Assembling the evidence base for the Devon Local Economic Assessment

An analysis of Devon's Productivity

A Final Report to Devon County Council

May 2011

SQW

Contents

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1: Introduction

Purpose

1.1 This report examines productivity in Devon and its districts absolutely and relatively to the South West and the UK. It seeks to explain why productivity is as it is, and how productivity can be improved by action.

1.2 The analysis primarily focuses on County level performance and drivers of productivity, and compares this to the Devon, Plymouth, Torbay and Somerset Local Enterprise Partnership (LEP) area, the South West and UK averages, and County-level comparators of Norfolk and Cumbria.

Approach and method

1.3 For the geographies listed above, we have first explored overall economic performance in terms of GVA growth and GVA per head (and the resulting 'GVA gap'), and then sought to unpack the reasons for under-performance in Devon, including a detailed analysis of productivity and its drivers (such as sectoral composition, productivity within sectors, occupational levels of those in work, variations in earnings for different sectors and occupations, and performance against wider influences of productivity such as enteprise, skills and innovation). In undertaking this analysis, we focused on workplace data as far as possible, but assumed that Devon County is relatively self-contained (we realise this is not the case in practice).

1.4 Productivity also varies at the local authority district level (LAD). Where this level of analysis was possible to undertake, we have done so, although there are a number of data limitations that have restricted our analysis at this level:

- some of the data are simply not available at fine-grained level of disaggregation. For example, data on earnings by sector or occupation are not available at LAD, due to small sample sizes and, therefore, unreliable figures
- in general, at a finer spatial scale, the disjunction between workplace-based and residence-based populations is greater. If the economy is relatively self-contained, there is no issue, but the more 'open' the economy, the more problematic the analysis: dividing a workplace-based numerator (such as GVA) by a residence based denominator (e.g. population) becomes misleading because commuting flows mean that workplace-based GVA is not necessarily generated in the LAD where workers live.

1.5 Therefore, our analysis of variations in productivity at the LAD level focused on data where analysis is sufficiently robust to draw out reliable messages: sectoral and occupational compositions.

1.6 In terms of the data sources used for this report, we used the data produced by Cambridge Econometrics' (CE's) Local Economy Forecasting Model (LEFM) developed for Devon

County Council. Where data were not available from CE, we used data from the Annual Population Survey (APS, which has been converted into three year averages, to avoid sampling fluctuations in year-on-year data), NOMIS, the Annual Business Inquiry and ONS' Business Demography data, and specially commissioned data from ONS for the purposes of this study (e.g. cross-tabulations on earnings data).

1.7 The remainder of this report is structured as follows:

- **Section 2** presents a headline assessment of overall GVA and GVA per head performance in Devon and the chosen comparator areas, and outlines the key factors driving Devon's GVA gap relative to the UK
- **Section 3** explores the reasons for Devon's under-performance in productivity at a County and (as far as the data allow) a Local Authority District (LAD) level
- **Section 4** draws together the key messages from this report and provides a commentary on the extent to which it is possible to influence the factors driving Devon's economic performance through public policy.

1.8 This report is supported by two Annexes: Annex A presents detailed analysis of sectoral composition at LAD level; and Annex B presents data on productivity cut by sector, again at LAD level.

2: Economic Performance & the GVA Gap

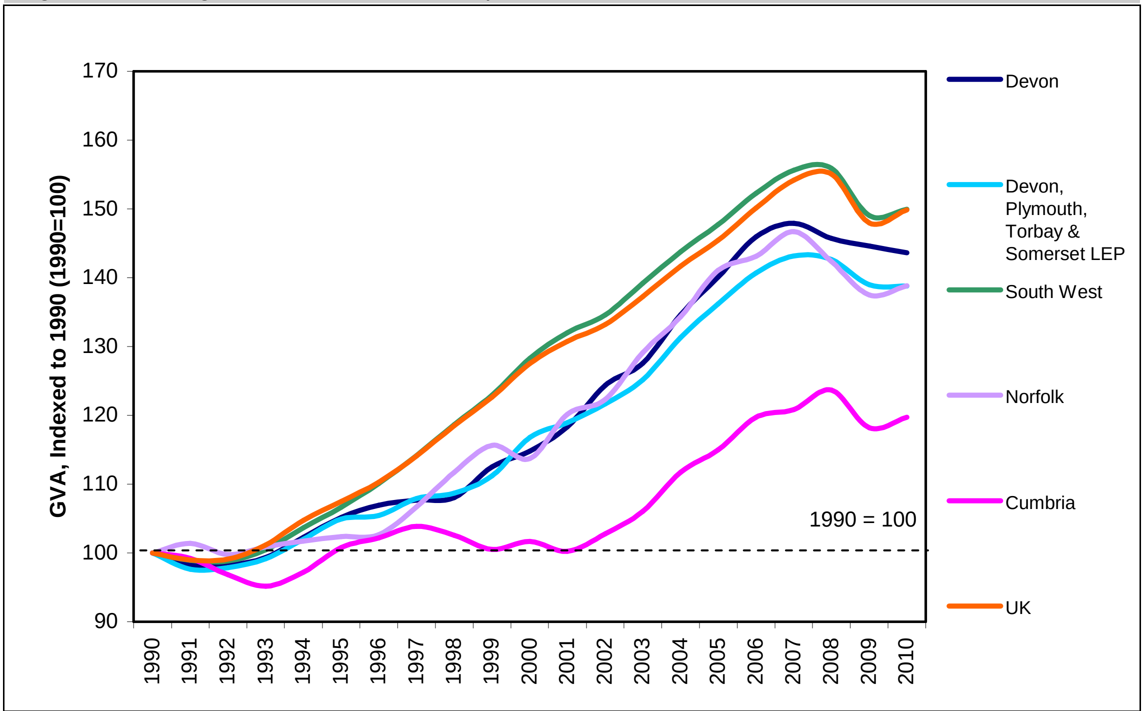
2.1 In this Section, we assess the overall economic performance of Devon, the scale of Devon's GVA gap and the relative contribution that productivity (amongst other key factors) makes to the gap.

