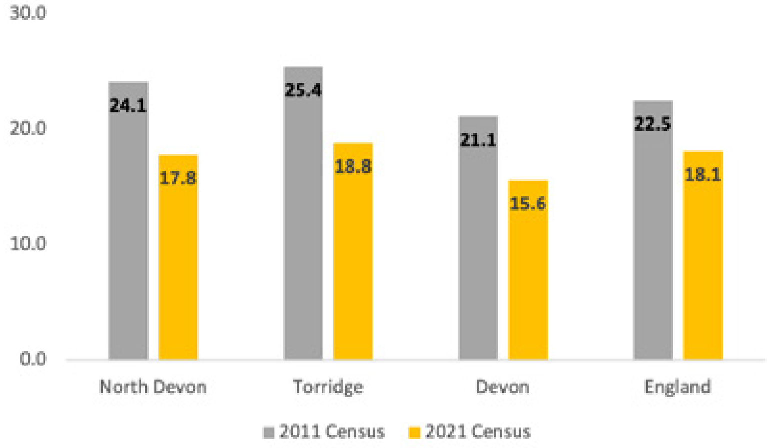
Source: Census 2011, 2021

Fig 5.3 Highest level of qualifications – Level 3: 2021 vs 2011 (% residents 16+)



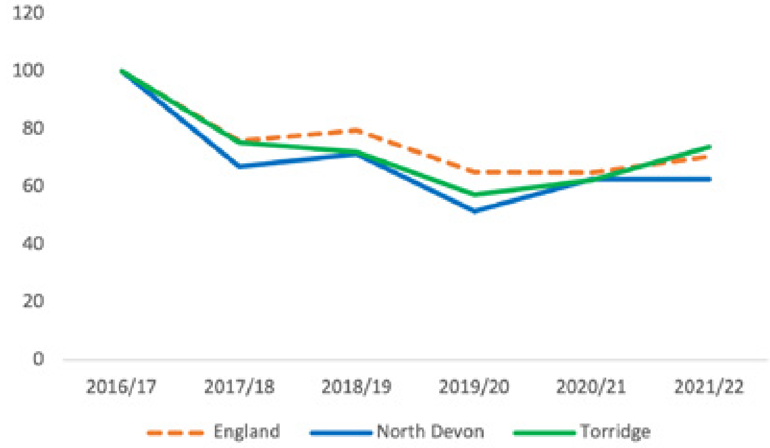
Source: Census 2011, 2021

Fig 5.4 Residents with no qualifications 2021 vs 2011 (% residents 16+)



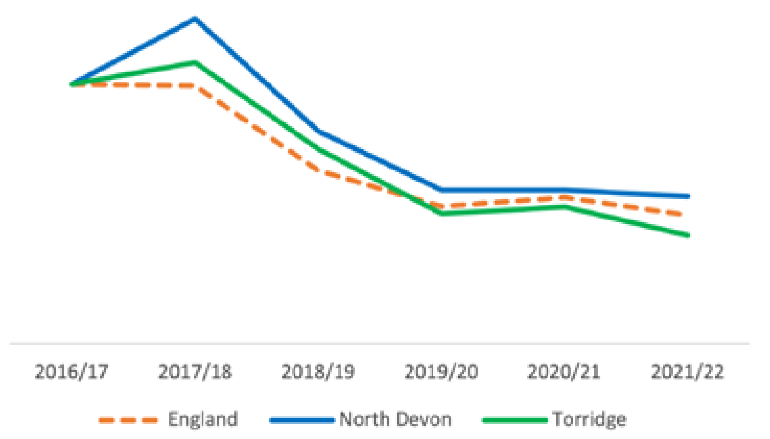
Source: Census 2011, 2021

Fig 5.5 Apprenticeship starts trend (indexed from 2016/17 base)



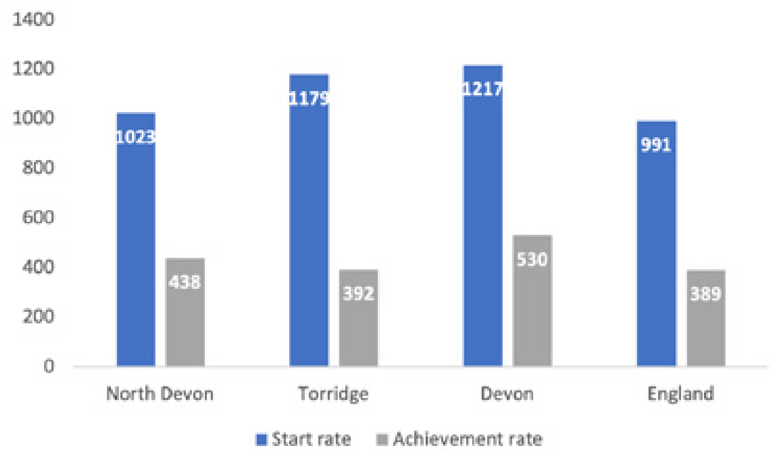
Source: DfE Apprenticeships & Traineeships 2016/17 to 2021/22

Fig 5.6 Apprenticeship achievements trend (from 2016/17 indexed base)



Source: DfE Apprenticeships & Traineeships 2016/17 to 2021/22

Fig 5.7 Apprenticeship start and achievement rates per 100,000 population 2021/22



Source: DfE Apprenticeships & Traineeships 2021/22

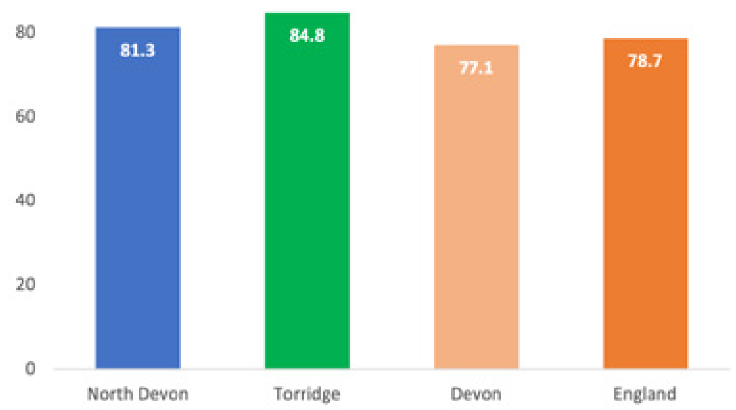
6. ECONOMIC ACTIVITY

- Northern Devon **shows high levels of self-reliance and resilience** with **a number of distinctive characteristics** reflecting the peripheral nature of the area, the lack of large employers and particular mix of sectors, including traditional sectors of agriculture and tourism, which are important to many communities and are highly seasonal in nature.
- **Levels of economic activity are high** (proportions of working age residents in employment, including self-employment), with both districts exceeding the county (77.1%) and national (78.7%) levels (see Fig. 6.1).
- **Earnings in the area are low**, lower than county and national levels. Median annual gross earnings in North Devon and Torridge in 2022 were only 87% of the national position (see Fig. 6.2).
- **The trend suggests a narrowing of the 'earnings gap'** (see Fig. 6.3), particularly with the Devon average, although confidence limits are quite wide on some of the North Devon and Torridge data, which should be treated with some caution. North Devon figures in 2017 were suppressed by the ONS as being statistically unreliable (a mid-point estimate between 2016 and 2018 figures was included in Fig. 6.3 to complete the chart).
- **Many of the jobs are part-time** (see Fig. 6.4), with many residents holding down more than one job.
- In common with many rural areas, **levels of self-employment are high** (see Fig. 6.5) – in 2022 almost 1 in 4 (23.3%) economically active residents in Torridge were self-employed, well in excess of the county (15.6%) and national (9.5%) averages.
- **Levels of unemployment have historically been low** on a national scale (see Fig. 6.6), but have tended to follow or exceed the county average (1.9% in August 2023). The latest data (ONS APS, Jul 22-Jun 23) show claimant rates of 3.3% in North Devon and 2.2% in Torridge compared to a national average of 3.8%. The **impact of the pandemic years** since 2019 is clearly visible in Fig. 6.6.
- The mix of resident occupations is quite distinct compared to county and national averages (see Table 6.2). **Professional occupations are underrepresented** in northern Devon as a predominantly rural areas. In contrast the area shows **high levels of skilled trade occupations** reflecting the need for self-sufficiency in an area distanced from the main urban centres in the south of the county.

Table 6.1 Headline statistics – Economic activity

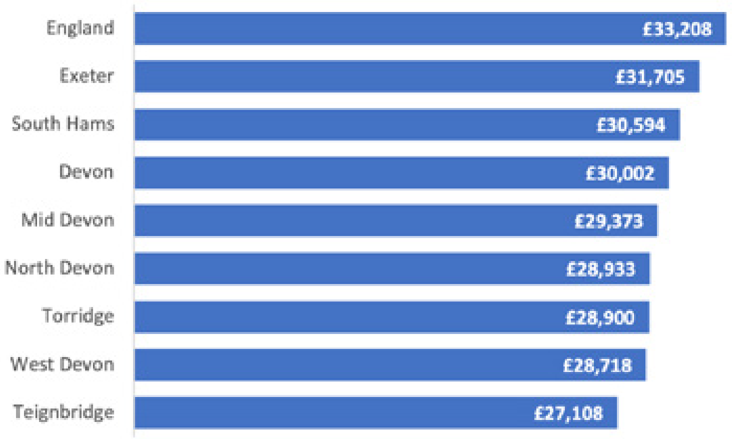
	N. DEVON	TORRIDGE	ENGLAND	SOURCE
% working age pop. in employment (incl. self-emp)	81.3	84.8	78.7	ONS, APS 2022
% working age pop. self-employed	16.8	23.3	9.5	ONS, APS 2022
Median full-time gross annual earnings (residents)	28,933	28,900	33,208	ONS , ASHE 2022

Fig 6.1 Economic Activity (% in employment, incl. self-employed)



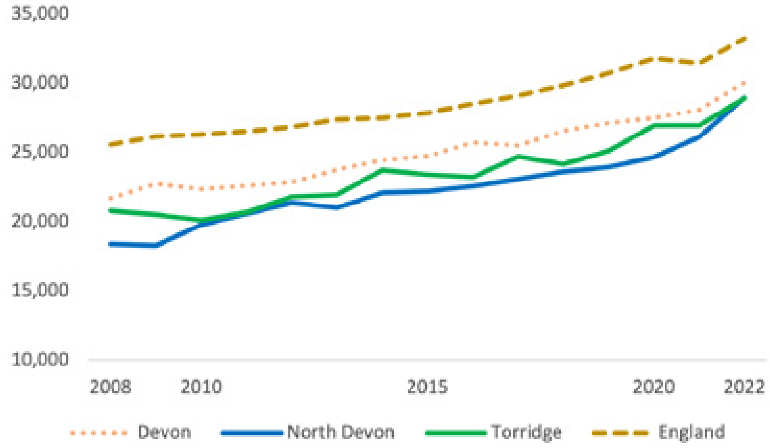
Source: ONS Annual population survey Jan to Dec 2022 (% of working age residents)

Fig 6.2 Median annual gross earnings (resident-based)



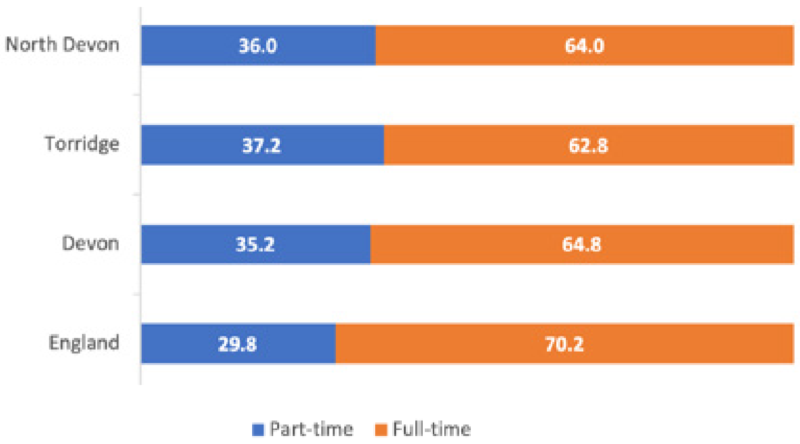
Source: ONS, Annual survey of hours and earnings, 2022 (data for East Devon statistically unreliable). Wide confidence limits attached to some of the data.

Fig 6.3 Median annual gross earnings (£) – resident based trend



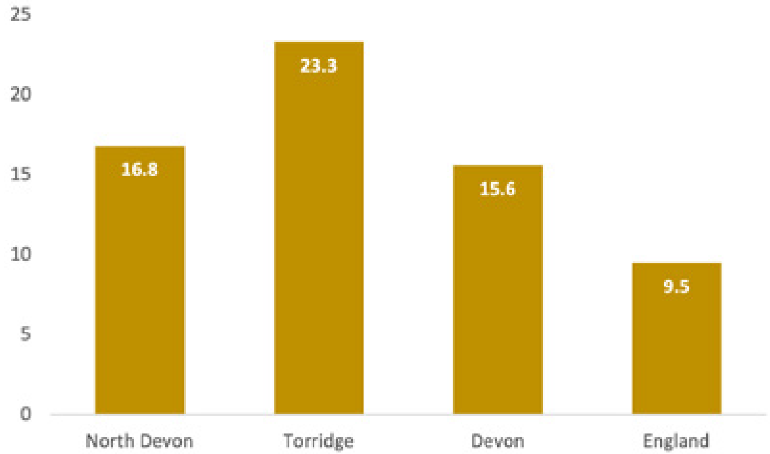
Source: ONS, Annual survey of hours and earnings. Wide confidence limits attached to some of the data.

