

A More Positive Outlook

In both the UK and the wider global economy, signs of economic recovery are becoming clearer and growth is beginning to gather momentum. In the UK, following four consecutive quarters of growth, GDP increased by 0.8% in quarter one of 2014, marking the longest positive run since the financial crisis. The economy is now estimated to be just 0.6% smaller than its 2008 peak. Forecasts by both the IMF and pwc, suggest that the UK will be the fastest growing major European economy in 2014-15, although levels of optimism vary amongst forecasters. There are also reports that growth to date has been uneven, with recommendations that rising consumer spending must be supplemented by a rebound in business investment and exports in order to maintain steady growth and recovery whilst avoiding excessive rises in credit.

The longer term outlook for the Devon economy is also positive, particularly from 2015 onwards. Employment growth is projected to exceed the national average between 2013 and 2025 with high levels of growth in highly skilled occupations; and each of the County's districts are expected to grow in both employment and real value added terms, as are most sectors. However, key challenges relating to low average earnings, low productivity and a shortfall of jobs in key private service sectors remain. As such, increasing output and closing the productivity gap continue to be two of the biggest challenges facing the County over the next ten years. This May 2014 edition of the Economic Bulletin covers:

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THE GLOBAL ECONOMY: GROWTH BEGINNING TO GATHER MOMENTUM

The International Monetary Fund (IMF) World Economic Outlook released in April reports that the global economy has generally strengthened, and is expected to improve further in 2014-15, with much of the impetus coming from advanced economies where growth is expected to be robust.

There are still risks to the stability of emerging economies, and, in some of these countries, such as Venezuela and Argentina, financial conditions have tightened since the previous World Economic Outlook in October 2013. Overall growth in emerging markets is expected to be more varied with a number of these economies struggling with a challenging external funding and domestic financial conditions.

The IMF has projected global growth rates of 3.6% in 2014 and 3.9% in 2015, largely unchanged from the

previous report. In emerging economies, growth is expected to be around 2.75% in 2014-15, and in the Eurozone, growth is expected to be positive but with significant variation. Growth in Italy and Spain is projected to be just 0.6% and 0.9% respectively, compared to 1.7% for Germany and 2.9% in the UK. The IMF expect the UK to be the best performing of the world's largest economies in 2014.

In line with the IMF, the April 2014 PwC Global Economy Watch suggests significant potential for advanced economies in 2014, with particularly strong growth predictions for the United States and the United Kingdom. The UK is expected to remain the fastest growing major European economy in 2014-15. The table below sets out these growth rates, ranked by the size of the economy.

Projections April 2014: - Growth rates of the 20 largest economies (ranked by share of GDP based on MER*)

REAL GDP GROWTH	2014	2015	REAL GDP GROWTH	2014	2015
1.United States	3.0%	3.0%	11.India	5.4%	6.4%
2.Eurozone	1.0%	1.3%	12.Canada	2.3%	2.5%
3.China	7.5%	7.2%	13.Australia	2.7%	3.0%
4.Japan	1.5%	1.1%	14.Spain	0.7%	0.9%
5.Germany	1.7%	1.9%	15.South Korea	2.8%	4.0%
6.France	0.9%	1.2%	16.Mexico	3.2%	3.7%
7.United Kingdom	2.6%	2.4%	17.Indonesia	5.5%	5.8%
8.Brazil	1.8%	2.5%	18.Netherlands	0.8%	0.9%
9.Italy	0.4%	1.0%	19.Turkey	2.6%	4.3%
10.Russia	2.0%	2.9%	20.Saudi Arabia	4.4%	4.2%

Source: Global Economy Watch, PwC * Market Exchange Rate

THE UK ECONOMY

- **Gross Domestic Product: +0.8%** (Jan-Apr 2014)
Total of 1.7% growth in 2013
- **Forecast Growth: 2.7%** (in 2014)
Based on Office for Budget Responsibility
- **Consumer Prices Index: 1.6%** (Mar 2014)
Down from 1.7% in February
- **Employment Rate: 72.6%** (Dec 13-Feb 14)
239,000 more people employed compared to last quarter
- **Unemployment Rate: 6.9%** (Dec 13-Feb 14)
77,000 fewer unemployed people than last quarter
- **Av. weekly earnings growth: 1.7%** (Dec 2013-Feb 2014) Estimated at £479 pre-tax, including bonuses

Signs of Further Growth

The most recent Office of National Statistics (ONS) figures released in April 2014, show signs of further growth in the UK economy. Following four consecutive quarters of growth, GDP increased by 0.8% in quarter one of 2014 – this is slightly higher than the increase of 0.7% recorded for the final quarter of 2013 and marks the longest positive run since the financial crisis. Further, the economy is now estimated to be just 0.6% smaller than its 2008 peak.

However, the benefits of this growth appear to be uneven with reports that residents in many areas across the UK do not feel as though they are experiencing recovery.