Overall Economic Performance

2.2 The **total GVA** generated by the Devon economy in 2010 was £11bn, which accounted for 46% of the Devon, Plymouth, Torbay and Somerset LEP's total GVA and 13% of the total for the South West region.

2.3 Since 1990, Devon's GVA has grown at 1.8% pa, 0.2pp pa slower than the South West and UK, but 0.2pp pa faster than growth across the wider LEP area and Norfolk, and 0.9pp pa faster than growth in Cumbria over the same time period. This compares to a growth rate of 1.6% pa across Europe[1].

Figure 2-1: GVA growth for Devon and Comparator areas, Index 1990=100



Source: SQW analysis of CE data

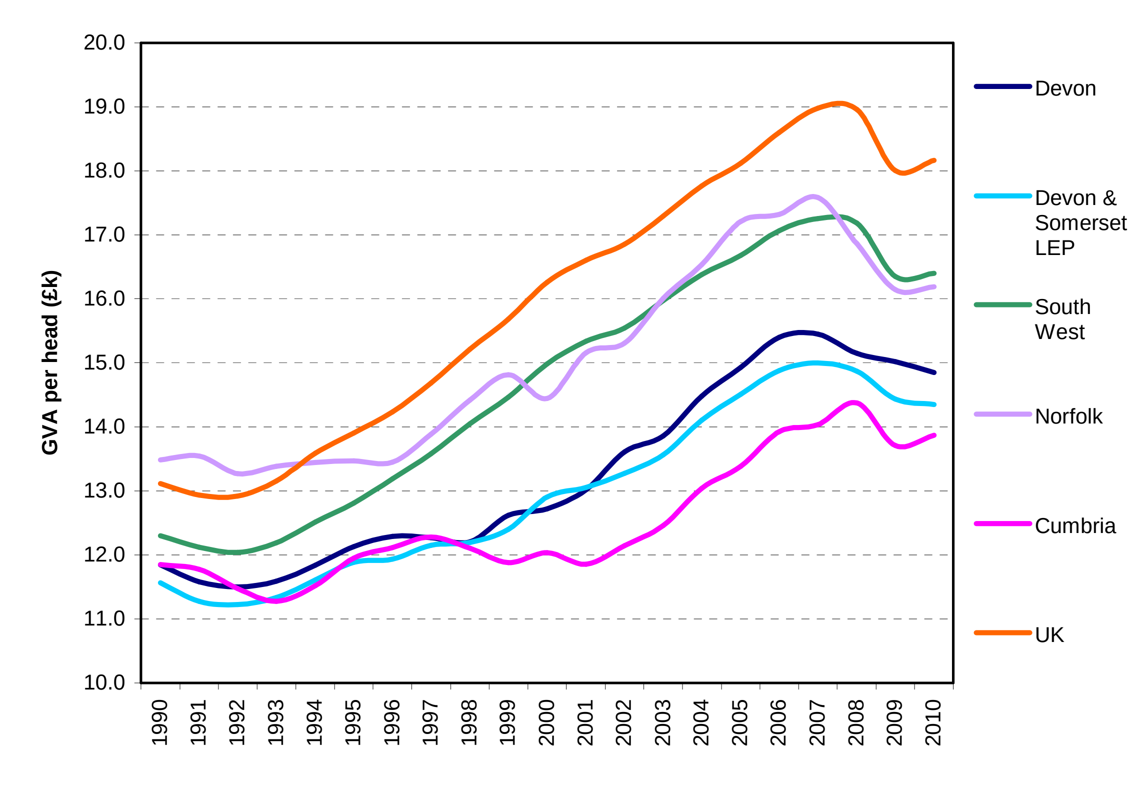
2.4 **GVA per head** for Devon was £14,900 in 2010, 82% of the UK average. This compares to 90% of UK average in the South West, 89% in Norfolk, and 79% Devon LEP area and 79% in Cumbria.

2.5 The gap in the County's GVA per head with the UK has progressively widened over the last 20 years, as illustrated in Figure 2-2. In 1990, GVA per head was 90% of the UK average at that time, whereas by 2010 the gap had grown by 8pp to be some 18pp below the UK

[1] Source: CE. Data is based on Eurostat data, National Statistical Office Data and CE estimates/forecast. Prices have been rebased to 2005 prices to be consistent with figures for Devon and comparator areas

average. This is because, since 1990, GVA per head in Devon has grown by only 1.1% pa, 0.5pp pa slower than the UK average. Growth in GVA per head in Devon has also lagged behind the South West average (by -0.3pp pa), but outpaced other comparator areas (for example, growth in Devon has been 0.1pp pa faster than the LEP area, 0.2pp pa faster than Norfolk, 0.3pp pa faster than Cumbria over the period since 1990).

Figure 2-2: GVA per head – Devon and comparator areas



Source: SQW analysis of CE data

2.6 As a result of the GVA per head deficit in Devon, **the overall 'GVA gap' was about £2.5bn** in 2010. Simply put, this means that if GVA per head in Devon matched the UK average, the value of GVA generated by Devon's economy would increase by £2.5bn (from £11.1bn to £13.6bn as at 2010). To put this into perspective, this scale of GVA gap in Devon is roughly equivalent to the combined GVA generated by Devon's financial and business services and transport/communications sectors in 2010. It is, therefore, a very significant consideration in the County's economic performance. Contextually, the GVA gap is also greater than that seen in Norfolk (£1.7bn) and Cumbria (£2.1bn) in 2010.