Fig 6.4 Full time employment as proportion of all employment 2021 (%)



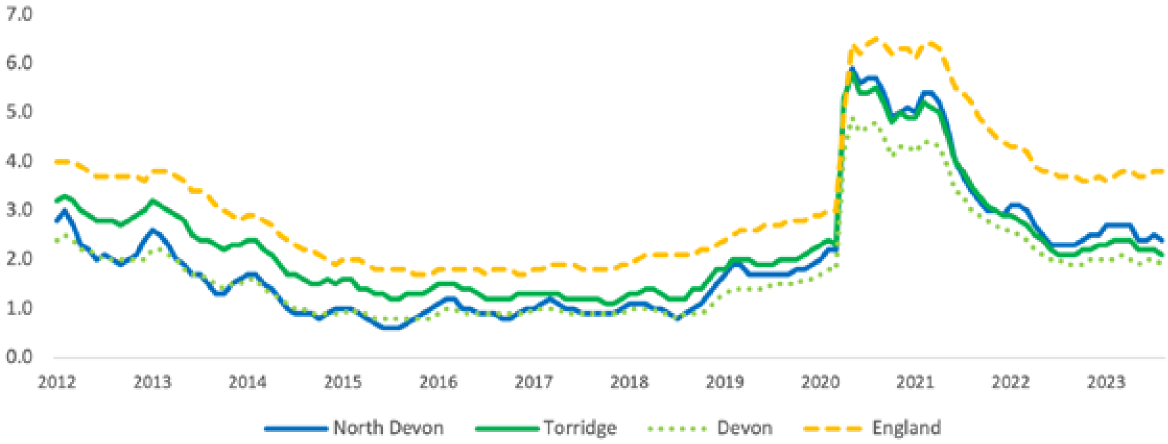
Source Census 2021 (economically active residents in employment)

Fig 6.5 Proportion of economically active population who are self-employed (%)



Source: ONS, Annual population survey Jan to Dec 2022

Fig 6.6 Unemployment benefit (JSA and Universal Credit) (% of working age residents)



Source: ONS, Claimant count

Table 6.2 Occupations of employed residents by Standard Occupational Classification (SOC) (%)

OCCUPATION	NORTH DEVON %	TORRIDGE %	DEVON %	ENGLAND %
1. Managers, directors and senior officials	12.7	12.0	13.1	12.9
2. Professional occupations	15.3	12.6	18.4	20.3
3. Associate professional and technical occupations	11.2	9.6	11.8	13.3
4. Administrative and secretarial occupations	8.0	8.4	8.6	9.3
5. Skilled trades occupations	15.9	18.8	14.0	10.2
6. Caring, leisure and other service occupations	10.8	12.4	10.2	9.3
7. Sales and customer service occupations	7.5	7.8	7.7	7.5
8. Process, plant and machine operatives	7.2	7.4	6.3	6.9
9. Elementary occupations	11.4	11.0	10.0	10.5
Total (residents over 16 in employment)	100.0	100.0	100.0	100.0

Source: Census 2021

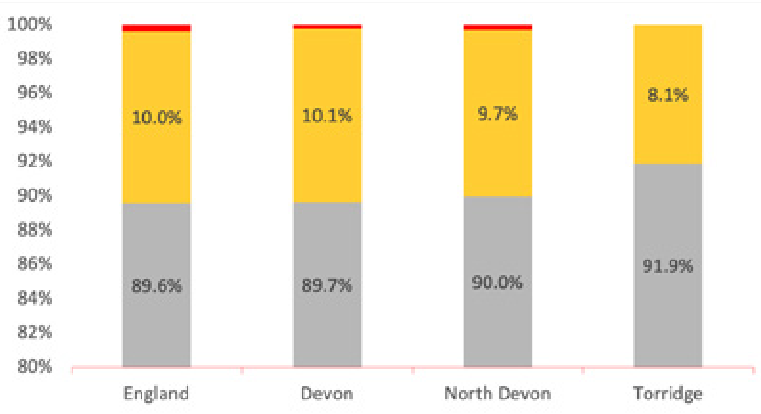
7. BUSINESS BASE

- In 2021 there were c. **6,745 active VAT/PAYE-registered businesses** in northern Devon, one fifth of the county's total (20.0%) (see Table 7.1).
- The Office for National Statistics (ONS) only provides data for VAT/PAYE-registered businesses, but estimates that in 2022 nationally 51% of businesses traded without being registered for VAT or PAYE. The total number of businesses in northern Devon may therefore be **in the region of 13,400**.
- **Small businesses predominate** (see Fig. 7.1), with 90.0% of businesses in North Devon and 91.9% in Torridge being micro-businesses (less than 10 employees) in 2022; proportions higher than both the county (89.7%) and national (89.6%) averages.
- Businesses are located across the area, but with **noticeable clusters in Barnstaple, Bideford, Ilfracombe and Great Torrington** (see Fig. 7.2). It should be noted that the maps in Fig. 7.2 display data at Middle-layer Super Output Area (level) i.e. for geographical areas of between 2,000 and 6,000 households. More granular displays of data may have revealed other concentrations of businesses in and around other market towns.
- **Compared to its working population**, northern Devon has a **higher proportion of businesses above micro-level (10+ employees) than the national average** (see Fig. 7.3) – in North Devon 8.20 per 1,000 working age residents and 7.16 in Torridge, compared to 6.84 nationally (see Fig. 7.3), although it should be noted that both North Devon and Torridge have low proportions of working age residents compared to the national average (see Fig. 4.2).
- **New businesses in northern Devon are likely to survive longer than average**. Fig. 7.4 charts the survival of businesses 'born' in 2017 over 1 to 5 years. After 5 years, 50.0% of business starts in 2017 were still trading in North Devon and 48.9% in Torridge, compared to only 38.0% nationally. It should be noted that in this context business 'starts' or 'births' refers to businesses first being registered for VAT/PAYE.
- Longer than average business survival can point to **economic resilience** of the area, but also can be viewed as an **indication of reduced competitiveness**, which requires a healthy churn of businesses. It is also worth noting that the charted survival rates in Fig. 7.4 includes the pandemic period, which underlines the comparative resilience of the northern Devon economy.

Table 7.1 Headline statistics – Business base

	N. DEVON	TORRIDGE	ENGLAND	SOURCE
Count of active businesses	4,020	2,725	33,755	ONS Bus. Demography 2021
Business births (new active businesses with at least 1 employee	285	390	3,490	ONS Bus. Demography 2021

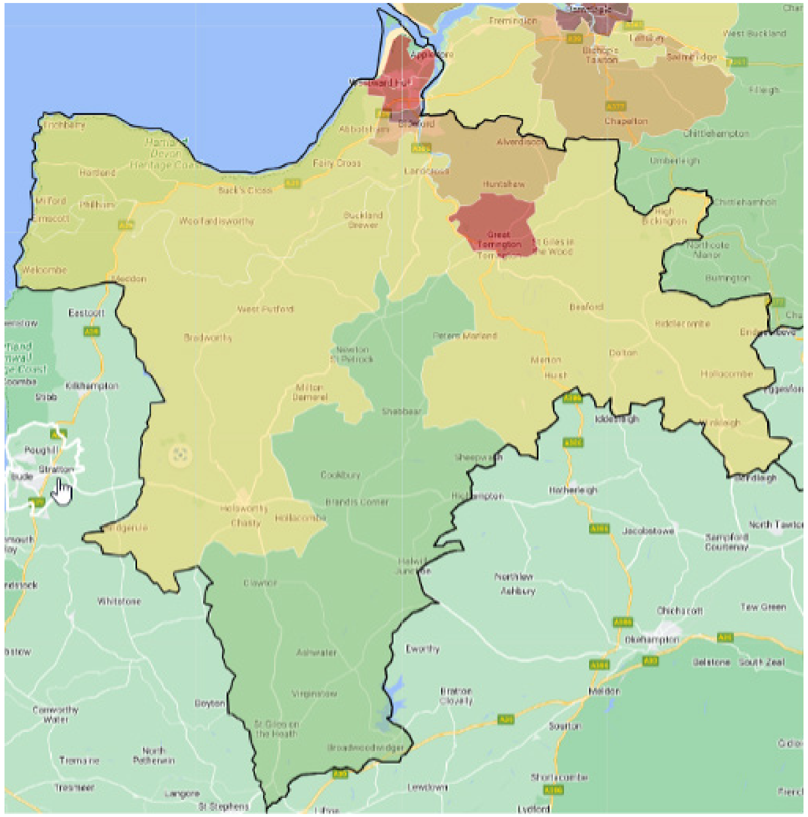
Fig 7.1 Size of businesses (no. of employees)



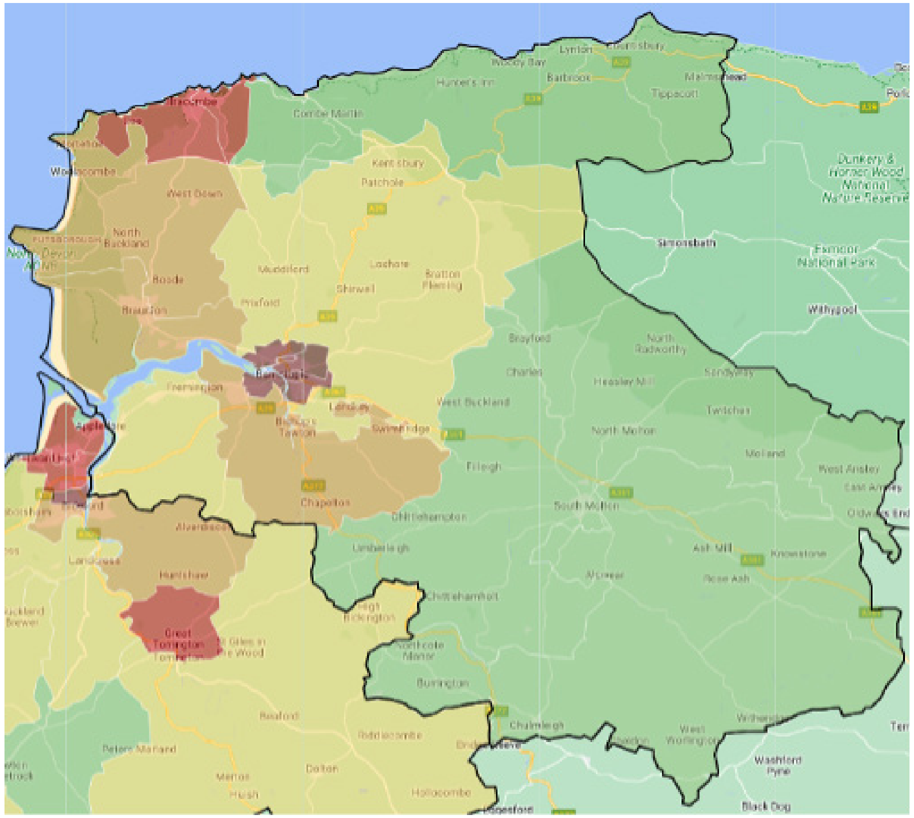
Source: ONS, UK business, activity, size & location 2022