Employment statistics the end of February 2014 suggest growth as been accompanied by an increase in the number of people in employment and a decrease in the number of people who are unemployed. More recent data for March 2014, shows that the number of people claiming Jobseekers' Allowance fell by 30,000 when compared to the previous month – the lowest number of claimants since November 2008. The rate of inflation faced by households also fell slightly. The Consumer Prices Index (CPI) – the headline measure of inflation – grew by 1.6% in the year to March 2014, down from 1.7% in February, reaching its lowest rate in more than four years.

While the economic outlook for the UK is positive, levels of optimism vary amongst forecasters. The OECD increased the 2014 growth rate for the UK from 1.5% to 2.5%, while the increase by the Office for Budget Responsibility (OBR) from 2.4% to 2.7% was more cautious. The latest OBR report in March 2014 notes that this upward revision largely reflects business investment. A comparison of independent forecasts released during April 2014 shows that projected growth rates range from 2.1% to 3.5%, with a median position of 2.9%.

The most recent ITEM Club report for spring 2014 suggests that the UK's economic recovery is now on firm footing. However, in order to maintain steady growth and recovery whilst avoiding excessive rises in credit, rising consumer spending must be supplemented by a rebound in business investment and exports. Different areas of the economy must be

prevented from expanding too fast to allow for continued growth.

Spotlight on Sectors

The most recent ONS figures show that growth levels also varied by sector. While the manufacturing sector experienced one of the largest levels of growth (+1.3%), the services sector grew by 0.9% and accounted for almost all quarterly growth. Growth in the construction sector (+0.3%) was more limited and agriculture was the only sector to report a fall (-0.7%).

The latest monthly/quarterly surveys conducted by the Confederation of Business Industry (CBI) provide further insight into how economic trends are impacting on different sub-sectors. The most recent headlines are summarised below.

Manufacturing (March 2014)

- Demand continued to rise, with total orders increasing. However, output orders and export growth eased on last month, with output order growth at a five-month low.

The Service Sector – Consumer Services and Business and Professional Services (Feb 2014)

- In the three months to February, optimism in both the consumer and professional services sector rose at the fastest rate since the survey begun in 1998. Business volumes rose at the quickest pace since 2005, and profitability improved for the first time since 2007.

Financial Services (March 2014)

- Financial services firms' growth continued at a steady pace in the three months to March, with business volumes rising for the second consecutive quarter in all but one sub-sectors. Overall profitability grew, but at a more moderate pace compared to the previous quarter.

Distributive Trades – Retail, Wholesale and Motor Trades (March 2014)

- Retail sales grew again in the year to March, making year-on-year sales growth for the fourth consecutive month. However, the weakening of sales growth from the previous month was greater than expected. Sales are expected to have picked up again in the year to April.

THE LATEST TRENDS IN DEVON

- **High employment rate: 79.9%** (Dec 2013)
- **Fall in JSA Claimants** (Jan-March 2014)
- **Very Low unemployment rate: 4.9%** (Dec 2013)
- **Low average earnings: 87% of national average** (2013)
- **Low inactivity rate: 20.1%** (Dec 2013)
- **High House price to wage ratio: 8:1** (Dec 2013)

The latest Annual Population Survey results at the County level cover the year to December 2013.

In line with national trends, Devon's employment rate has risen slightly since the last quarter, and continues to be significantly higher than the national average. While this is partly due to relatively low levels of inactivity across the County, it is largely a reflection of the exceptionally low levels of unemployment – an indicator on which the County has outperformed the national average for some time.

More recent figures for March 2014, focusing solely on those who claim Job Seekers Allowance (rather than all residents who are unemployed) show that number of claimants in Devon has decreased by 8% (or over 560 claimants) between February and March 2014. Devon's claimant count (1.4%) is now approximately half of the national rate (2.9%). Since last June, the number of people claiming JSA in Devon has been at its lowest for 5 years and the rate is still dropping.

This claimant rate is consistently lower than the national average across each of the County's constituent districts. Although there are variances, with the highest levels of claimants in Torrington (2.2%) and Exeter (1.6%).

While the County reports high levels of employment, average earnings remain low for those who live and/or work in Devon. The latest releases from the Annual Survey of Hours and Earnings shows that resident earnings in Devon for 2013 were 87% of the national average, while workplace wages were 85%. When combined with the latest data on housing,

Devon's average prices to average salary ratio stands at 8.1 compared to 6.2 nationally, following only a marginal increase in average house prices of £290 in Devon between Quarter 4 in 2013 and Quarter 1 in 2014.

In terms of business health, the most recent Local Data Company Report for January 2014 shows that the rate of vacant units continue to be lower than the national average (at 9.4% compared to 12.2%) and this applies to both retail and leisure vacancies. The retail vacancy rate is almost double that of leisure units and stands at 10.7% in Devon in comparison to 13.9% nationally.