Explaining the GVA gap

2.7 Conventionally, 'GVA gaps' arise from one or more of the key factors:

- How many people are available to work (measured by the working age population as a proportion of the total population)
- How many of those available to work, do work (measured by the employment rate)
- How hard/much people in employment work (measured by hours per worker)

- How 'well' people work, or the productivity of workers (measured by GVA per job[2]).

2.8 As such, GVA gap analysis is a useful way of exploring where, in the economy, capacity is being under-utilised. However it is important to recognise that such analysis is indicative – as noted in Section 1, such analyses assume some degree of self-containment at the County level (in practice, commuter flows will cross County boundaries, so workplace and residence based data are not precisely comparable/equal).

2.9 Table 2-1 compares GVA per head and performance against the underpinning drivers in Devon (and benchmark areas) to the UK average in 2010. As the table shows, workers in Devon tend to work the same number of hours (paid) as the UK average[3] and the working age population (WAP) is more likely to be in work than their UK counterparts. So, the explanation for the GVA gap does not lie primarily here. The main reasons for the GVA per head gap in Devon are the proportion of the population that are of working age (94% of the UK average) and an under-performance in productivity (GVA per job is 85% of the UK average).

2.10 Based on this analysis, we estimate that of the £2.5bn gap, around £680m (or 27%) is due to the proportionately smaller WAP and £1.8bn (or 73%) is due to lower productivity. Turning the argument around, if Devon was to close the productivity gap to match the UK average (keeping all other factors below constant), this would make a significant contribution to closing the overall GVA gap.

Table 2-1: Economic performance compared to the UK in 2010 (Index, UK=100)

	Prosperity GVA per head	**How many available to work** WAP as % of total pop	**How many work** Employment rate	**How hard you work** Hours per worker	**How well you work (productivity)[2]** GVA per job
Devon	82	94	103	100	85
Devon, Plymouth, Torbay and Somerset LEP	79	95	102	100	83
South West	90	97	103	100	90
Norfolk	89	96	100	100	98
Cumbria	76	97	103	100	79
Date of data	*2010*	*2009*	*Jul 2009-Jun 2010*	*2010*	*2010*

Source: GVA per head and GVA per job from CE; hours per worker from ONS ASHE (media values, workplace-based data); employment rate from APS; and WAP from NOMIS mid-year population estimates. Notes: Hours per worker are only available for employees. Given Devon's high proportion of self-employed, this will influence the figures slightly in reality.

[2] Ideally, GVA per hour worked would be used here, but these data are not available at sub-regional level. Accordingly, and in line with standard practice GVA per job has been used as the 'next best' proxy
[3] Unpaid hours are likely to be higher in Devon, but data is not available on total hours including unpaid hours worked

3: Probing Productivity Further

3.1 Having set out in the previous Section the overall scale of GVA at County level, in this Section, we assess headline productivity performance of Devon, and its Local Authority Districts (LADs) compared to benchmark geographies. We then explore the factors driving differences in productivity in more detail for both Devon (where more detailed data are available) and its districts.

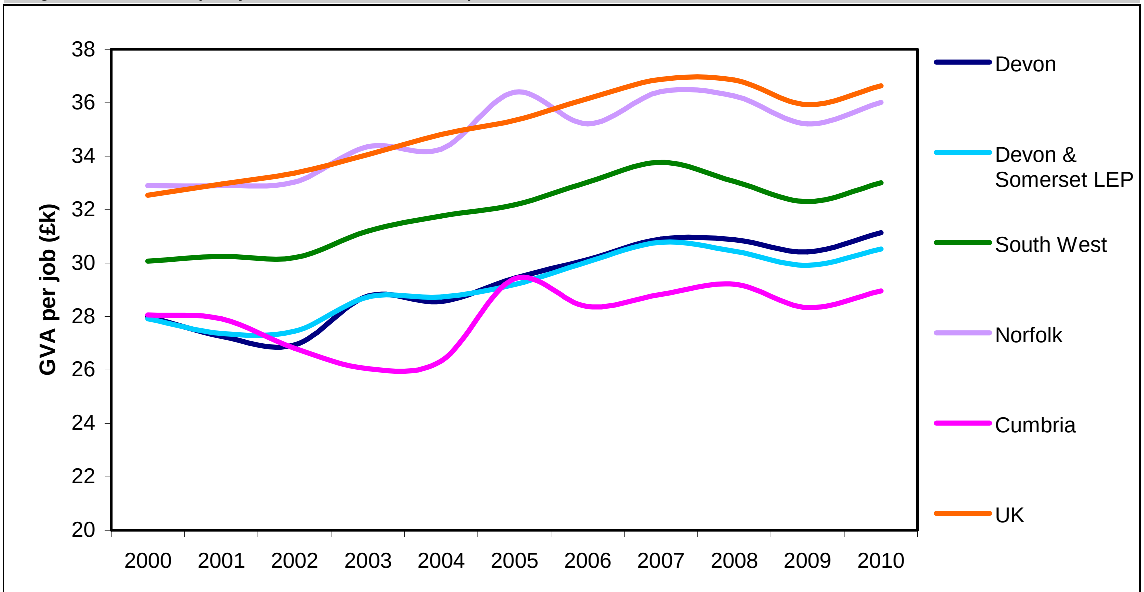
Headline Productivity Performance

3.2 CE estimate that Devon's productivity was £31,100 (measured by GVA per job) in 2010, compared to a national average of £36,600. Devon's productivity performance is slightly better than the wider LEP area and Cumbria, but all other comparator areas out-perform Devon by some margin, as illustrated in Figure 3-1.

3.3 Since 1990, productivity in Devon has increased by 1.6% pa, some 0.2pp pa behind the UK. Over this twenty year period, the productivity gap with the UK has widened: in 1990, productivity in Devon was 88% of the UK average, whereas now it is 85%. Simply put, over this two decade period, Devon has become, relatively, a less productive (and, therefore, competitive) place.