Fig 7.2 Business density per sq.km at MSOA level – North Devon & Torridge

Torridge



North Devon



Source: ONS, BRES 2015

Images courtesy of Local Insights/OCSI

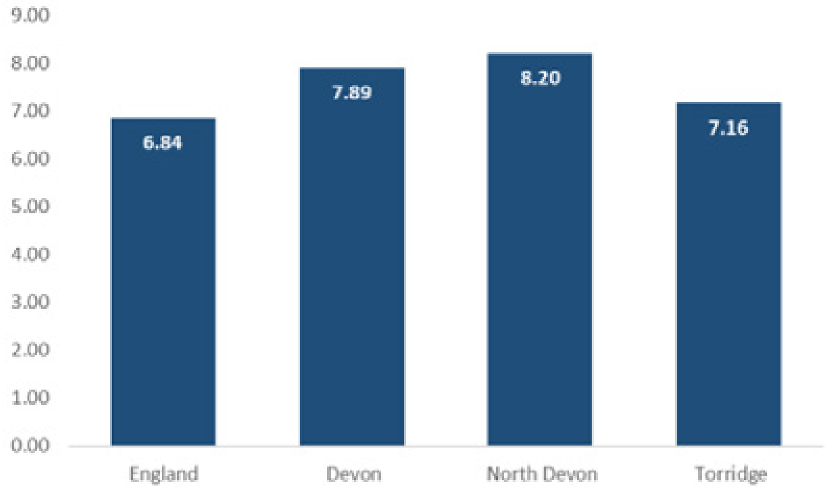
Business Density

The colours on the map show Business units per sqkm

Showing all areas at MSOA level

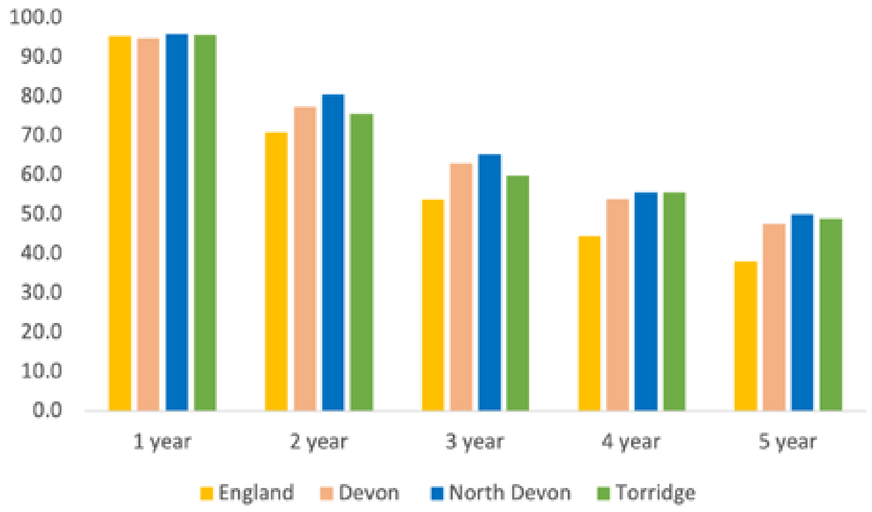
- 3
- 3 to 6
- 6 to 13
- 13 to 83
- 83 to 221

Fig 7.3 Active businesses (10+ employees) per 1,000 working age residents



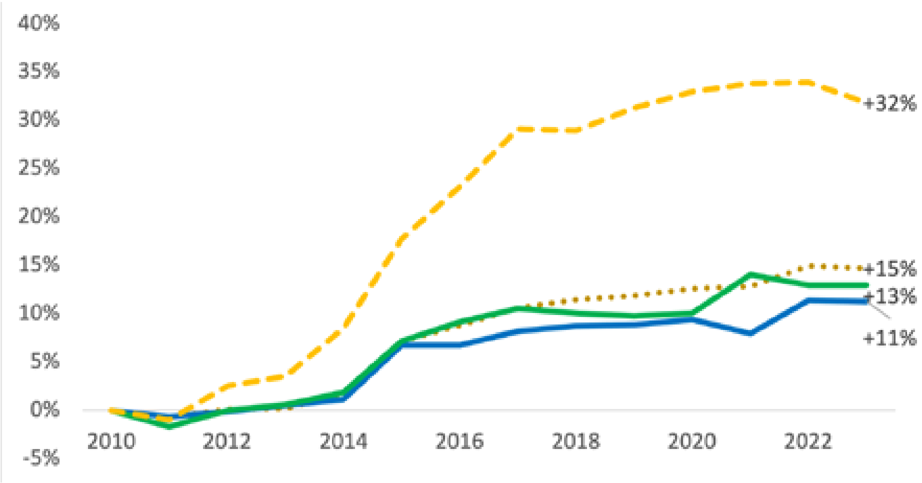
Source: ONS Business Demography 2021, Population Estimates 2021

Fig 7.4 Business survival rates (2017 starts)



Source: ONS Business Demography 2021

Fig 7.5 Growth in enterprise numbers (% increase from 2010 indexed base)

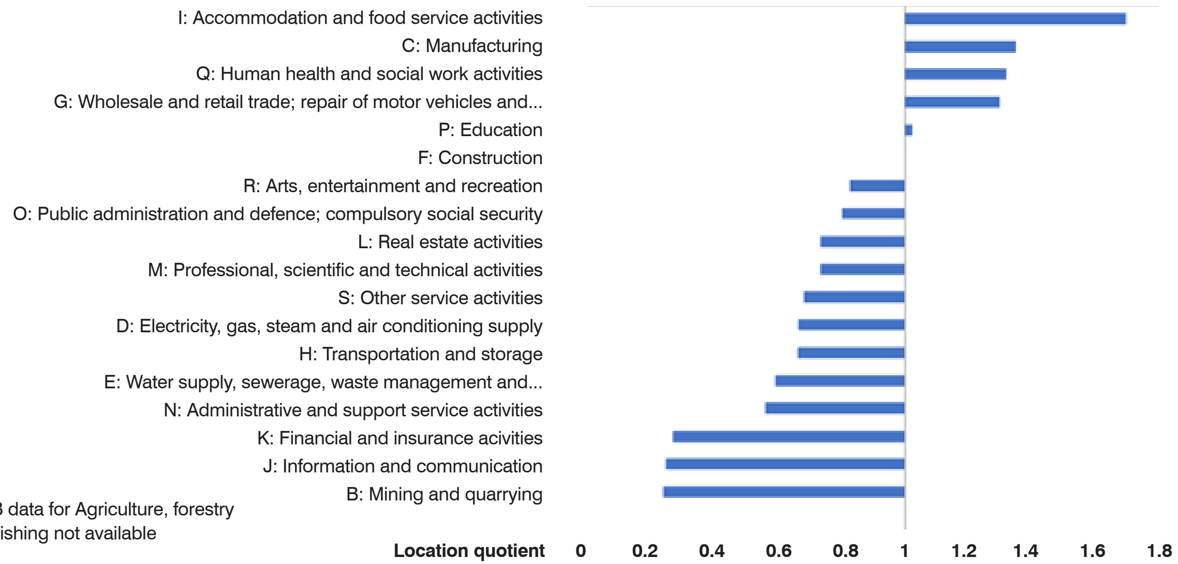


Source: ONS Business counts (indexed from 2010 base)

- **Enterprise numbers have grown** in northern Devon since 2010, but well **below the level of growth nationally** (see Fig. 7.5).
- Between 2010 and 2023 the number of enterprises in North Devon grew by 13% and by 11% in Torridge; less than the Devon average (+15%) and well below the level of national growth (+32%).
- Growth in enterprise numbers across England over the period (+32%) is **skewed by the performance of London** (+59%), which in 2023 accounted for 1 in 5 of England's enterprises (22%).
- The **South West** as a whole showed +19.5% growth over the period.
- Since 2017, the enterprise stock seems to have **plateaued** – a pattern also seen nationally; +3% in North Devon and +2% in Torridge, compared to +2% nationally.

- **North Devon and Torridge have a number of sector specialisms**. Figures 7.6 and 7.7 present the 'Location Quotients' for industry groups in north Devon and Torridge.
- **Location Quotients illustrate relative concentrations in employment** compared to the national average. A Quotient of greater than 1 indicates a relative concentration of employment compared to the national average. A quotient of less than one indicates a lower relative proportion of employment within that sector.
- **NB** in this analysis, **data for agriculture, forestry and fishing was not available** at Local Authority level.
- **North Devon shows particular concentrations** in accommodation/food services (LQ 1.7), manufacturing (LQ 1.3), health/social work activities (LQ 1.3) and wholesale/retail/motor repair (LQ 1.3) (see Fig. 7.6).
- **Torridge shows a broader range of concentrations**, in real estate (LQ 1.6), construction (LQ 1.4), arts/entertainment/recreation (LQ 1.4), manufacturing (LQ 1.4), manufacturing (LQ 1.4), accommodation/food services (LQ 1.2), health/social work activities (LQ 1.2), transportation/storage (LQ 1.1), education (LQ 1.1), and wholesale/retail/motor repair (LQ 1.1) (see Fig. 7.7).
- **Sectors with a LQ of less than 1 are those which are underrepresented** compared to the national average and for both areas include utilities, information/communication, financial/insurance, and professional/scientific/technical activities (sometimes reported within the larger 'Professional & administration services' industrial group).
- Location Quotients **help to identify relative sector strengths** to build upon **and relative weaknesses** to address.

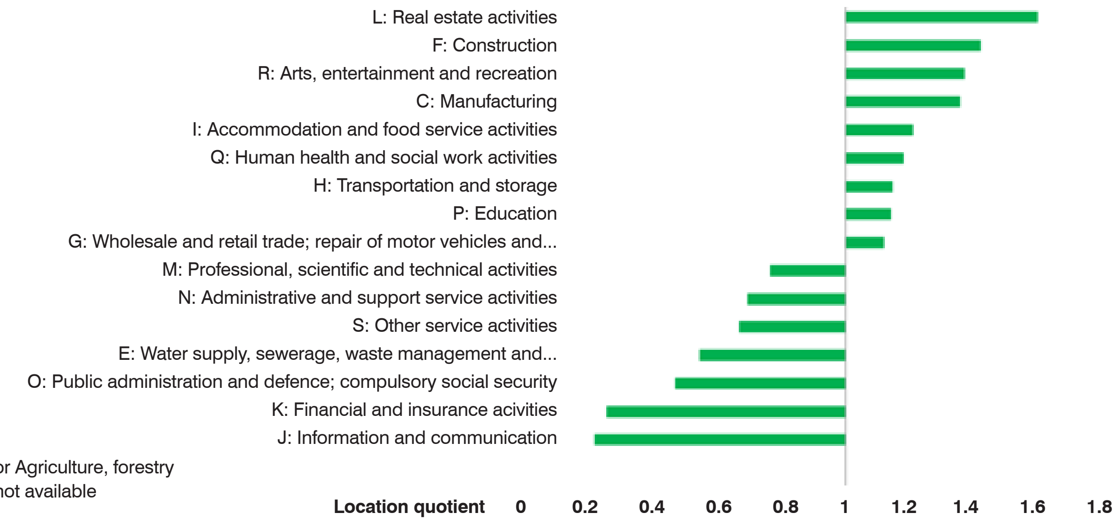
Fig 7.6 Location quotients by industry – North Devon 2015



NB data for Agriculture, forestry & fishing not available

Source: ONS Location Quotient data, 2017

Fig 7.7 Location quotients by industry – Torridge 2015



NB data for Agriculture, forestry & fishing not available

Source: ONS Location Quotient data, 2017

Table 7.2 Top 10 industry groups contributing to employment (%)

NORTH DEVON	%	TORRIDGE	%	ENGLAND	%
Accommodation & food services	14.6	Agriculture, forestry & fishing	16.0	Health	13.1
Health	14.6	Accommodation & food services	12.0	Retail	10.0
Retail	12.5	Health	10.0	Professional, scientific, technical	9.3
Manufacturing	10.4	Retail	10.0	Retail	9.0
Agriculture, forestry & fishing	7.3	Education	8.0	Bus admin & support services	8.9
Education	7.3	Manufacturing	7.0	Accommodation & food services	7.4
Bus admin & support services	6.2	Construction	7.0	Manufacturing	7.3
Professional, scientific, technical	5.2	Bus admin & support services	6.0	Transport & storage (inc. postal)	5.2
Construction	4.7	Professional, scientific, technical	5.0	Construction	4.9
Wholesale	3.1	Transport & storage (inc. postal)	5.0	Information & communication	4.5

Source: ONS. BRES 2021

Table 7.3 Top 10 sub-sectors by Location Quotient – northern Devon

SIC	DESCRIPTION	2021 LOCATION QUOTIENT
212	Manufacture of Pharmaceutical Preparations	19.77
504	Inland Freight Water Transport	18.55
552	Holiday and Other Short-stay Accommodation	15.12
242	Manufacture of Tubes, Pipes, Hollow Profiles and Related Fittings, of Steel	12.51
271	Manufacture of Electric Motors, Generators, Transformers and Electricity Distribution and Control Apparatus	9.28
553	Camping Grounds, Recreational Vehicle Parks and Trailer Parks	9.07
303	Manufacture of Air and Spacecraft and Related Machinery	6.59
799	Other Reservation Service and Related Activities	6.43
01A	Growing of Crops, Market Gardening, Horticulture; Farming of Animals	6.30
390	Remediation Activities and Other Waste Management Services	5.37

Source: DCC analysis of EMSI 2023 data

- A review of industry group employment data shows **Agriculture, forestry & fishing to be another sector specialism** in both districts. Data for this industry group was not available at Local Authority level within the Location Quotient analysis above (see Figs. 7.6 and 7.7), but are included in Table 7.2, which illustrates the top 10 industry groups contributing to North Devon and Torridge's employment.
- In this context **'employment' includes employees and self-employed people**. A key characteristic of farming is that many of the workers are self-employed and are therefore hidden from employee statistics.
- Both North Devon and Torridge have **significant clusters of sectors that are traditionally low pay sectors** (e.g. agriculture, tourism, retail) and lack many of the high paid high productivity jobs that underpin growth and productivity gains.
- Analysis at a more granular **sub sector level**, where a small number of employers can make a big difference to Location Quotient ratios, reveals a list of **more detailed specialisms**, Including aspects of tourism-related activity, manufacturing, and agriculture.
- At a sub-sector level, **Location Quotient ratios are very high** – Manufacture of pharmaceutical preparations contributes almost 20 times the proportion of employment than the national average.
- The absolute rather than relative scale of sub-sector concentrations is illustrated by Table 7.4, which reveals the **top 5 sub sectors for employment** in 2021 to have been Retail; Primary education; Restaurants/mobile food; Growing of crops, market gardening, horticulture & farming of animals; and Beverage serving activities.
- This analysis highlights a **particular high representation of low-paid sectors** – 23 of the top 30 sub-sectors for employment showed average wages below median level for Devon residents (£30,022 in 2022).