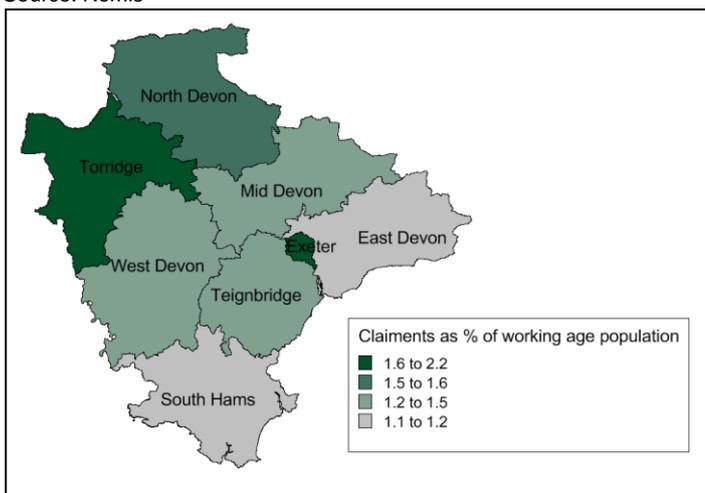
Change on Key Indicators compared to Previous Qtr

Source: Annual Population Survey, December 2013

	Economic Activity		Employment		Unemployment	
	% working age population		% working age population		% working age population	
Devon	79.9%	↑	76.0%	↑	4.9%	↑
Heart of the South West LEP	79.4%	↓	74.7%	↑	5.9%	↓
South West	79.3%	↓	74.6%	↑	5.9%	↓
England	77.6%	↓	71.7%	↑	7.6%	↓

JSA Claimant Count Rate March 2014

Source: Nomis



Average Wages – Gross Weekly Pay

	Devon	England	Devon as % Eng
Resident Based	£455	£521	87%
Workplace Based	£444	£521	85%

Average House Prices

Q4 2013	£192,361	£166,042	116%
Q1 2014	£192,647	£169,229	114%

Source: Annual Survey of Hours and Earnings, Land Registry House Price Index Average Prices

SUMMARY OF KEY STATISTICS

Employment in Devon (Latest Data: Business Register and Employment Survey 2012)

- **Total employment: 293,000** (2012)
- **Employment relatively static between 2011 and 2012**
- **Net employment growth in private sector**
- **Further public sector job losses**
- **64,800 jobs per 100,000 working age residents**
- **13,000 jobs required to meet national job density**

Between 2011 and 2012, the total number of people employed in Devon remained fairly static, although this masks the net employment growth of 3,500 jobs in the private sector which compensated for further job losses across the public sector. Net employment increases in retail, entertainment and other services and accommodation and food suggest increased local expenditure by residents and/or visitors. The manufacturing sector also experienced net employment growth, driven by companies manufacturing pharmaceuticals, textiles and chemicals. However, parts of the private sector (including motor trades and transport and storage) have experienced employment decline, as have public administration and education.

Devon's employment base is reasonably small relative to the size of its working age population. In 2012, there were 64,800 jobs per 100,000 working age residents, compared to 67,700 nationally, with the high resident employment rate noted earlier supported by high levels of out-commuting and self employment. To close the current gap, an additional 13,000 jobs are required in Devon - an increase of 4% and this does not take account of any further growth nationally. This shortfall is concentrated in typically higher value, private service sectors which are not typically driven by local expenditure, including financial and professional business services, and is partly masked by high levels of employment in parts of the private sector supported by local and visitor expenditure.

Sectoral Employment Densities – Employees per 100,000 working age residents

	Devon	England	Shortfall (No. Jobs)
Private sector not dependent on local expenditure	20,300	27,300	-33,500
Private sector driven by local expenditure	18,900	18,500	+1,900
Public sector	25,500	21,500	+18,500
Overall	64,800	67,700	-13,100

Source: ekosgen estimates based on Business Register and Employment Survey 2012 and Mid Year Population Estimates 2012

Devon's Economic Contribution (Latest Data: Regional Accounts 2012)

- **Total GVA: £12,394m** (2012)
- **GVA Decline: -1%** (2011 to 2012)
- **GVA per FTE: £52,274** 87% of national average (2012)
- **Productivity gap: £1.9bn** (2012)

Gross Value Added (GVA) is typically used to provide a measure of an area or sector's economic contribution. In 2012, Devon's generated £12,394 of GVA accounting for 12% of the South West economy. This followed a slight decline in the County's total GVA (-1%) between 2011 and 2012 (despite an increase of 1% in the wider region), reflecting decline in sectors such as construction, distribution and transport and real estate, and mirroring trends in other areas across the country, including parts of the North West, West Midlands and Yorkshire and Humber.