3.4 But this aggregate assessment masks some important dynamics: Devon's productivity gap was at its widest in 2002, when productivity was 81% of the UK average, but since then productivity growth in Devon (at 1.8% pa) has outpaced all comparator areas (cf 1.2% pa for the UK and 1.1% pa for the South West) – and has therefore made progress in narrowing the gap again. If this recent growth in productivity could be driven forward into the future, Devon would be able to regain lost growth.

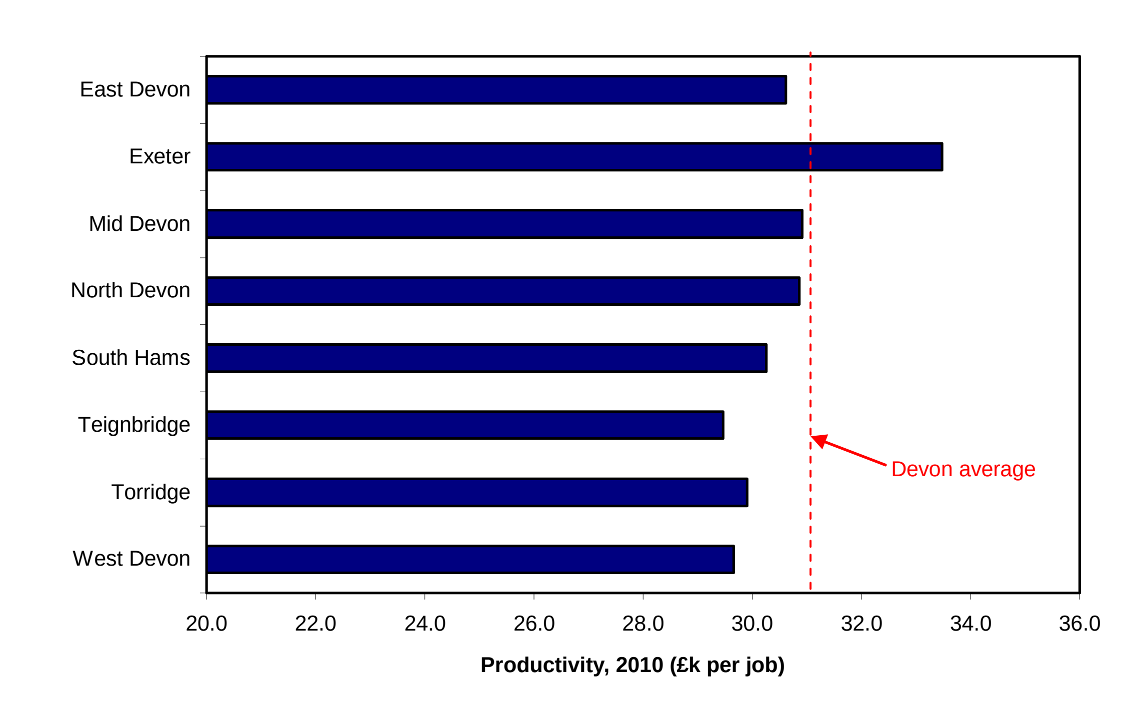
Figure 3-1: GVA per job – Devon and comparator areas



Source: SQW analysis of CE data

3.5 Not only has productivity changed over time, but it varies considerably across place, ranging from £33,500 per job in Exeter Local Authority District (LAD) to £29,500 in Teignbridge LAD. Indeed, only jobs in the Exeter LAD are more productive than the Devon average (of £31,100).

Figure 3-2: Productivity in Devon's Local Authority Districts, 2010



Source: SQW analysis of CE data

Explaining Devon's Productivity Performance

3.6 Productivity performance depends on a number of factors, including:

- **the sectoral composition of the economy, the associated productivity and earnings in each sector** - for example, is there an over-representation of jobs that typically generate lower GVA per job? Are jobs in a specific sector more or less productive than the national average for the same sector? Within each sector, do workers in Devon get paid less than the national average?
- **the occupational level of the jobs, and associated earnings** – are jobs at a lower occupational level, and therefore lower paid? Within each occupational level, are workers in Devon paid less than the national average?
- **wider drivers of productivity**, such as enterprise, skills, and innovation.