Table 7.4 Top 30 employment sub-sectors – northern Devon (2021)

SIC	DESCRIPTION	2021 JOBS	AVE WAGES PER JOB
471	Retail Sale in Non-specialised Stores	4,180	£15,863
852	Primary Education	3,017	£24,688
561	Restaurants and Mobile Food Service Activities	2,937	£13,413
01A	Growing of Crops, Market Gardening, Horticulture; Farming of Animals	2,732	£20,952
563	Beverage Serving Activities	1,970	£14,172
477	Retail Sale of Other Goods in Specialised Stores	1,504	£16,388
552	Holiday and Other Short-stay Accommodation	1,306	£17,937
551	Hotels and Similar Accommodation	1,289	£16,441
432	Electrical, Plumbing and Other Construction Installation Activities	1,036	£30,942
829	Business Support Service Activities not elsewhere classified	1,019	£23,871
862	Medical and Dental Practice Activities	934	£18,923
452	Maintenance and Repair of Motor Vehicles	923	£24,046
869	Other Human Health Activities	869	£25,660
467	Other Specialised Wholesale	747	£29,039
889	Other Social Work Activities Without Accommodation	705	£19,786
412	Construction of Residential and Non-residential Buildings	689	£34,506
711	Architectural and Engineering Activities and Related Technical Consultancy	683	£37,007
553	Camping Grounds, Recreational Vehicle Parks and Trailer Parks	651	£20,453
841	Administration of the State and the Economic and Social Policy of the Community	621	£25,732
620	Computer Programming, Consultancy and Related Activities	594	£39,302
855	Other Education	563	£23,581
466	Wholesale of Other Machinery, Equipment and Supplies	561	£31,597
812	Cleaning Activities	524	£12,298
682	Renting and Operating of Own or Leased Real Estate	518	£27,697
692	Accounting, Bookkeeping and Auditing Activities; Tax Consultancy	508	£35,843
494	Freight Transport By Road and Removal Services	491	£27,432
439	Other Specialised Construction Activities	488	£31,457
683	Real Estate Activities on a Fee or Contract Basis	476	£29,356
256	Treatment and Coating of Metals; Machining	458	£29,888
931	Sports Activities	454	£14,726

Source: DCC analysis of EMSI 2023 data

Table 7.5 Top 30 sub-sectors by job growth – northern Devon (2016-2021)

SIC	DESCRIPTION	2021 JOBS	AVE WAGES PER JOB
561	Restaurants and Mobile Food Service Activities	2,937	995
552	Holiday and Other Short-stay Accommodation	1,306	781
471	Retail Sale in Non-specialised Stores	4,180	764
303	Manufacture of Air and Spacecraft and Related Machinery	1,195	761
432	Electrical, Plumbing and Other Construction Installation Activities	1,036	653
782	Temporary Employment Agency Activities	1,239	608
829	Business Support Service Activities not elsewhere classified	1,019	499
212	Manufacture of Pharmaceutical Preparations	1,317	439
452	Maintenance and Repair of Motor Vehicles	923	372
861	Hospital Activities	3,347	270
493	Other Passenger Land Transport	727	226
701	Activities of Head Offices	440	226
855	Other Education	563	204
691	Legal Activities	454	193
222	Manufacture of Plastics Products	564	188
801	Private Security Activities	226	147
812	Cleaning Activities	524	145
494	Freight Transport By Road and Removal Services	491	140
773	Renting and Leasing of Other Machinery, Equipment and Tangible Goods	240	138
282	Manufacture of Other General-purpose Machinery	694	131
466	Wholesale of Other Machinery, Equipment and Supplies	561	129
172	Manufacture of Articles of Paper and Paperboard	206	126
692	Accounting, Bookkeeping and Auditing Activities; Tax Consultancy	508	126
390	Remediation Activities and Other Waste Management Services	132	117
102	Processing and Preserving of Fish, Crustaceans and Molluscs	115	115
477	Retail Sale of Other Goods in Specialised Stores	1,504	114
522	Support Activities for Transportation	287	104
869	Other Human Health Activities	869	95
620	Computer Programming, Consultancy and Related Activities	594	89
702	Management Consultancy Activities	397	85
591	Motion Picture, Video and Television Programme Activities	116	85

Source: DCC analysis of EMSI 2023 data

- The top **30 sub-sectors for employment growth** in northern Devon between 2016 and 2019 are listed in Table 7.6. This list is illustrative of **momentum** and, whilst it shares a number of the sub-sectors in Table 7.5, there are also some differences.
- **4 of the top 5 employment growth sub-sectors** related to tourism, retail or construction activities.
- 1 in 6 on the list of top 30 sub-sectors were **manufacturing** sub-sectors, one of which features in the top 5 – Manufacture of Air and Spacecraft and Related Machinery.
- The other manufacturing sub-sectors were the manufacture of Pharmaceutical preparations; Plastic products; Other general-purpose machinery; and Articles of paper and paperboard.
- Towards the bottom of the list are a number of small but emerging sub-sectors, which have shown rapid growth during the term, such as:

  - Processing and preserving of fish, crustaceans and molluscs (+115 jobs from a position of zero in 2016).

  - Remediation activities and other waste management services (+780% since 2016).

  - Motion picture, video and television programme activities (+274% since 2016).

  - Private security activities (+186% since 2016).

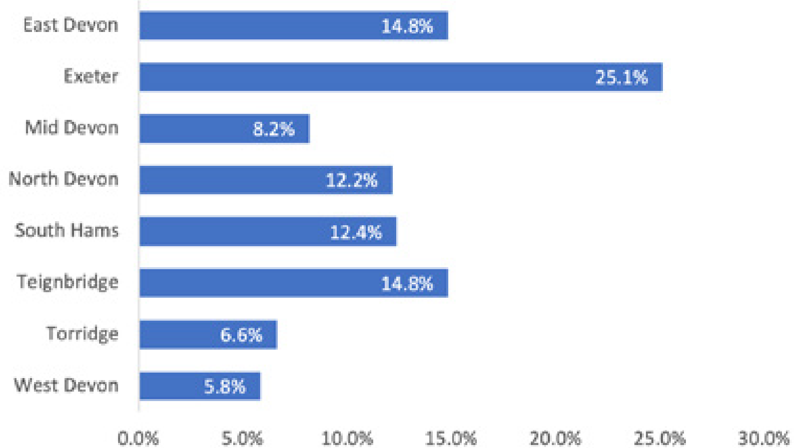
8. OUTPUT & PRODUCTIVITY

- Productivity is recognised as **the main driver of economic growth and prosperity**. There are wide variations in productivity across the UK. Against key measures, North Devon and Torridge show **low levels of productivity** (e.g. GVA/job, GVA/hour worked) (see Table 8.1). These measures are explored below.
- "**The potential of any given place** depends on the mix of industries, the infrastructure and the size of settlements there", with significant differences evident in the contribution of predominantly urban and rural areas to output and productivity (Defra, 2022)[vi].
- **Gross value Added (GVA)** is a measure of economic output and can be used to measure the contribution of individual businesses, industries, sectors or regions. It should be noted that GVA figures for local authority areas are estimates and classified by the ONS as 'experimental'.
- In 2016, North Devon and Torridge produced a combined GVA of £3,058 million, representing **18.8% of Devon's GVA** (see Fig. 8.1). North Devon provided almost 2/3 of this contribution, reflecting differences in the business count (60%), sectoral mix, and the critical mass of the main economic centre, Barnstaple.
- **GVA per job filled**, a measure of productivity, in 2021 was **lower than Devon and national averages** in both districts (see Fig. 8.2) – in North Devon 73.5% of the national average, and 57.5% in Torridge.
- The long-term trend of **GVA per job filled is increasing but at a noticeably slower rate** than the national average (see Fig. 8.3) – while nationally GVA/job filled between 2004 and 2021 grew by 46.4%, in North Devon growth was 29.7% and in Torridge 10.9%, which has shown a decline in this measure since 2016.
- **Compared to other rural areas, both districts show low productivity** – nationally the average GVA per job filled in 2020 was £45,900 in 'largely rural' areas, like North Devon; and £44,600 in 'mainly rural' areas, like Torridge (ONS, 2023vi).
- Figures for **GVA per hour worked**, another indicator of productivity, show a similar picture, but performance **closer to the national average**, with North Devon showing 81.9% of the national average and Torridge 62.8% (see Fig. 8.4). GVA per hour worked is **ONS's preferred measure of productivity**. Higher performance under this measure than for GVA/job filled reflects **higher levels of part-time working in northern Devon**.

Table 8.1 Headline statistics – Output & productivity

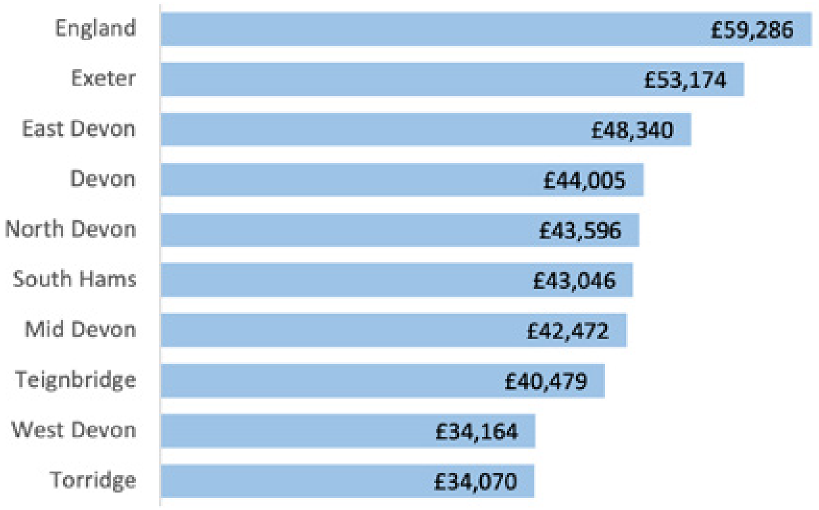
	N. DEVON	TORRIDGE	ENGLAND	SOURCE
Total GVA (£ million)	2,189	922	1,682,752	ONS, estimates 2020
Gross Value Added (GVA) per hour worked (£)	31.9	24.4	38.9	ONS Subregional productivity indices 2021
Gross Value Added (GVA) per filled job (£)	43,596	34,070	59,286	ONS Subregional productivity indices 201

Fig 8.1 Contribution to Devon's GVA by local authority 2016



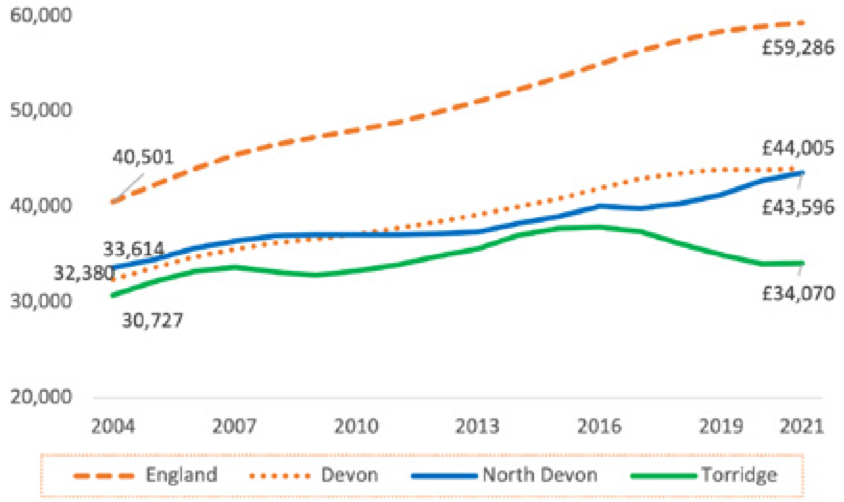
Source: ONS Regional gross value added (balanced) by local authority in the UK. NB an experimental dataset

Fig 8.2 GVA per filled job (£) current price (smoothed) 2021



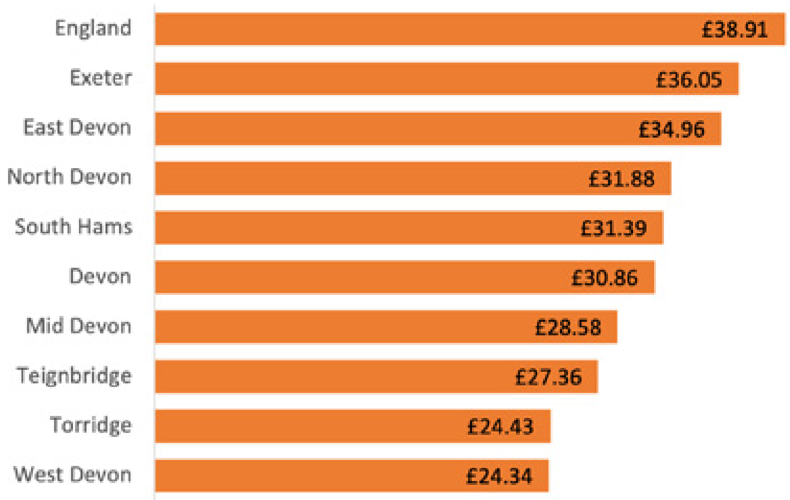
Source: ONS Subregional Productivity June 2023 release