Productivity, generally expressed as the level of GVA generated per full time equivalent employee (FTE) has been a long term challenge for Devon and the wider South West. In 2012, Devon generated £52,247 per FTE, equivalent to just 87% of the national average. Three of the biggest factors contributing to this gap are: the significant representation of lower productivity sectors; the lower productivity levels of most sectors in the County; and below average wages. Closing the productivity gap across each sector, even without a shift in employment profile, could generate as additional £1.9 billion of GVA per annum - an increase of 15% on 2012 levels.

Devon's Business Base (Latest Data: Business Demography 2012)

- **Active business: 30,400** (2012)
- **Business count stable between 2011 and 2012**
- **High Business density: 6,700 businesses per 100,000 working age residents** (2012)
- **Strong Three Year survival rates: 64-66%** (2010-2012)
- **Low start up rate: 8%** (2012)

According to the latest release of Business Demography, Devon's business base count remained stable between 2011 and 2012 at 30,400. The County has a large business base in relative terms, with 6,700 businesses per 100,000 working age residents. This high density is largely due to strong business survival rates in the County relative to national levels, with a three-year survival rate of between 64% and 66% for business set up between 2007 and 2009. Devon's business start-up rate, however, is lower than the national average at 8%; closing this gap with national levels would have required more than 1,000 additional start-ups in 2012. This would help to generate additional employment and wealth for the County.

FOCUS ON: The Economic Forecasts for Devon

Devon County Council subscribe to Cambridge Econometrics' Local Economic Forecasting Model. Longer terms growth forecasts for the Devon mirror those of the UK, with growth forecast across a number of indicators, particularly from 2015 onwards. As with national trends, growth will not reach the peak levels witnessed previously and, unlike in the last growth cycle, Devon's growth is not projected to significantly outpace the national average.

Overall, the economic forecasts for Devon are positive in a number of regards; employment growth is projected to exceed the national average between 2013 and 2025 with high levels of growth in highly skilled occupations; and each of the County's districts are expected to grow in both employment and real value added terms, as are most sectors. There are therefore clear signs of forecast economic recovery.

	Baseline 2013	Change 2013 - 2020	Change 2020 - 2025	Overall Change 2013 - 2025	UK 2013 - 2025
Highly skilled occupations	149,200	12.7%	8.9%	22.8%	19.8%
Employment	375,400	5%	3.7%	8.8%	6.9%
Real Added Value	£12,005m	14.9%	11%	27.5%	27.1%
Population	758,200	4.9%	2.7%	7.8%	9.1%
Productivity	£31,979	9.4%	7.1%	17.2%	18.9%

Source: Cambridge Econometrics, LEFM

The forecasts do, however, also present challenges for the Devon economy. In particular, real added value growth is forecast to be largely in line with the national average and productivity gains are expected to lag behind. Consequently, Devon's relative levels of productivity and wealth generation are forecast to fall further behind the national average.

The Outlook for Devon's Sectors

Between 2013 and 2025, the twelve main sectors which make up Devon's economy are forecast to grow in real value added terms, with the majority also projected to experience employment growth. However, when compared to national forecasts, the growth prospects vary.

While the business and finance sector is forecast to continue be one of the main sources of job creation, the contribution and role of other sectors is expected to change when compared to trends between 2000 and 2013.

Construction is expected to experience the highest levels of net employment growth, while the numbers of jobs created in distribution and hospitality and especially the public sector are predicted to be much lower than previously seen, both in Devon and nationally.

In relation to value added the business and finance sector is forecast to experience by far the highest net increase, followed by construction and the public sector. Manufacturing is also forecast to experience net value added growth, despite forecast employment decline. Despite these changes, the sector profile of both employment and real value added is expected to remain largely unchanged, as are the County's employment specialisms. The long term productivity challenge which Devon faces is clearly highlighted by sectoral productivity levels, which are currently lower than the national average in all sectors except public sector – a trend which is forecast to continue.

2013-2025	Employment Growth compared to UK sector	Real Value Added Growth compared to UK sector	Productivity relative to UK sector average
Business & Finance	+15% High	+51% High	Improving
Distribution; hospitality	+5% High	+19% High	Improving
Distribution; hospitality	+5% High	+19% High	Improving
Transport & storage	+11% High	+29% High	Improving
Other Services	+12% High	+29% High	Static
Info & comms	+22% High	+53% High	Static
Construction	+38% High	+52% High	Deteriorating
Agriculture	-6% Decline	+17% High	Improving
Manufacturing	-8% Decline	+23% High	Deteriorating
Accommodation & food	+13% Low	+28% Low	Improving
Utilities	+13% Average	+9% Average	Deteriorating
Mining	-10% Decline	+5% Low	Static
Public Sector	+3% Low	+14% Low	Deteriorating