3.7 We explore each factor in turn below for Devon and, where possible, its comparator geographies.

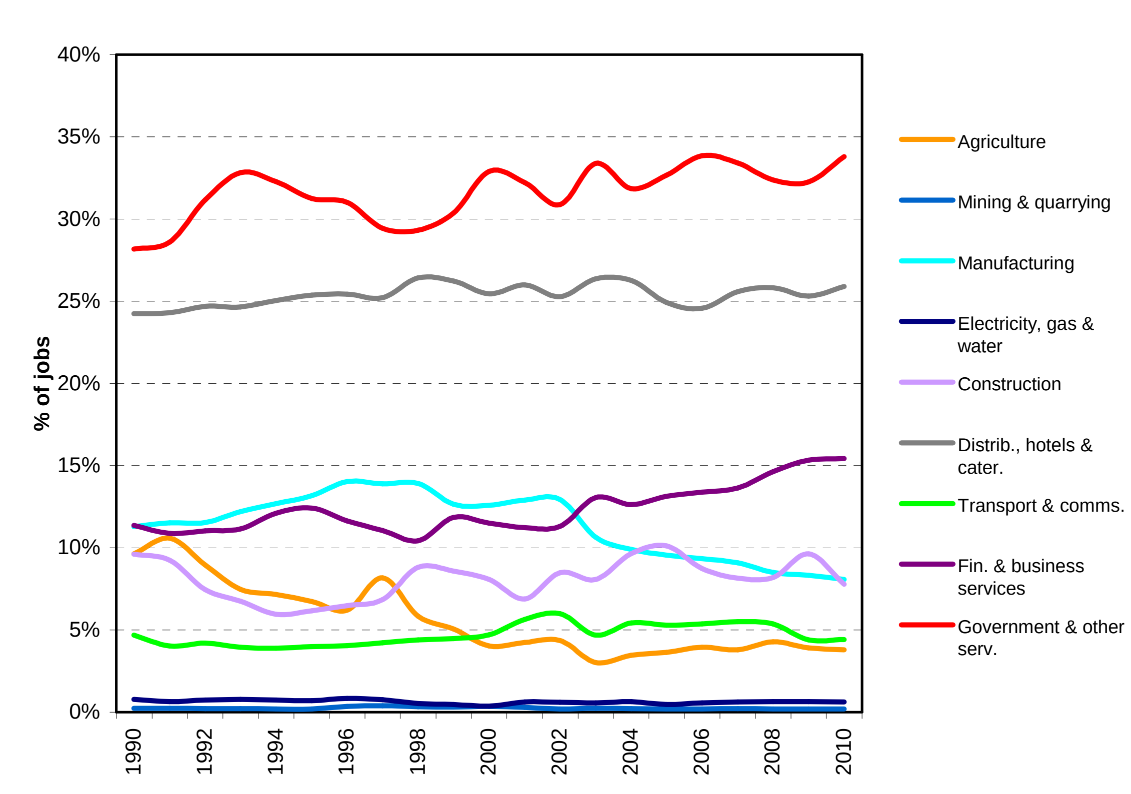
The sectoral composition of the economy

Job numbers

3.8 In 2010, Government and other services accounted for 34% of jobs in Devon (matching UK average), with a further 26% of jobs in the distribution, hotels and catering sector (cf 22% in the UK). These two sectors have accounted for at least half of all jobs in the Devon since 1990.

3.9 Equally importantly, over the last twenty years, there has been a gradual shift away from primary and secondary/manufacturing sectors towards services: in 1990, services accounted for 78% of jobs, and by 2010, they accounted for 87% of all jobs. As we explore in more detail below, this shift from manufacturing jobs (which are typically higher productivity jobs) towards services (which tend to be lower manufacturing jobs) explains, in part, the fall in overall productivity.

Figure 3-3: Jobs by sector



Source: SQW analysis of CE data

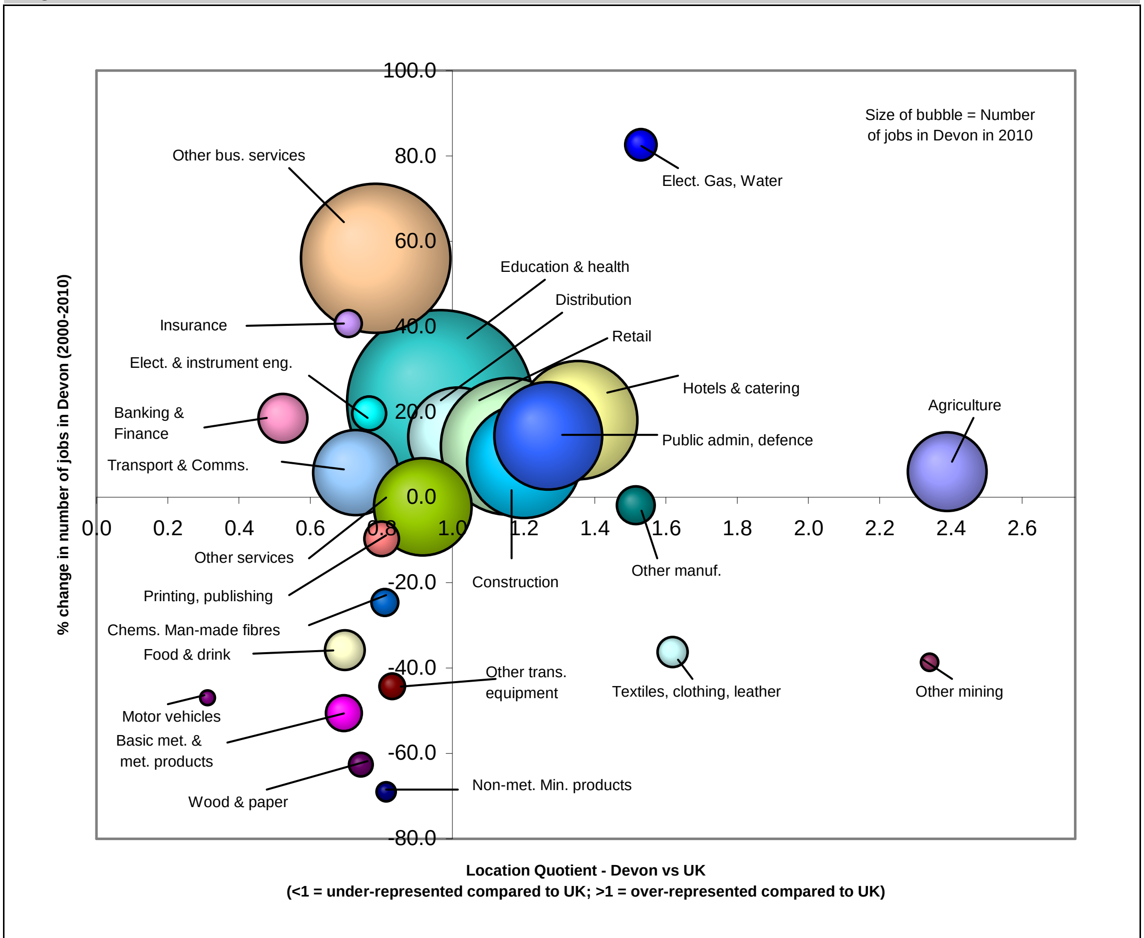
3.10 Figure 3-4 presents a more detailed breakdown of jobs by sector in Devon (the size of each bubble is proportionate to the number of jobs in Devon at 2010), the change in the number of jobs in Devon since 2000 (y axis) and the extent to which jobs are over- or under-represented in Devon, compared to the UK average (x axis).