Fig 8.3 GVA per filled job (£) current price (smoothed) 2004 - 2021



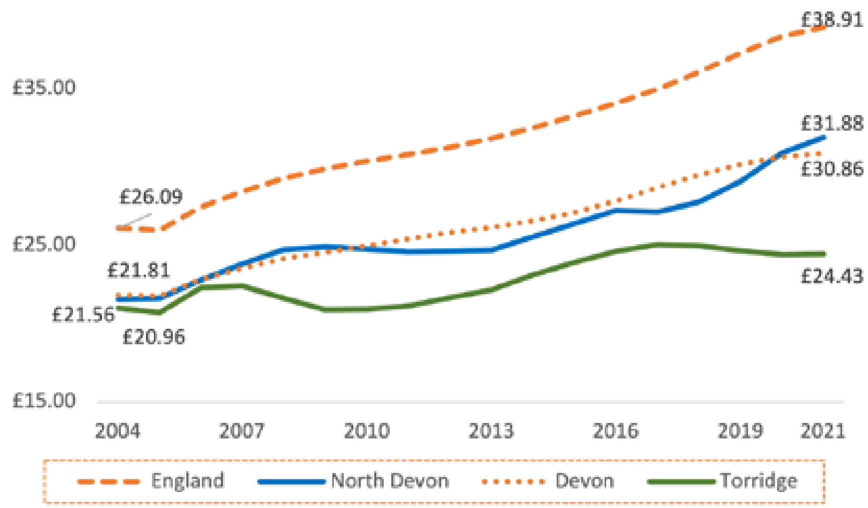
Source: ONS Subregional Productivity June 2023 release

Fig 8.4 GVA per hour worked (£), current price (smoothed) 2021



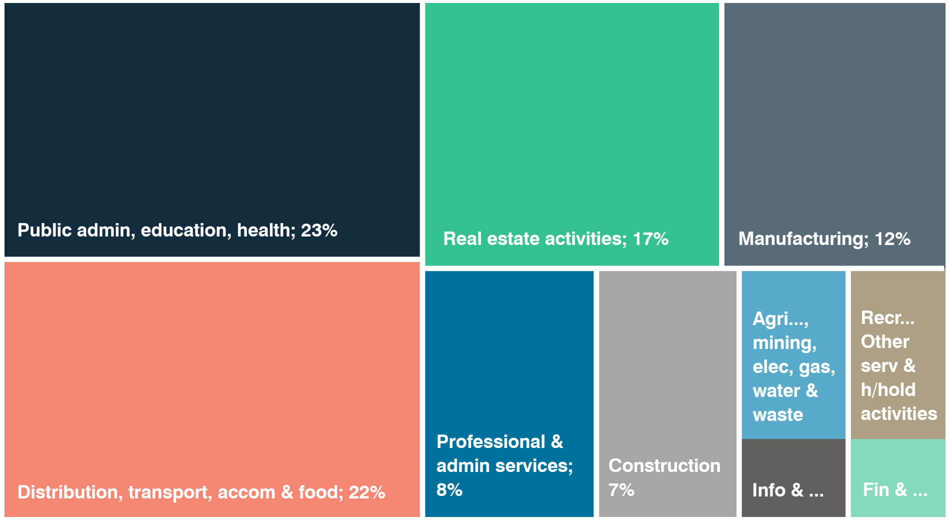
Source: ONS Subregional Productivity June 2023 release

Fig 8.5 GVA per hour worked (£), current Price (smoothed) 2004 - 2021



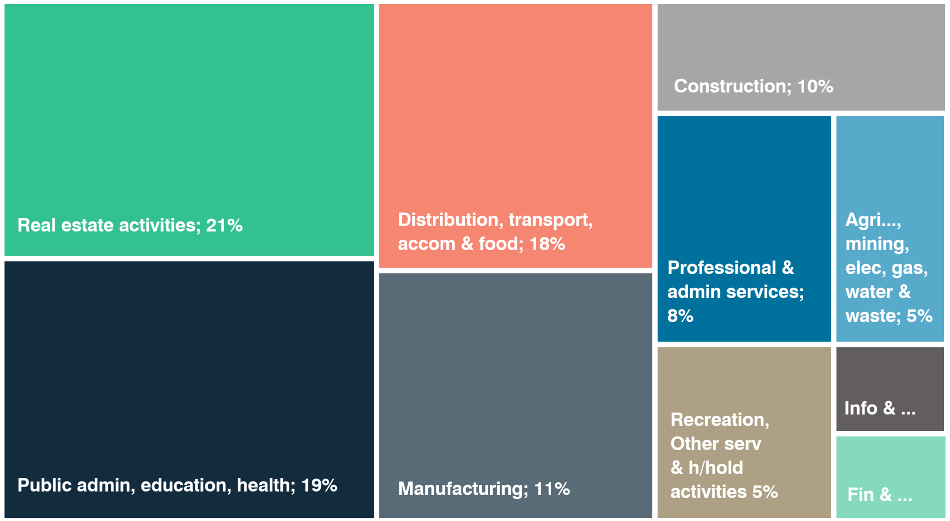
Source: ONS Subregional Productivity June 2023 release

Fig 8.6 Contribution to GVA by industry group in North Devon



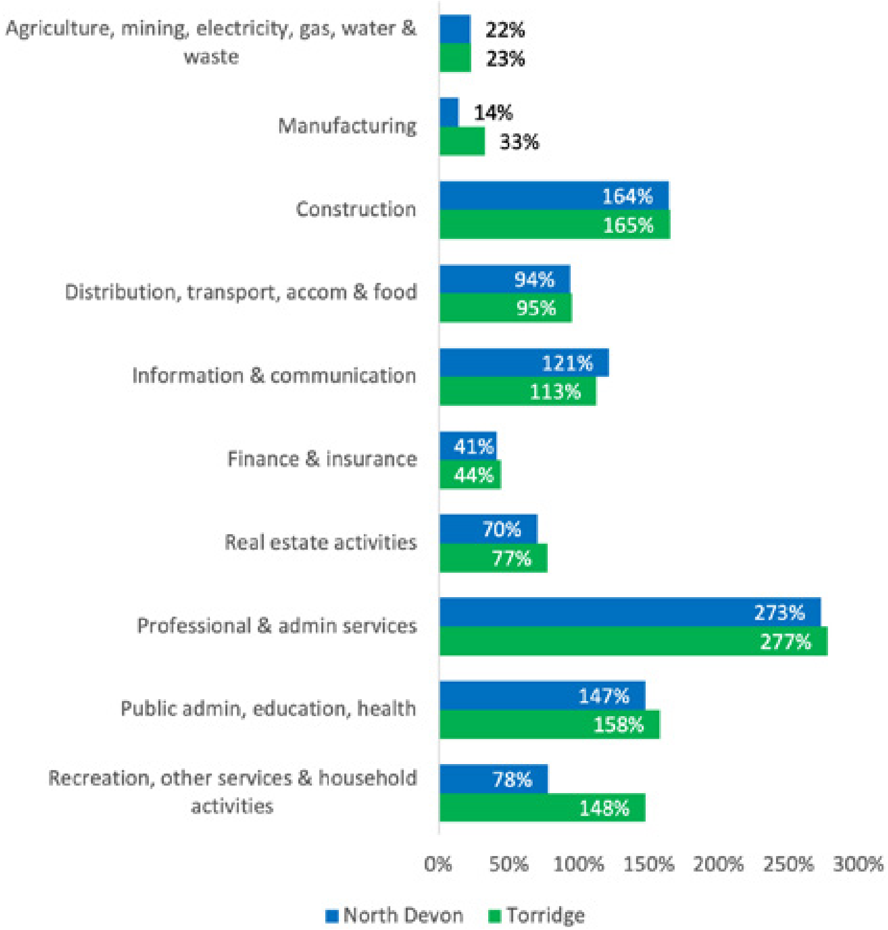
Source: Regional Gross Value Added (Balanced) by Local Authority in the UK, 2016

Fig 8.7 Contribution to GVA by industry group in Torridge



Source: Regional Gross Value Added (Balanced) by Local Authority in the UK, 2016

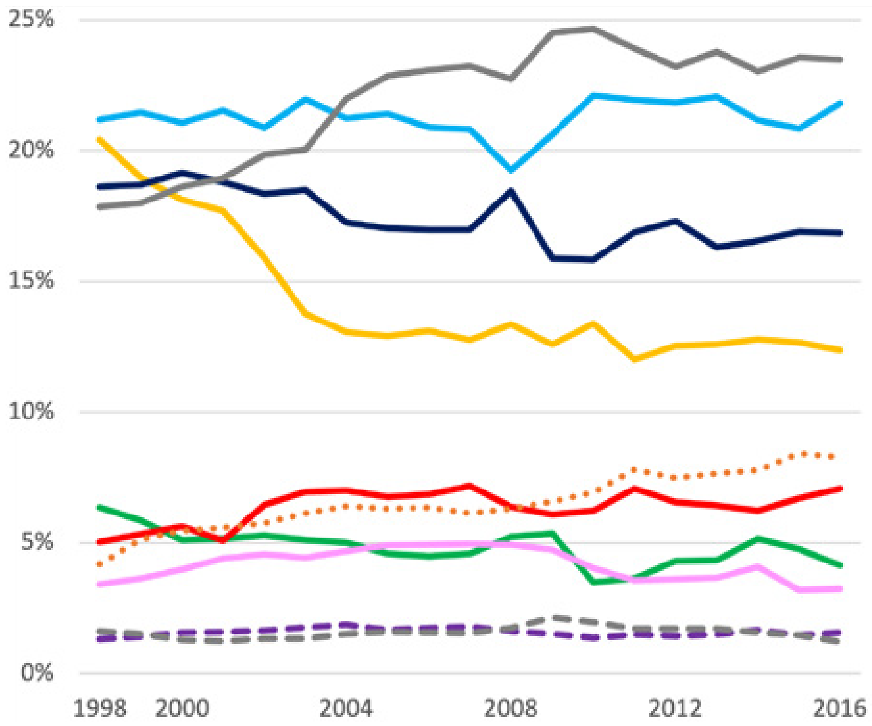
Fig 8.8 Percentage change in GVA by industry group (1998-2016)



Source: Regional Gross Value Added (Balanced) by Local Authority in the UK, 1998-2016

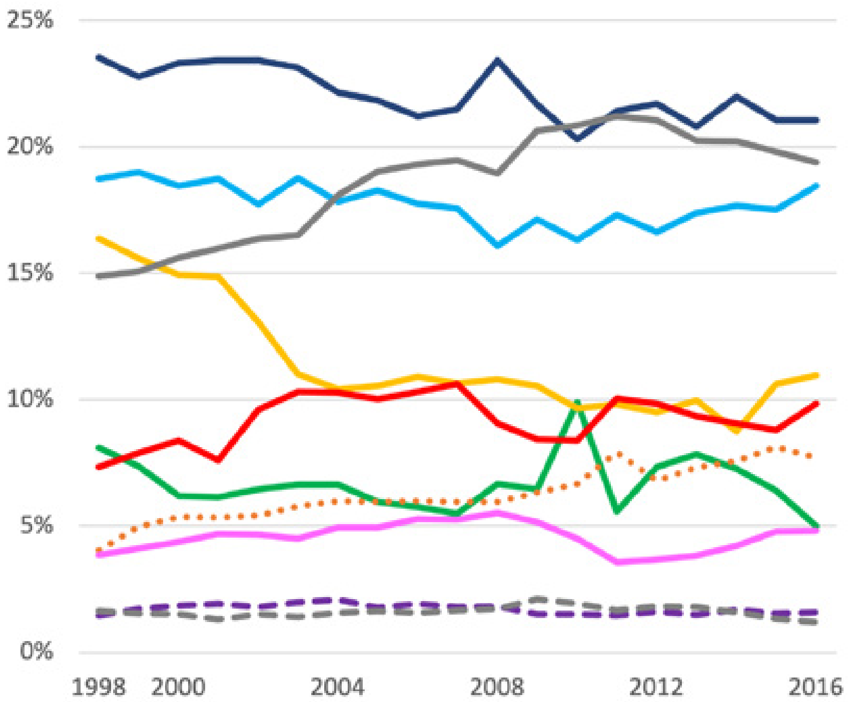
Fig 8.9 Contribution of industry groups to GVA 1998-2016 (%)

North Devon



Source: Regional Gross Value Added (Balanced) by Local Authority in the UK, 1998-2016

Torridge



Source: Regional Gross Value Added (Balanced) by Local Authority in the UK, 1998-2016