FOCUS ON: Devon's Local Authority Areas

EXETER Source: BRES, Business Demography, Annual Population Survey, LEFM	Indicator	2012	% of Devon
Exeter plays a central role in the county's economy, making contributions to total employment and real value added significantly above its share of population. The district is the administrative centre of Devon, with the County Council based here, and is home to a number of major employers in both the public and private sectors. This is reflected in the district's specialisms in sectors such as public administration and education. The district is also an important retail location, serving a catchment area that extends well beyond the district's boundaries. These factors mean that Exeter attracts a large number of commuters, who contribute to the city's particularly high employment density, spanning a range of occupations.	Employment	83,300	28%
	Businesses	4,000	13%
	Real Value Added	£3,679m	31%
	Population	119,400	16%

EAST DEVON Source: BRES, Business Demography, Annual Population Survey, LEFM	Indicator	2012	% of Devon
East Devon is Devon's largest district in population terms, and second largest in employment terms. It benefits from its proximity and links with Exeter, including the Exeter and East Devon Growth Point. East Devon's projects in the Growth Point include the Flybe Training Academy and the Clyst Honiton bypass. The environmental assets of the district, including two areas of Outstanding Natural Beauty and the Jurassic Coastline world heritage site make East Devon attractive to tourists; tourism-related sectors are well-represented. The district also benefits from the presence of Exeter International Airport, a regional asset reflected in East Devon's employment specialism in air transport.	Employment	42,800	18%
	Businesses	5,400	15%
	Real Value Added	£1,681m	14%
	Population	134,400	18%

TEIGNBRIDGE Source: BRES, Business Demography, Annual Population Survey, LEFM	Indicator	2012	% of Devon
Teignbridge has the second largest population in Devon and has a mixed urban/rural profile. The district has high employment and business density rates and a particularly high employment specialism in quarrying. Located inside the boundary of Dartmoor National Park, the district also has a high level of tourism activity which generates high employment in the accommodation and food services sector. There is significant out commuting to Exeter from Teignbridge and both resident and workplace earnings are in line with the county average.	Employment	42,000	14%
	Businesses	5,000	17%
	Real Value Added	£1,650m	14%
	Population	125,000	17%

NORTH DEVON Source: BRES, Business Demography, Annual Population Survey, LEFM	Indicator	2012	% of Devon
North Devon is the fourth largest district in Devon in employment and population terms and is an important employment, retail and service centre for the Northern part of the county and particularly residents in Torrington. Due to the location of Exmoor National Park within the district's borders, as well as a number of popular surfing/camping locations and Areas of Outstanding Natural Beauty on the coastline, tourism plays an important role in North Devon's economy. The area's roles are reflected in its sectoral structure, including employment specialisms in manufacturing.	Employment	39,300	13%
	Businesses	3,800	12%
	Real Value Added	£1,571m	13%
	Population	93,800	12%

SOUTH HAMS Source: BRES, Business Demography, Annual Population Survey, LEFM	Indicator	2012	% of Devon
South Hams is the fifth largest district in Devon in both size and employment terms and has the highest business density. Due to the location of Dartmoor National Park within the district's borders, the coastline having Area of Outstanding Natural Beauty status, as well as a number of popular tourist attractions, tourism plays an important role in the South Hams economy. The area's roles are reflected in its sectoral structure as is South Hams' employment specialism in manufacturing.	Employment	32,000	11%
	Businesses	4,300	14%
	Real Value Added	£1,239m	10%
	Population	83,600	18%

MID DEVON Source: BRES, Business Demography, Annual Population Survey, LEFM	Indicator	2012	% of Devon
<p>Mid Devon is the sixth largest district in Devon in population and employment terms. Its diverse rural environment, good transport connections and close proximity to Exeter, makes it a popular residential location for commuters.</p> <p>The area has a high concentration of manufacturing employment, including employment specialisms in the manufacture of textiles and food, both of which include large strategic employers within the area.</p>	Employment	21,600	7%
	Businesses	3,300	11%
	Real Value Added	£871m	7%
	Population	78,300	10%

TORRIDGE Source: BRES, Business Demography, Annual Population Survey, LEFM	Indicator	2012	% of Devon
<p>Torrige is one of the smallest districts in Devon in employment and population terms. The predominantly rural area benefits from strong links with North Devon, which acts as a key retail, employment and service centre for the district. Out-commuting helps to support the area's high employment rate, as do high levels of self employment.</p> <p>Torrige's business density also exceeds the national average. The area's rural villages and the coastal town of Westward Hoe! drive the visitor economy, which is underpinned by an large accommodation and food base. The area also has high levels of employment in agriculture, construction and manufacturing.</p>	Employment	17,200	6%
	Businesses	2,400	8%
	Real Value Added	£672m	6%
	Population	64,700	9%

WEST DEVON Source: BRES, Business Demography, Annual Population Survey, LEFM	Indicator	2012	% of Devon
<p>West Devon is the largest district in Devon and is predominantly rural, with almost half of its area falling inside Dartmoor National Park boundary. The district is sparsely populated and has a high employment rate, boosted by high self employment and out-commuting.</p> <p>The accommodation and food sector is highly represented, reflecting the large visitor economy generated by the National Park. Workplace wages in the district are exceptionally low (just 75% of the national average) and therefore many travel outside the district to access higher paid employment.</p>	Employment	14,700	5%
	Businesses	2,200	7%
	Real Value Added	£586m	5%
	Population	53,900	7%

The Outlook for Devon's Local Authorities

Between 2013 and 2025, employment growth will continue to outpace the national and regional average in all districts, although to a slightly lesser extent than in previous years. Employment growth is also forecasts to be more evenly spread between the districts.