3.11 The education and health sub-sector accounts for the largest single share of all jobs (21%, which is broadly in line with the national average) and has increased by 22% in job numbers since 2000. Over the last decade, the number of jobs in 'other business services' has seen one of the greatest rates increase in jobs, and now accounts for around 13.5% of jobs in Devon (cf 17.3% for the UK). Relatively large shares of jobs are also found in the following sectors:

- retail (11.4% of jobs in Devon, compared with 9.9% for the UK)
- hotels and catering (8.5%, cf 6.3 for the UK)
- public admin and defence (7.1%, cf 5.6% for the UK).

3.12 Compared to the UK, Devon is over-dependent[4] on agriculture (although this sector only accounts for 4% of all jobs), retailing, hotels and catering, and public admin and defence (together, these three sub-sectors account for 27% of jobs in Devon), and construction (which accounts for a further 8% of jobs).

Figure 3-4: Detailed sectoral breakdown for Devon



Source: SQW analysis of CE data

The productivity of jobs

3.13 The graphs below in Figure 3-5 show productivity (GVA per job) across primary and secondary/manufacturing sectors (on the left) and tertiary/service sectors (on the right). Sectors positioned above the diagonal line are more productive in Devon than the UK average, and those below the diagonal line are less productive than the UK average.

3.14 The graphs highlight that sectors which account for a large share of jobs in Devon - including retailing, hotels and catering, other business services, public admin and defence, and

[4] i.e. the share of jobs in the sector in Devon is greater than the share of jobs in the sector at a national level

education and health, which together account for 62% of all jobs - are relatively low value added jobs.

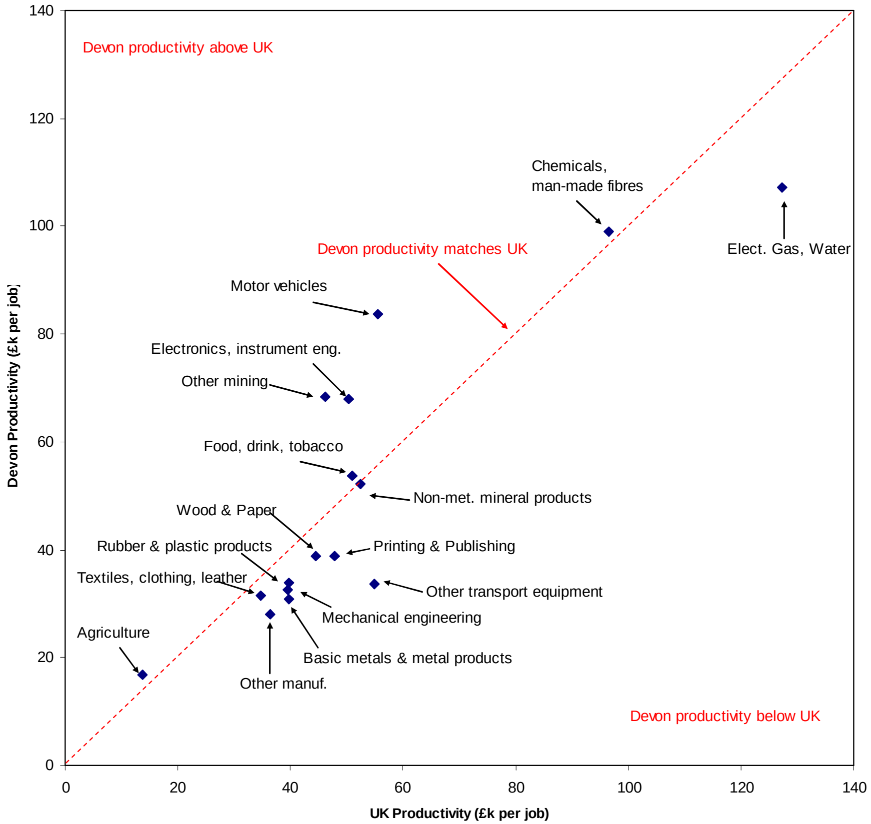
3.15 Furthermore, not only does Devon generally have an over-representation of these lower productivity jobs compared to the UK average (e.g. Devon has a greater share of jobs in retailing, hotels and catering, and public admin and defence than the UK), but jobs within some of these sectors are less productive in Devon that those of the UK average (e.g. the productivity of a job in retailing was £18,900 in Devon in 2010, compared to a UK average of £23,100 per job).

3.16 Conversely, Devon has a smaller share of jobs in sectors that are more productive – for example, jobs in banking and finance are amongst the most productive, but these account for a small share of jobs in Devon (less than the UK average) and jobs in this sector in Devon are considerably less productive than their national counterpart.