- Agriculture, mining, elec, gas, water & waste
- Manufacturing
- Construction
- Distribution, transport, accom & food
- Information & communication
- Finance & insurance
- Real estate activities
- Professional & admin services
- Public admin, education, health
- Recreation, other serv & h/hold activities

- **The long-term trend for GVA/hour worked shows the performance gap being maintained**, with productivity in Torridge falling away since 2016 (see Fig. 8.5).
- Factors which have previously been suggested as contributing to the **productivity gap** in the south west include business infrastructure, skills, sectoral mix, competitiveness, innovation and distance from London.
- In **North Devon** the **main industry groups contributing to total GVA** in 2016 were Public admin/ education/health (23%); Distribution/transport/accommodation & food (22%); Real estate (17%); and Manufacturing (12%) (see Fig. 8.6).
- In Torridge the **main industry groups** were Real estate (21%); Public admin/ education/health (19%); distribution/transport/ accommodation & food (18%); and Manufacturing (11%) (see Fig. 8.7).
- It should be noted that **data collection issues in measuring output within Agriculture** mean that GVA and productivity within the sector are typically underestimated within national statistics.
- **The main sectors contributing to GVA have changed over time** – Fig. 8.8 shows how GVA attributable to different industry groups has changed between 1998 and 2016 in North Devon and Torridge (see Table 8.2).
- All industry groups showed positive growth in GVA over this period but there were **wide variations in the strength of growth** (see Fig. 8.8).
- **Strongest growth in GVA** in both districts was within Professional & admin services; Construction; Public admin, education & health; and Information & communication; and within Torridge in Recreation, other services & household activities.
- The **slowest growth in GVA** has been within Agriculture, mining, electricity, gas, water & waste (see note above re. measuring output and productivity within Agriculture); and Manufacturing.
- The **trended contribution of the different industry groups** to total GVA in North Devon and Torridge is presented in Fig. 8.9.
- Contributions have varied from year to year and there are some **noticeable trends** reflecting the differentials in growth illustrated in Fig. 8.8.
- In **North Devon**, the importance of Public admin, education &health has increased since 1998 (+5%), whilst Manufacturing has fallen (-8%), with industry groupings of Real Estate and Distribution, transport, accommodation & food maintaining their contribution to total GVA.
- The picture in **Torridge** has been slightly different. While Public admin., education & health has grown in importance (+4%); Real estate activities has remained the largest contributor, with the contribution of Manufacturing also falling (-5%).
- Within both districts, the contribution of **Manufacturing** over the period has grown in absolute terms contribution, but at a lesser rate than other industry groups (see Fig. 8.8) such that its **relative contribution has declined** (see Fig. 8.9).

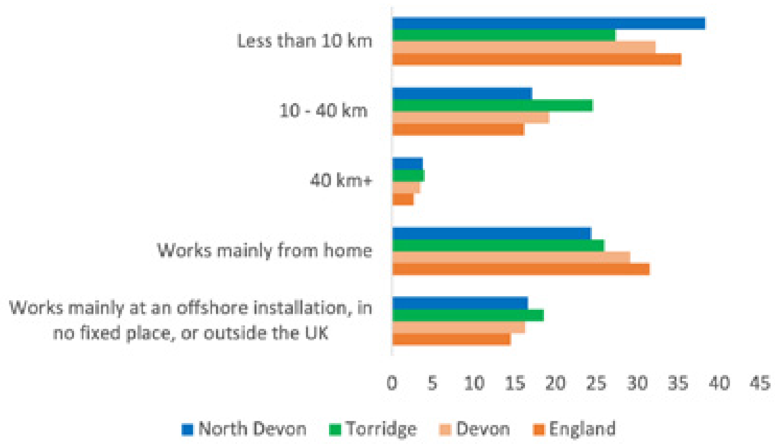
9. CONNECTIVITY

- As an area that is distanced from the main urban centres of Plymouth and Exeter, **connectivity is important**.
- **Employment-wise, the area is quite self-contained**. In 2021, more than half of working residents worked within 40 km of home and 1 in 4 mainly working from home, interestingly a lower proportion than the Devon (29.1%) and national (31.5%) averages for home-working (see Fig. 9.1).
- The **influence of Barnstaple as a key employment centre** is illustrated by the particularly high proportion of North Devon working residents working within 10 km of home and the high proportion of Torridge working residents working 10-40 km from home (see Fig. 9.1).
- As a predominantly rural area with limited public transport links, **travel times** to access some **key services** are not surprisingly stretched (see Fig. 9.2).
- **Travel times in both districts are higher** than the national average, but particularly so in Torridge which is classified by Defra as a 'mainly rural' district, with travel times more than twice the national average to access the nearest Secondary School, Higher Education Institution and hospital; and more than 75% longer to reach the nearest employment centre (with more than 500 jobs).
- It should be noted that these figures are averages and travel times are likely to be considerably higher from **more isolated parts of the area.** The data are a reflection of not just public transport links, but also of the availability of key services.
- **Digital connectivity** is particularly important to the area as a means to overcome distance and isolation (e.g. for skills, knowledge, access to markets).
- Access to **Superfast Broadband and Ultrafast Broadband** (% of premises able to receive) has lagged behind the national average.
- In August 2023, a total of 94.2% of premises in North Devon and 88.5% of premises in Torridge were able to receive **Superfast Broadband** compared to 97.9% nationally (see Fig. 9.3)
- **For Ultrafast Broadband** the difference in reach is more accentuated – in August 2023 50.2% of premises in North Devon and 37.3% of premises in Torridge were able to receive Ultrafast Broadband compared to 80.0% nationally (see Fig. 9.3)
- Within Devon, both North Devon and Torridge have **comparatively low access** to Ultrafast Broadband and Torridge has a relatively high proportion of premises with **less than 10 Mbps download speed** (see Fig. 9.3).

Table 9.1 Headline statistics – Connectivity

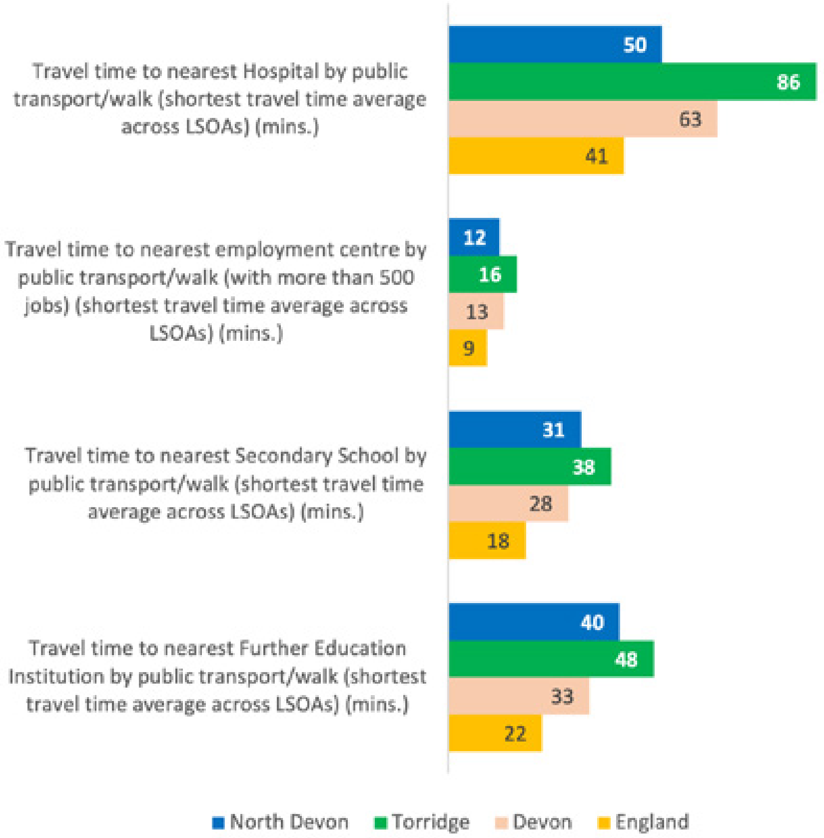
	N. DEVON	TORRIDGE	ENGLAND	SOURCE
Superfast broadband coverage (> 30 Mbps) - % of premises able to receive	94.2	88.5	97.9	Thinkbroadband.com Aug 2023
Ultrafast broadband coverage (> 100 Mbps) - % of premises able to receive	49.9	35.6	79.2	Thinkbroadband.com Aug 2023

Fig 9.1 Distance travelled to work (% working residents aged 16+)



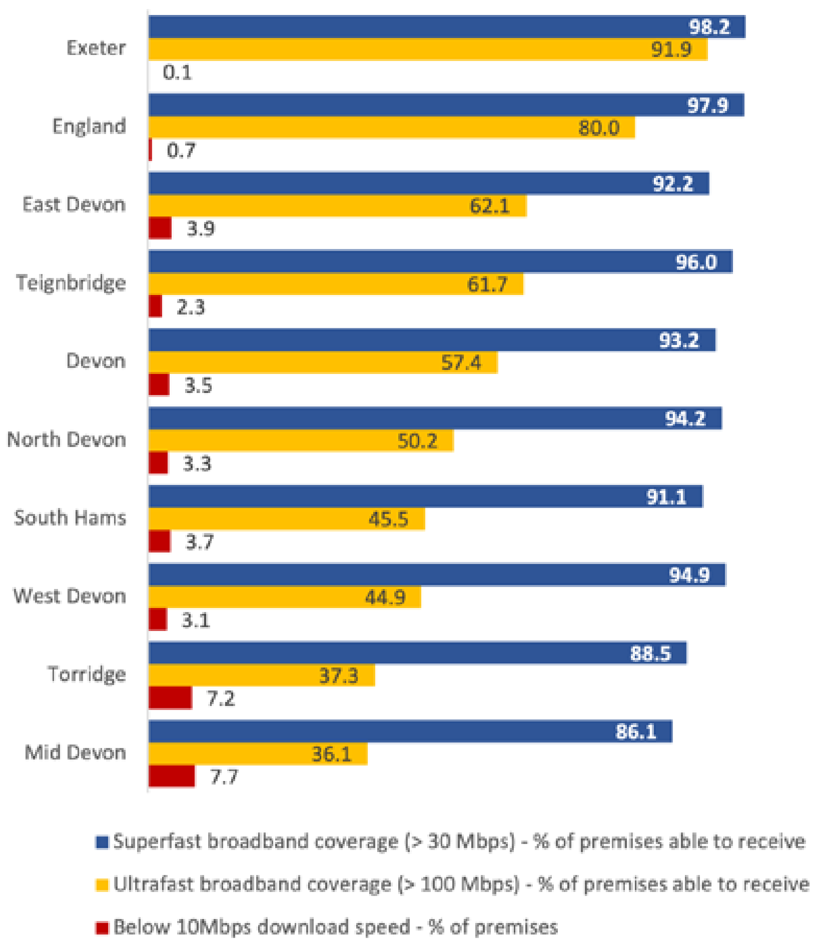
Source: Census 2021

Fig 9.2 Average travel times to key services



Source: DfT journey time statistics 2019

Fig 9.3 Broadband performance – September 2023 (% of premises able to receive)



Source: Think Broadband - local broadband information Sept 2023

10. COMPETITIVENESS

- Competitiveness is the ability of an area to achieve **profitability and growth** in relation to other areas. Low competitiveness is a factor often implicated in lagging productivity.
- The **UK Competitiveness Index (UKCI)** (produced by Cardiff University & Nottingham Business School) is “a measure of the long-run potential of localities, cities and regions to generate economic growth and well paid employment” (UKCI, 2021).
- The index is drawn from **a number of datasets** and distinguishes between (a) input, (b) output, and (c) outcome factors which combine to quantify the overall competitiveness of an area (see Fig. 10.1). The model in Fig. 10.1 suggests that place competitiveness is the result of interactions between input, output and outcome factors.
- The **most competitive areas** are situated in **London and the South East**. The least competitive areas tend to be old industrial towns and rural areas. In 2023, **North Devon ranked 254^{th} and Torridge 352^{nd}** out of 379 Local Authority areas under the UKCI, where a number 1 ranking indicates the most competitive area (see Fig. 10.2).
- Between 2019 and 2023 there has been **little change in the rankings** of North Devon and Torridge (see Fig. 10.2). The biggest positive movements have been within East Devon and Exeter which both showed improved rankings.
- The Index Scores which were used to rank Local Authority areas provide an indication of how far from the UK average individual areas are – the UK average index score is 100 (see Fig. 10.2). Comparing Index Scores in 2019 and 2023 for North Devon and Torridge shows little change over the period suggesting that the **competitiveness gap** from the UK average has not narrowed over the time period.
- Ranking and indices provide useful indicators of performance relative to other areas. Digging behind the indices can help to understand some of the **reasons behind the scores and rankings**. Table 10.2 draws together the latest data in relation to each of the UKCI input, output and outcome factors. NB this data is drawn from public sources which may differ from those used by the UKCI.