Growth in real value added is expected to be more varied, with forecasts for six districts to exceed the national average, while two fall behind.

While productivity is forecast to rise across all districts between 2013 and 2025, relative productivity levels are expected to continue to be a challenge ranging from between 77% and 88% of the national average.

2013-2025	Employment Growth compared to UK (+7%)	Real Value Added Growth compared to UK (+27%)	Productivity relative to UK average
East Devon	+11% High	+31% High	Static
Exeter	+9% High	+24% Low	Deteriorating
Mid Devon	+8% High	+29% High	Improving
North Devon	+8% High	+25% High	Deteriorating
South Hams	10% High	+25% Low	Static
Teignbridge	8% High	+28% High	Static
Torrige	8% High	+32% High	Improving
West Devon	8% High	+29% High	Improving

Source: Cambridge Econometrics, LEFM

FOCUS ON: The Heart of the South West Local Enterprise Partnership

As the economic recovery gathers momentum, new plans for economic and social development are being finalised. These plans are being led by the 39 Local Economic Partnerships (LEPs) that have been established across England, and which combine public and private sector representatives to identify local investment priorities.

Devon is part of the Heart of the South West LEP which was formed under the leadership of the private sector supported by the local authorities from Devon, Plymouth, Somerset and Torbay in June 2011. The LEP's three key areas of focus are job creation, productivity and increasing earnings. Activities undertaken by the LEP in support of these aims include: consultation activity with local businesses; lobbying activity on behalf of the area; developing economic strategies; and securing funding to help grow the economy.

Recently, the LEP has submitted their Strategic Economic Plan, outlining plans to support the area's economic growth. The Plan sets out how public and private partners across the LEP will maximise economic growth, job creation and prosperity between now and 2030, and the support required from the Government's competitive £2 billion per year Single Local Growth Fund.

Earlier this year, the LEP also submitted their European Structural Investment Funds Strategy, outlining how the LEP's £100m of funds for 2014-2020 from the European Regional Development Fund (ERDF) and European Social Fund (ESF) will be allocated across thematic priorities. Both documents build upon the LEP area's distinctive features to allocate potential funding in a way which will create the conditions for economic growth.

Devon makes an important contribution to the Heart of the South West economy, accounting for 45% of the LEP's population, employees and GVA in 2012. In addition, the County accounts for more than half (55%) of the LEP's business base, with 39,600 of the LEP's total 72,200 businesses in 2012. The Heart of the South West LEP as a whole makes an important contribution to the national economy, as outlined in the table below.

The Heart of the South West Economy		
Indicator	2012	% of England
Employment	650,600	3%
Businesses	72,230	3%
Gross Value Added	£27,377m	2%
Population	1,677,600	3%

Source: BRES, Business Demography, Regional Accounts, Mid Year Population Estimates

The LEP Network's 2013 Annual Review of the LEP-area economies was recently published. This draws upon a number of sources to provide comparative data on exporting, inward investment and innovation.

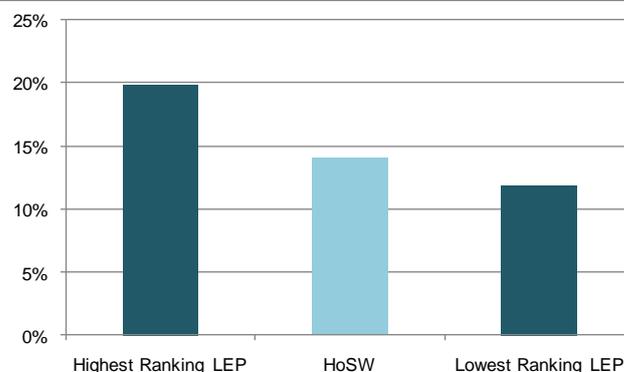
Exporting in HoSW LEP: Businesses with 10 or more employees are typically more likely to export than micro businesses. Of these businesses in the Heart of the South West LEP area, one quarter were involved in exporting activity in 2010, compared to an average of 34% across the 39 LEP areas. More recent data for 2012 suggests that 14% of the LEP's employees work in export-intensive industries, while the highest ranking LEP had 20% of employees in these industries.