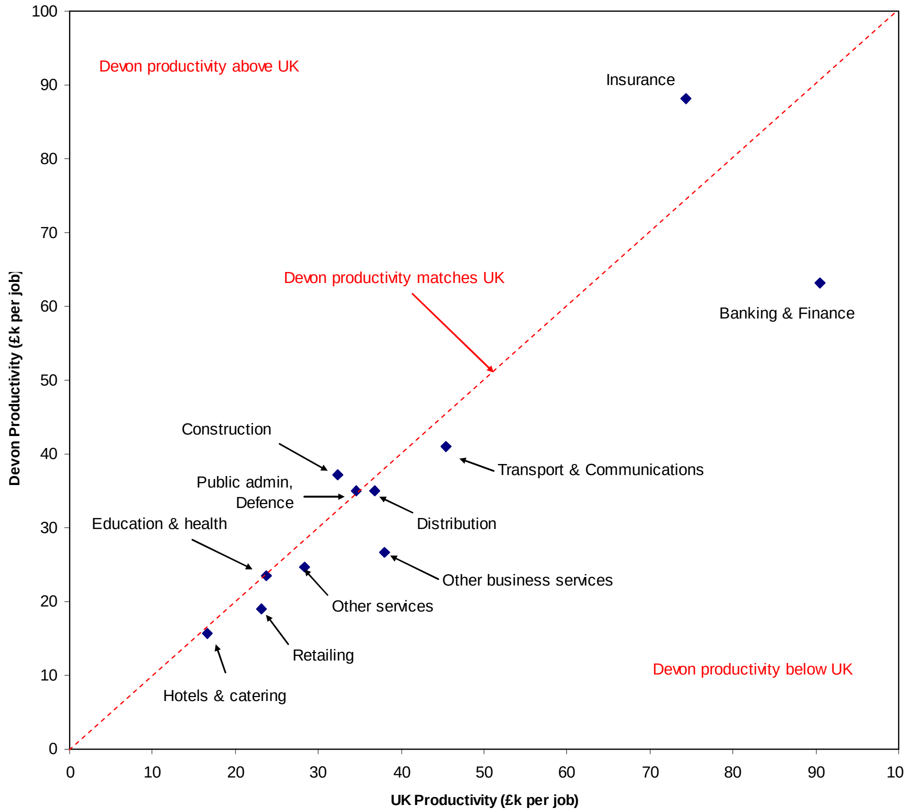
3.17 On the other hand, Devon does demonstrate a productivity advantage in some sectors, such as insurance, electronics/electrical instruments and motor vehicles, although the number of jobs in these sectors has declined over the last 10 years and the share of jobs in these sectors is under-represented compared to the UK average. Construction is the only sector where Devon's productivity is well above the UK average, the sector is a relatively large employer, and the number of jobs has grown since 2000.

Figure 3-5: Productivity by sector – Devon compared to the UK, 2010

Productivity in primary & secondary/manufacturing sectors – Devon vs UK, 2010



Productivity in tertiary/service sectors – Devon vs UK, 2010



Source: SQW analysis of CE data

The occupations of workers

3.18 The occupational distribution of those working in Devon is broadly similar to South West and UK averages. At the higher end of occupations, Devon matches the UK in the proportion of workers in manager and senior official positions (16%) but has a lower share at professional, associate professional and technical occupations (25% compared to 27% for the South West, and 28% for the UK). Devon also tends to have a higher share of workers in skilled trades (13%, compared to 11% in the UK), personal service occupations (9% compared to 8% in the UK) and elementary occupations (13% compared to 12% in the UK) – the latter two categories of occupation in particular are likely to be lower paid occupations.

Table 3-1: Occupations as a % of all workers (workplace based), 3 year average (Jul 2007/Jun 2008 to Jul 2009/June 2010)

	Devon (%)	Devon, Plymouth, Torbay, Somerset LEP (%)	South West (%)	Cumbria (%)	Norfolk (%)	UK (%)
Managers and Senior Officials	16	14	16	13	15	16
Professional Occupations	12	12	13	10	11	13
Associate Prof & Tech Occupations	13	14	14	13	14	15
Administrative and Secretarial Occupations	10	12	11	10	11	11
Skilled Trades Occupations	13	13	12	15	12	11
Personal Service Occupations	9	10	9	8	9	8
Sales and Customer Service Occupations	8	9	8	9	7	8
Process, Plant and Machine Operatives	6	7	6	10	7	7
Elementary occupations	13	12	11	13	14	11

Source: APS. Notes: Workplace-based data for all people (defined as self-employed and 'other flexibility', which includes temporary employees whose actual job is not permanent, not the respondent's intentions about that job. Reasons include seasonal work, fixed-term contracts, agency temping and casual type of work.)

3.19 Unfortunately, data on occupations by sector was unavailable on request from ONS because it fell below ONS' quality standards (most individual cells would be suppressed and/or have unacceptable standard error). This data would have gone some way to explaining whether the differentials in productivity in Devon for particular sectors is due to the type of functions/work undertaken in Devon compared to elsewhere within each sector – so, for example, if occupations in banking and finance are predominantly lower level, we might expect productivity per job to be lower, and therefore explain poor productivity performance compared to the UK average.

3.20 However, data is available at the South West level which can be used as a proxy in the absence of data at the Devon level. On the whole, the region's occupational structure is similar to the UK in most sectors, with some notable differences for the South West economy. These include:

- Workers in 'distribution, hotels and restaurants' are more likely to be in 'personal service occupations' than the UK average for that sector (and less likely to work in 'professional occupations')
- Workers in 'public admin, education and health' are more likely to work as managers/senior officials or in skilled trade occupations than the UK average for that sector
- Workers in 'other services' are less likely to be in higher level occupations (such as managers, professionals or technical occupations) and more likely to work in skilled trades.

Table 3-2: Occupations as a % of all jobs in sector – South West compared to the UK (UK=1), Jul 2009-Jun 2010

Proportion of jobs at each occupation level for the sector in the South West, compared to the % of jobs at each occupational level for the sector in the UK

Value of >1 means that the % of jobs at that occupational level is over-represented in the SW compared to the UK for that sector.
For example, in 'other services', the SW has a lower share of managers/senior officials (as a % of all jobs in that sector) than the UK

	Energy & water	Manufacturing	Construction	Dist., hotels & restaurants	Transport & Comms	Banking finance & insurance etc	Public admin education & health	Other services
Managers and Senior Officials	0.9	0.9	0.9	1.0	1.0	0.9	**1.2**	0.9
Professional Occupations	1.1	**1.3**	0.8	0.6	1.1	1.0	0.9	0.8
Associate Prof & Tech Occupations	1.0	0.9	0.8	1.1	0.9	1.0	1.0	0.9
Administrative and Secretarial Occupations	1.0	1.1	1.0	1.0	0.8	1.0	1.0	1.0
Skilled Trades Occupations	1.1	**1.2**	1.1	1.0	1.0	1.1	**1.4**	**1.4**
Personal Service Occupations	NA	NA	NA	**1.5**	0.8	1.0	1.0	1.0
Sales and Customer Service Occupations	0.9	0.9	0.9	1.0	1.1	0.9	0.5	0.9
Process, Plant and Machine Operatives	0.8	0.9	0.9	0.9	0.9	**1.3**	0.6	1.1
Elementary occupations	**1.2**	0.8	0.8	1.0	**1.3**	1.0	0.9	1.0

Source: APS. Note: Agricultural sector not shown due to unreliable data.