Table 10.1 Headline statistics – Competitiveness

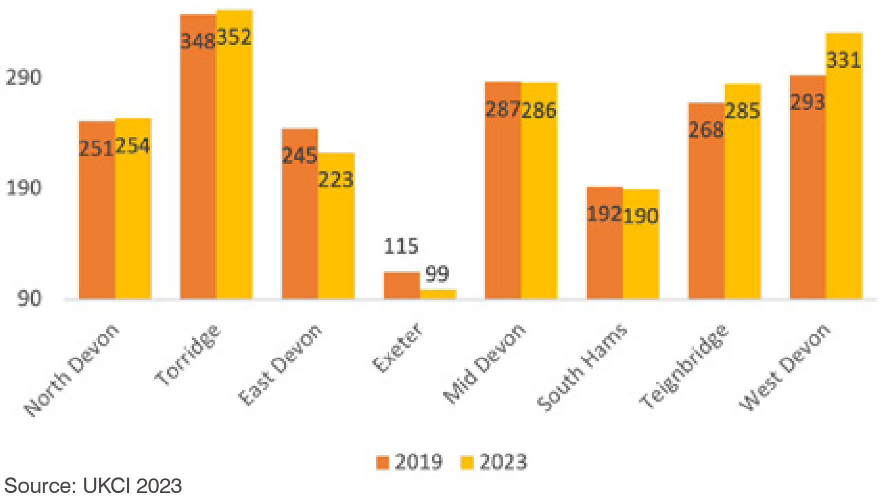
	N. DEVON	TORRIDGE	ENGLAND	SOURCE
UK Competitiveness Index ranking (of 379 LA areas)	252	357	N/A	UK Competitiveness Index 2021

Fig 10.1 UKCI 3-factor model of competitiveness

Input factors ↓	Economic activity rates Business start-up rates per 1,000 inhabitants Number of businesses per 1,000 inhabitants Proportion of working age population with NVQ4+ qualifications
Output factors ↓	GVA per head at current basis prices Productivity – Output per hour worked Employment rates
Outcome fears	Gross weekly pay Unemployment rates

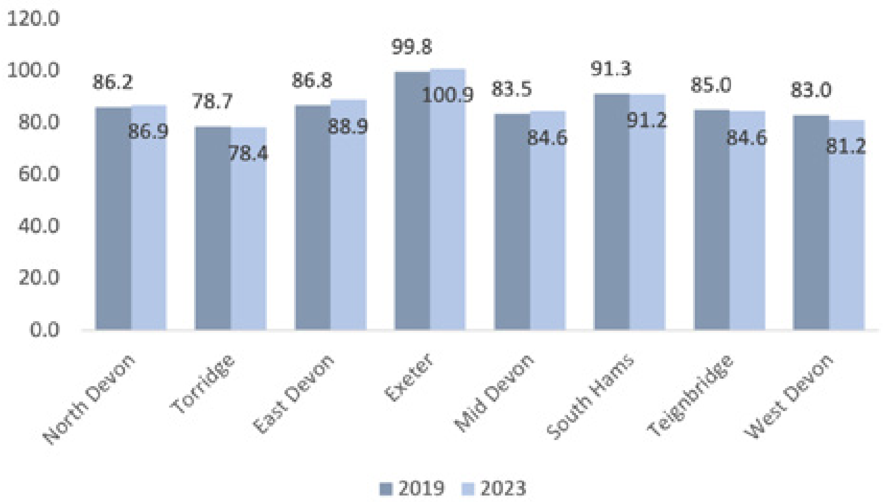
Source: Huggins, R. & Thompson, P (2013) UK Competitiveness Index 2013, Cardiff University

Fig 10.2 UK Competitiveness Index rankings – Devon Districts 2019 & 2023



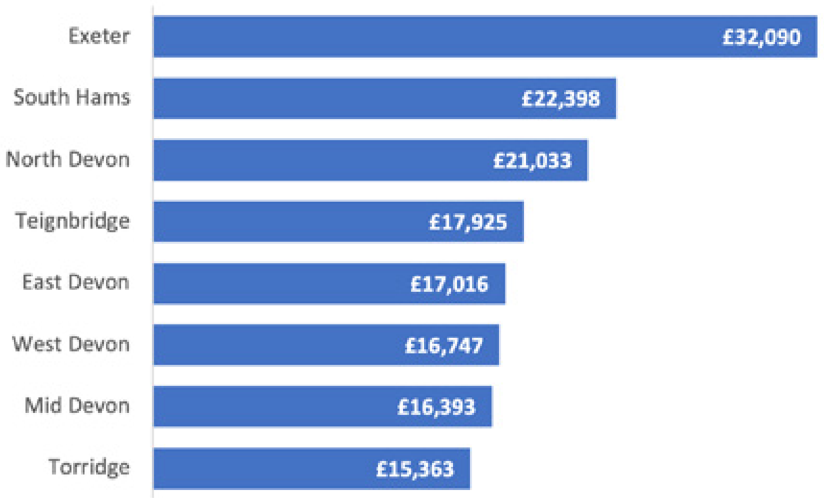
Source: UKCI 2023

Fig 10.3 UK Competitiveness Index scores – Devon Districts 2019 & 2023



Source: UKCI 2023

Fig 10.4 GVA per head Local Authority areas in Devon (2015)



Source: ONS, Regional Gross Value Added (Income Approach), 2015

Table 10.2 Competitiveness indicators

NORTH DEVON	N. DEVON	TORRIDGE	DEVON	ENGLAND	SOURCE
INPUT FACTORS					
Economic activity rate - aged 16-64 (%)	84.6	86.5	83.1	79.2	Annual population survey Apr 2020 to Mar 2021
Business starts ('births') per 1,000 residents	3.9	4.2	4.3	5.7	Business Demography 2021/ONS population estimates 2021
Number of businesses per 1,000 residents	49.1	54.6	46.7	48.9	ONS Inter Departmental Business Register – Business Activity, Size & Location 2021/ONS population estimates 2021
Proportion of working age population with NVQ4+ qualifications (%)	36.3	21.9	39.1	43.2	Annual population survey Jan 2021 to Dec 2021
Proportion of knowledge based businesses	N/A	N/A			
OUTPUT FACTORS					
Gross Value Added per head (£)	21,033	15,363	20,502	26,159	ONS, Regional Gross Value Added (Income Approach), 2015
Productivity - GVA per hour worked (£)	31.88	24.43	30.86	38.91	ONS Subregional Productivity 2021, current price (smoothed)
Employment rate - aged 16-64 (%)	82.7	81.8	79.7	75.2	Annual population survey Apr 2020 to Mar 2021
OUTCOME FACTORS					
Gross median weekly pay (full-time worker) resident based (£)	511.6	524.6	566.9	613.3	Annual Survey of Hours & Earnings 2021
Unemployment rate - aged 16-64 (%)		5.2	3.3	5.2	Annual population survey Jul 2020 to Jun 2021 ~ Estimate not available

High figure
Low figure

- Many of the **indicators** in Table 10.2 are discussed in more detail elsewhere in this report. In relation to northern Devon:
  - **Economic activity rates are high**, which can contribute to low productivity levels where there is high dependency on traditional sectors.
  - **Business birth rates are quite low** compared to the national picture, whereas the **number of businesses per 1,000 residents is relatively high**, suggesting a settled population of established businesses but fewer new businesses coming through.
  - **Level 4 qualifications**, a key driver of productivity, are **lower than county and national averages**, and particularly low in Torridge.
  - Gross Value Added (GVA) per head is a measure of economic balance and relative wealth within an area, rather than an indicator of productivity. In 2015 Torridge had a particularly **low level of GVA per head** (see Fig. 10.4).
  - **Productivity** (GVA per hour worked) is **lower than the national average** in North Devon and Torridge.
  - **Employment rates are high**, but high levels of part-time employment and a still high reliance on traditional sectors, can mean that this contributes to low productivity.
  - **Weekly pay is low**, much lower than county and national averages.
  - **Unemployment rates** have historically been **lower than the national average**.

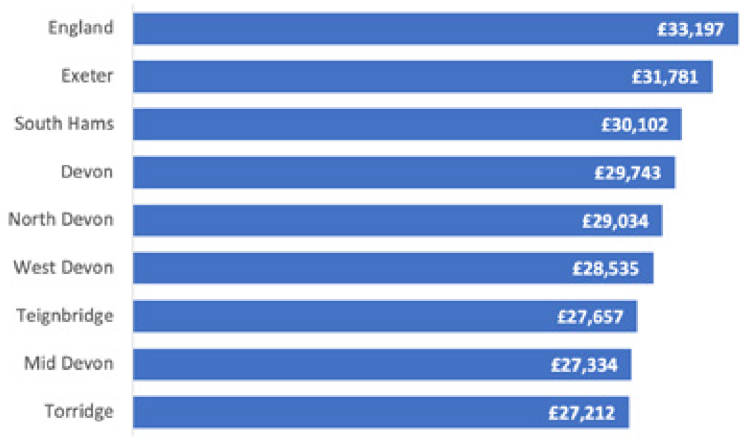
11. COMMUNITY

- This section looks at the **community impact and benefits** of the local economy within northern Devon, including how this varies across the area.
- There are **wide variations in income and earnings across Devon** (see Fig. 11.1), with North Devon and Torridge below the Devon and national averages. There are also **wide variations within the area** (see Fig. 11.2)
- The highest household incomes are outside of the market towns, with parts of central **Barnstaple, Bideford and Ilfracombe seeing the lowest household incomes** in the area. It should be noted that the data in Fig. 11.2 are averages at Middle-layer Super Output Area (MSOA) level (c. 2,000 to 6,000 households). It is likely that the variations would be more pronounced at a lower geographical level.
- There is **also considerable variation across the area against other community indicators** (see Table 11.2). The table shows the latest data for the two districts and individual parishes, as well data for the most 'extreme' ward for each dataset:
  - The receipt of **housing benefits** is on average low in North Devon and Torridge, but Ilfracombe, Barnstaple and Bideford show particularly high levels, with the highest level (22.1%) in Barnstaple Central Ward.
  - Barnstaple Central Ward also shows peak levels for receipt of **Universal Credit** (25.5%); **unemployment benefits** (6.0%); **youth unemployment benefits** (9.3%); and people aged 65+ with a limiting long-term illness (61.0%).
  - All of the parishes show estimated **household incomes well below the national average**, with Ilfracombe East Ward the lowest at only 73% of the England average.
  - All of the parishes show **housing affordability** ratios (average purchase price/average salary) in excess of the national average, with house-hunters in Instow Ward experiencing average house prices 9.1 times average salary.
- Housing affordability has for a long time been an issue across northern Devon, driven by the popularity of the area for second homes and retirement; and general low earnings in the area (see Figs. 11.3 and 11.4).

Table 11.1 Headline statistics – Community

	N. DEVON	TORRIDGE	ENGLAND	SOURCE
IMD - (LSOAs) in most deprived decile (10%) nationally	3	0	-	IMD 2019
Average IMD ranking of LSOAs across Local Authority area	123	67	-	IMD 2019

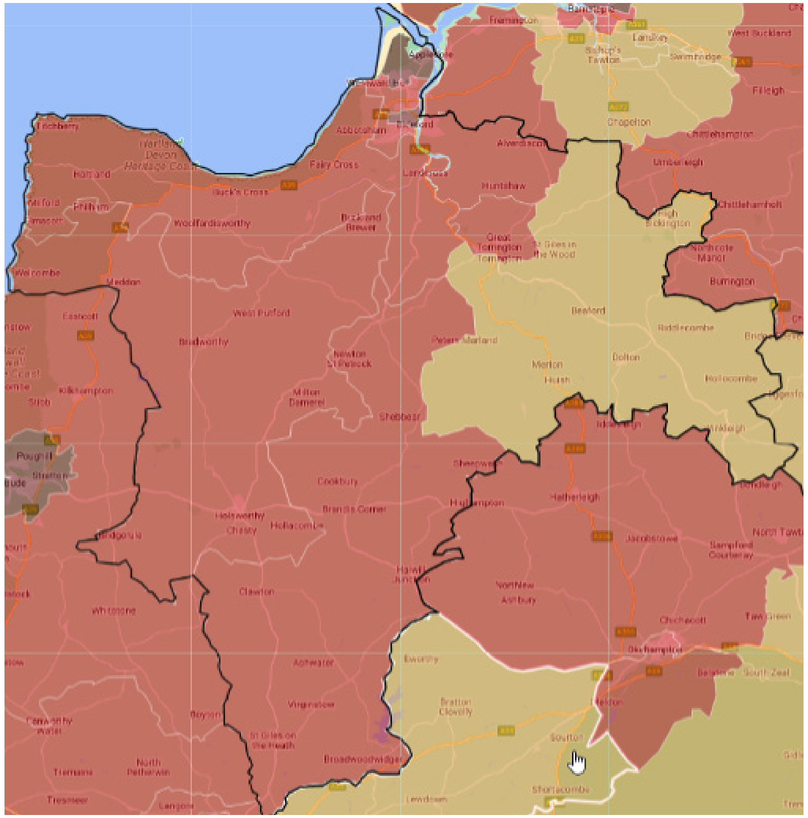
Fig 11.1 Median annual full-time gross earnings – workplace based