Foreign Direct Investment in HoSW LEP: In 2011, 3% of the Heart of the South West's employment was in foreign-owned firms. As a result of foreign direct investment in 2012/13, the LEP secured 550 new jobs and safeguarded a further 4,000 – of the 39 LEPs this was the 18th highest number of jobs created through this route, and 2nd highest for jobs safeguarded.

Innovation: Patent records show that between 2002 and 2011, the average number of patents per 100,000 residents for the LEP was 77.5. While this was much lower than some of the strongest performing economies in the South East, the LEP area significantly out-performed neighbouring economies on this indicator.

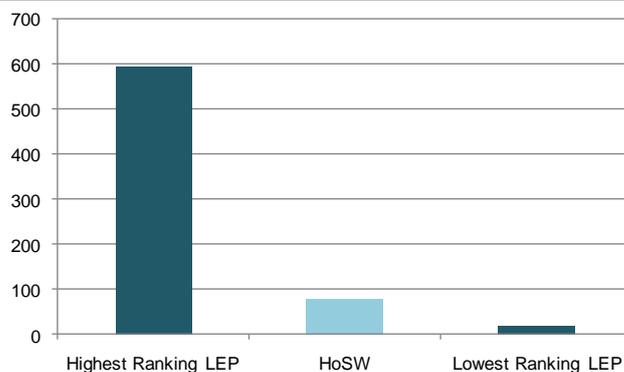
Proportion of Employees in Export-Intensive Industries, 2012

Source: The LEP Network Report



Patent Applications per 100,000 Residents: Average 2002-11

Source: The LEP Network Report



NEWS FROM THE COUNTY....

Crediton Link Road taking shape

Work on the Crediton Link Road is progressing well and remains on schedule. Works are currently progressing around the Commonmarsh Lane junction, with excavation works and utility diversions, and to the north of the Wellparks roundabout with drainage works. The project is expected to be finished by the Autumn, and will provide a direct connection from the A377 to the Lords Meadow Industrial Estate, reducing congestion and supporting economic development.



South West pay gap continues to grow

The wage gap in the South West is continuing to grow each year, as those with top salaries take home better pay, whilst average wage earners' wages remain stagnant. According to the Annual Survey of Hours and Earnings, the gap between the top 10% of earners and average pay in the South West has grown by at least £7,769 since 2000. Pay for the top 10% of earners increased by at least £22,765 between 2000 and 2013, while pay for middle-income earners rose by just £14,996 over the same period.

Exeter business survey shows highest sales increase ever

The latest Exeter Business Survey has shown that the number of businesses reporting an increase in sales is the highest it has ever been, with results showing a 30% increase in year-on-year sales. In addition to this, members have also indicated an increase in profit margins, which are also at the highest level they've been since March 2007. Businesses also reported the highest level of confidence since 2007; just 1% of businesses indicated that their business confidence was low.

Devon given £7 million for winter damage repairs

Devon County Council has received almost £7 million from the Department for Transport to help repair the damage to the County's roads caused by severe winter weather. This funding is a share of the £183.5 of extra funding made available by the Government to help with road repairs following the wettest winter on record. The number of potholes in Devon increased from 2,000 to 7,900 between December and February; repairs of these potholes will be covered by these funds alongside other road repairs.

Funding boost for low carbon heating

Ambitious plans for two new district-scale heating networks for parts of Exeter and Teignbridge have received a boost, as the Government announced £184,250 of funding to help support new projects. This has been welcomed by the partners in the District Heating Project Group- Devon County Council, Exeter City and Teignbridge District Councils, the University of Exeter and the Royal Devon and Exeter NHS Trust- who hope these funds will help to kickstart these projects. News of this increased funding means that the Group can now begin a process to find a private sector partner to form a public/private sector Energy Supply Company to take the project forward, and procure necessary legal and technical advice.

One in four Devon workers earn less than the Living Wage

According to TUC analysis of figures from the House of Commons, one in four working people in Devon earns less than the Living Wage (£7.65 per hour). The areas with the highest proportion earning less than this figure are Torridge (41%), West Devon (31%) and Torbay (30%). Exeter has the lowest proportion earning less than the Living Wage, at 15%.

Devon delivers showcase to Vince Cable and Maria Miller at Westminster

At an event on 4th April organised by Devon County Council, some of the County's most innovative creative and digital companies had the opportunity to discuss how Devon has the right ingredients for businesses in this sector to thrive. The event included representatives from blur Group, Cosmic and Rokk Media, and aimed to encourage MPs and ministers to support Devon's ambitions and enable them to act as Ambassadors for the County, encouraging creative and digital companies to make Devon their location of choice.

DEVON EVENTS AND NOTICE BOARD



Support Available

Inward investment campaign

Devon County Council's inward investment campaign is well underway, with adverts online and on social media. Seven enquiries have already been taken in 2014 from businesses looking to expand into, or relocate to Devon. The team are undertaking a range of tasks to help make this process as easy as possible, for example by assisting with commercial property searches, providing links to local business organisations and providing relevant economic data. These services are free and also available for local businesses. Email economy@devon.gov.uk for more information.