Source: ONS, Annual Survey of Hours and Earnings, 2022 (data for East Devon statistically unreliable)

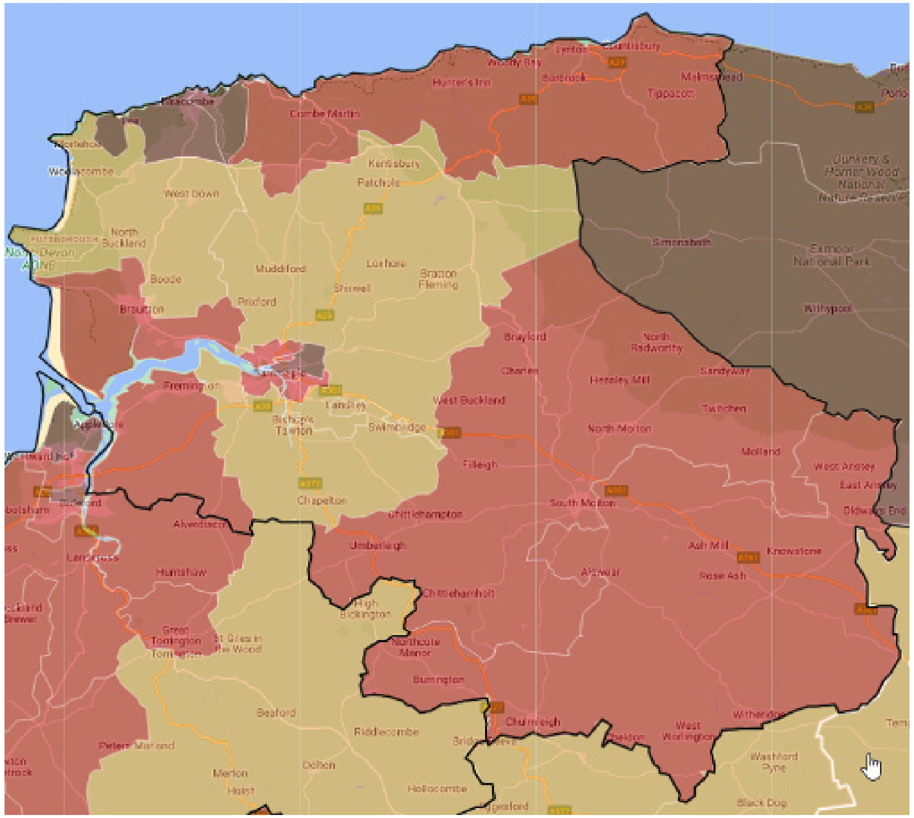
Fig 11.2 Total annual household income estimate at MSOA level – North Devon & Torridge

Torridge



Source: ONS Total household income estimate 2017/18 (published 2020)

North Devon



Images courtesy of Local Insights/OCSI

Total annual income estimate

The colours on the map show total household income per year (£)

Showing all areas at MSOA level

- 51,700 to 86,100 £
- 45,300 to 51,700 £
- 40,600 to 45,300 £
- 35,500 to 40,600 £
- 21,300 to 35,500 £

Table 11.2 Community indicators across northern Devon

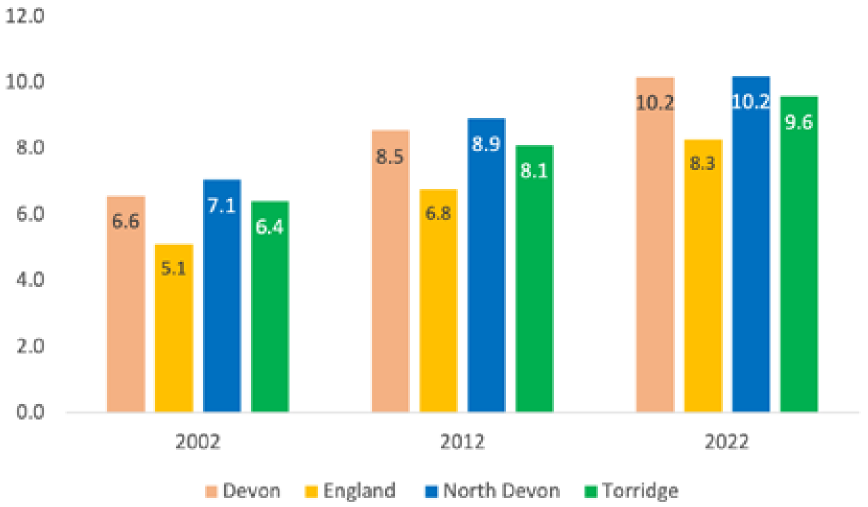
INDICATOR	SOURCE	ENGLAND	NORTH DEVON	TORRIDGE	BARN'PLE	BIDEFORD	BRAUNTON	GT TORR.	HOLSW'THY	ILF'COMBE	LYNTON & LYN'TH	SOUTH MOLTON	WARD EXTREME
Housing Benefit (% households receiving)	DWP, Feb 2023	8.8	7.5	6.9	11.4	10.3	3.5	7.4	6.5	12.3	6.5	8.7	22.1 Barnstaple C
Universal Credit (% households receiving)	DWP, Feb 2023	18.5	14.8	13.6	20.1	22.0	8.5	16.1	14.2	21.4	9.6	16.2	25.5 Barnstaple C
Unemployment benefit (JSA and Universal Credit) (% people)	DWP, Jul 2023	3.9	2.6	2.1	3.6	2.9	1.6	2.2	1.8	3.5	1.6	2.7	6.0 Barnstaple C
Youth unemployment (18-24) (% receiving JSA or Universal Credit)	DWP, Jul 2023	4.9	4.1	3.8	5.8	5.5	2.7	1.3	3.8	5.6	0.0	5.7	9.3 Barnstaple C
Housing affordability: Total price/average salary ratio (average house)	Land Reg./ ONS 2016/17	5.5	6.6	6.3	5.7	5.6	6.7	5.8	5.9	6.0	7.1	6.2	9.1 Instow
People with a limiting long-term illness (16-64) (%)	Census 2011	12.7	13.1	14.6	13.9	15.5	11.3	13.5	13.8	17.0	12.4	12.6	18.6 Appledore
People with a limiting long-term illness (aged 65+) (%)	Census 2011	53.1	49.8	49.6	52.6	55.2	50.3	53.6	50.0	57.8	48.3	56.4	61.0 Barnstaple C
Participation of state school pupils in Higher Education	ONS 2012-18	40.3	32.3	29.8	29.9	26.5	35.8	30.6	33.6	29.6	28.4	29.2	23.6 Bideford S
Index of Multiple Deprivation 2019 (IMD) Score	MHCLG 2019	21.8	20.6	23.3	24.3	27.0	8.9	16.8	27.9	31.7	26.0	19.3	39.8 Barnstaple C
Total annual household income estimate (£)	ONS 2017/18	43,966	38,239	37,021	37,338	35,309	40,109	36,500	36,000	33,530	36,200	37,800	32,314 Ilfracombe E

High figure

Low figure

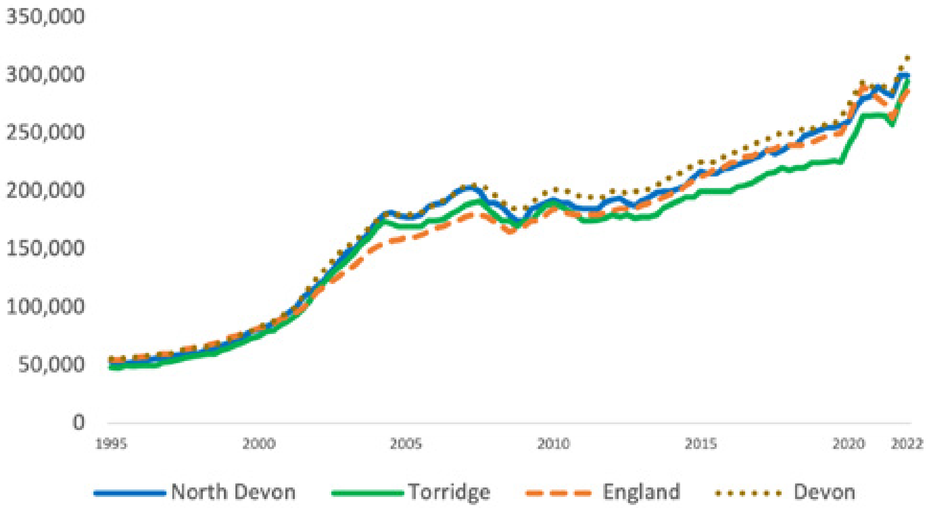
- NB Fig. 11.3 shows a different measure of housing affordability to Table 11.2, looking at the ratio between median purchase prices and median salaries. Within 20 years the **housing affordability ratio has increased** by 50% in Torridge and 44% in North Devon.
- The English **Index of Multiple Deprivation** (IMD) measures relative levels of disadvantage in 32,844 small areas in England called Lower-layer Super Output Areas (LSOA) (each with an average population of c. 1,500 people or 650 households).
- In 2019, northern Devon had **3 LSOAs in the 10% most disadvantaged in England**, within Barnstaple and Ilfracombe (see Table 11.3).
- On average in 2019, **North Devon ranked 123rd and Torridge 67th** of 317 English Local Authority areas under the IMD (rank of average ranking), where 1 = the most deprived district in the country.
- The h**ighest ranking sub-domain was 'Living Environment'** (average ranking of 93 in north Devon and 48 in Torridge), which measures the quality of both the indoor and outdoor local environment. Northern Devon had **32 LSOAs in the most deprived 10%** for 'Living Environment' and **22 LSOAs in the most deprived 10% for 'Barriers to Housing & Services'**, which measures the physical and financial accessibility of housing and local services (see Table 11.3).
- The **Social Mobility Index** provides a framework for measuring social mobility across the UK, defined by the Social Mobility Commission as "the difference between your life outcomes and those of your parents." The Social Mobility Commission has published indices for Local Authority areas in 2016 and 2017 calculated from an array of indicators, including measures of early years, school, youth and adult outcomes.
- Out of 324 Local Authority areas, **North Devon ranked 238th and Torridge 283rd** under the Social Mobility Index in 2017, where number 1 indicates the most favourable conditions for social mobility. Although in the bottom 20% of areas, Torridge's ranking was an improvement on its 2016 overall ranking of 308th (see Table 11.4)
- In terms of outcomes, both Districts **ranked lowly for adult outcomes** (Torridge 309 and North Devon 304), where indicators include salary levels, housing affordability, proportion of people in managerial and professional occupations, and proportion of families with children who own their own home.

Fig 11.3 Housing affordability ration (median price/median salary) 2002-2022



Source: ONS - ASHE, Land Registry

Fig 11.4 Median House Prices paid (£)



Source: ONS - ASHE, Land Registry

Table 11.3 Communities in northern Devon (LSOAs) within the most deprived 10% nationally

IMD INDICATOR	NORTH DEVON	TORRIDGE	TOTAL
Overall Index of Multiple Deprivation	3	0	3
Income domain	2	0	2
Employment domain	4	1	5
Education, skills, training domain	1	2	3
Health Deprivation, Disability domain	4	0	4
Barriers to housing and services domain	10	12	22
Living environment domain	14	18	32

Source: IMD 2019

Table 11.4 Social Mobility Index rankings 2016-2017

IMD INDICATOR	NORTH DEVON	TORRIDGE
Overall Social Mobility Index	238	283
Early Years outcomes	87	214
Schools outcomes	165	147
Youth Outcomes	269	276
Adult outcomes	304	309

Source: IMD 2019

[i] ONS (2023), 'GDP and events in history: how the COVID-19 pandemic shocked the UK', accessed at https://www.ons.gov.uk/economy/grossdomesticproductgdp/articles/gdpandeventsinhistoryhowthecovid19pandemicshockedtheukeconomy/2022-05- (26 October 2023).24#:~:text=The%20furlough%20scheme%2C%20affecting%20a,2020%20%E2%80%93%20between%20July%20and%20September.

[ii] Bank of England (2023), Monetary Policy Report – August 2023, accessed at https://www.bankofengland.co.uk/monetary-policy-report/2023/august-2023#:~:text=In%20the%20MPC's%20modal%20projection,judged%20to%20be%20broadly%20balanced. (26 October 2023).

[iii] House of Commons Library (2023), GPR – International Comparisons: Key economic indicators, accessed at https://commonslibrary.parliament.uk/research-briefings/sn02784/ (26 October 2023).

[iv] Office for Budgetary Responsibility (2023), Economic and Fiscal Outlook – March 2023, accessed at Economic and fiscal outlook - March 2023 - Office for Budget Responsibility (obr.uk) (26 October 2023).

[v] Bank of England (2023), Agents' summary of business conditions – 2023 Q3, accessed at Agents' summary of business conditions - 2023 Q3 | Bank of England (26 October 2023).

[vi] ONS (2023), 'Rural productivity and grow value added GVA', accessed at https://www.gov.uk/government/statistics/rural-productivity/rural-productivity-and-gross-value-added-gva#:~:text=In%202020%2C%20the%20GVA%20per,as%20whole%20(provisional%20estimate). (31 October 2023).