Heart of the South West Business Support

The Heart of the South West Business Support programme assists rural businesses across Devon and Somerset. It delivers a range of business support services for people looking to start a business and for existing businesses looking to develop and grow. A range of options are available to help businesses to grow and develop. This includes face to face business advice from a team of local business advisers, an interactive workshop programme, specialist support for women-led enterprises, an innovation programme (Devon only) and a voucher based support programme. so that businesses can purchase support they need. The service is a part of the Rural Growth Network for Devon and Somerset.

A good first step is to fill out an online enquiry form and let us know how we can help. You can find out more at www.business-supportsw.com

National business support helpline through Gov.uk

Gov.UK is the government's new online resource for businesses and includes new, easy-to-use tools to help start-ups and those businesses looking to succeed and grow. We have created a series of factsheets for businesses, with useful links and information. You can download a useful business support factsheet here.

Their Business Support Helpline Telephone is: 0300 456 3565 Monday to Friday, 9am – 6pm and offers advice and guidance to new and existing businesses to help them start and grow
<https://www.gov.uk/business>

Upcoming Events

- **School for Startups South West Peninsula**

[School for Startups South West Peninsula](#) is a free, six week intensive programme of training support and business advice, designed to ensure someone with a big idea or new business is guided on the path to success.

They are looking for the best new businesses or ideas in the South West to fill the 250 seats on a unique, six week intensive and immersive programme, worth over £1000.

The aim at the end of the programme is to have helped shape and build 250 sustainable and profitable businesses for the South West Peninsula region.

[Applications are open from now until June 1st](#). The six week courses starts in June and September.

For more information, click here <http://www.schoolforstartups.co.uk/southwest/>

Going Global

Live webcast from the British Library, introduced by a local expert

2nd June

18.00-20.30

Delivered by the British Library Business and IP Centre, in partnership with Exeter Library

<http://www.bl.uk/bipc/workevents/inspiring/events/globalondon.html>

Getting your IP right first time

There are many simple and cost effective ways of protecting your ideas and your business. Ben Travers, Head of IP & IT at Stephens Scown, shows you what you need to think about from the beginnings of an idea to starting a new business and marketing and manufacturing your product or service.

16th June

15.00 – 17.00

Delivered by Stephens Scown in partnership with Exeter Library

<http://www.business-supportsw.com/event/>

Finance for Growth [tbc 16th April]

Find how to secure the finance you need to take your business to the next stage.

WC 9th June

2.5 hours

Delivered by South West Investment Group as part of the SW Peninsula City Deal Growth Hub

<http://www.business-supportsw.com/event/>

Innovate Devon Launch Event

An opportunity for business owners to find out why and how to access the benefits of knowledge and innovation to improve their bottom line. Eligible participants qualify for a free package of follow-up support . Free to eligible Devon businesses.

30th June

09.15 - 13.15 followed by networking lunch

Delivered by Heart of the South West Business Support in partnership with Exeter Library

<http://www.business-supportsw.com/event/>

GLOSSARY

Annual Population Survey	A combined survey of households in Great Britain to provide information on key social and socio-economic variables between Census years.
Annual Survey of Hours and Earnings	Survey based on a sample of employee jobs taken from HM Revenue and Customs PAYE records.
Business Register and Employment Survey	An employer survey of the number of jobs held by employees broken down by full time/ part time and detailed industry.
Confederation of British Industry (CBI)	An independent employer's lobbying organisation, representing the interests of both public and private sector employers.
Consumer Prices Index (CPI)	A measure of change in the price of a fixed basket of goods and services over time to demonstrate inflation.
Emerging Market Economies	Economies that demonstrate high rates of growth and are playing an increasing role in the global economy but are vulnerable to economic and/or political pressures.
Employment rate	The number of employed residents as a proportion of the population aged 16-64 (also known as the working age population).
Gross Domestic Product (GDP)	A measure of a county's economic activity including all goods and services produced in a given period.
Gross Value Added (GVA)	The value generated by any unit engaged in production and the contributions of individual sectors or industries to gross domestic product.
Jobseekers' Allowance	A form of unemployment benefit to support people while they seek new work.
Local Enterprise Partnership (LEP)	Partnerships between local authorities and businesses to identify and drive local economic priorities and investments.
Office for Budgetary Responsibility (OBR)	The UK's official independent financial watchdog.
Organisation for Economic Co-operation and Development (OECD)	A forum to promote policies that will improve the economic and social well-being of people around the world.
Office of National Statistics (ONS)	The UK's largest independent producer of official statistics and the recognised national statistical institute for the UK.
Output	A measure of goods produced.
Productivity	A measure of output produced, for example per unit of labour.
Unemployment rate	The number of unemployed residents as a proportion of the economically active population aged 16-64.

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