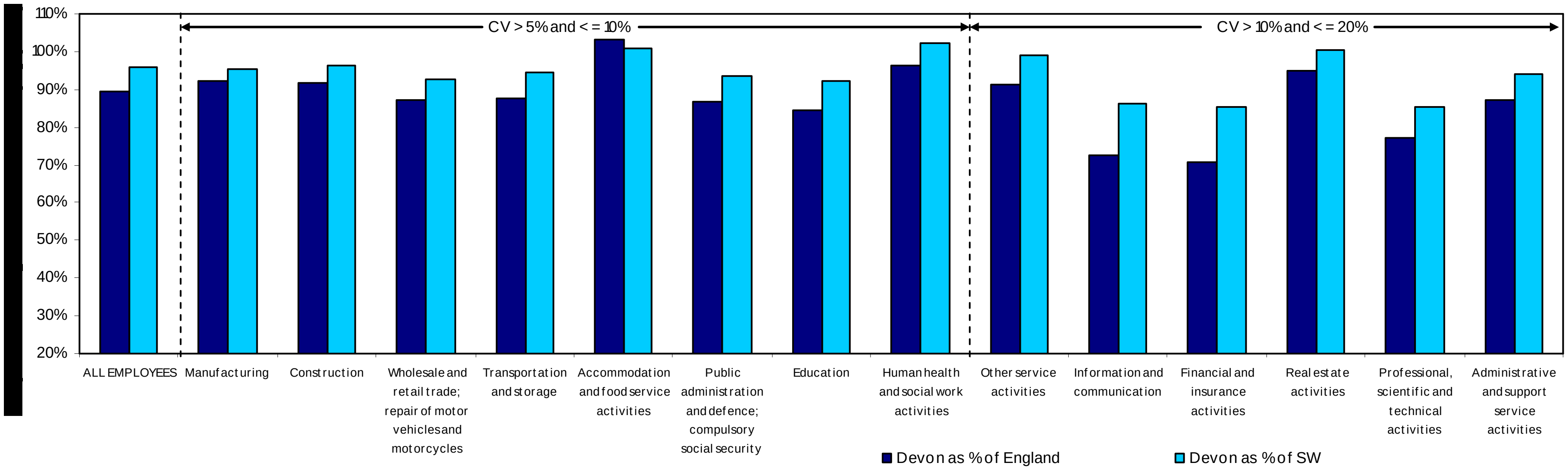
Earnings by sector and occupation

3.21 Figure 3-6 presents earnings by sector and by occupation for Devon, compared to the South West and UK. These data have been commissioned from ONS for the specific purposes of this study. Whilst this data should be heavily caveated due to the confidence intervals applied to some of the figures for Devon, it does give an indication of how earnings vary within the same sectors, or occupations, in Devon compared to elsewhere.

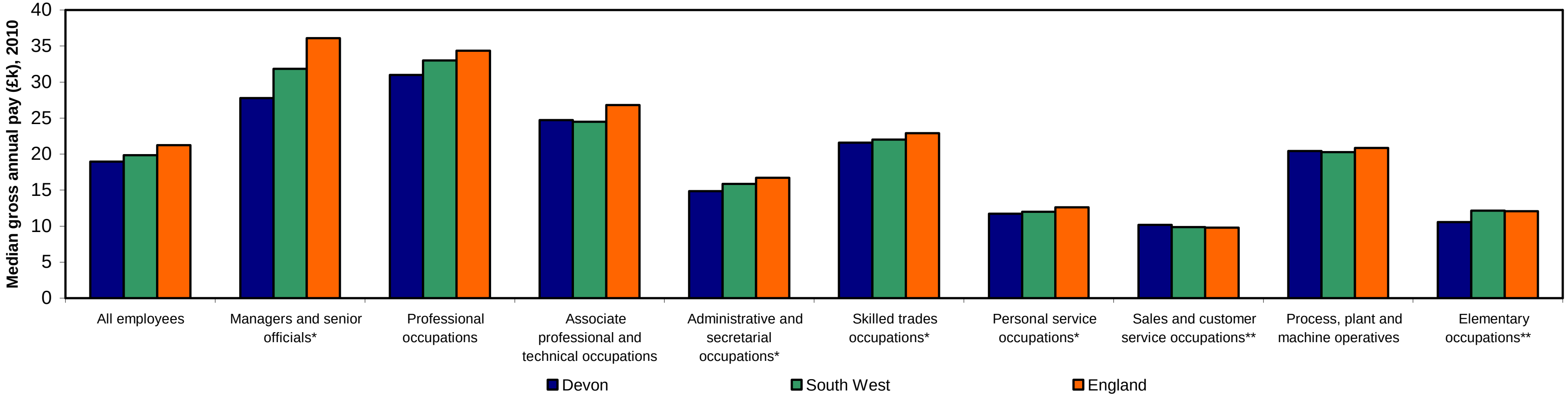
3.22 In terms of earnings by sector, as a broad rule these are lower in Devon than in the South West, which are themselves lower than for England. So, for example, jobs in public admin and defence, education, ICT, finance and insurance all appear to fall below the UK average in this category. By contrast, jobs in accommodation/food services and health in Devon are paid a similar salary to their counterparts elsewhere. In terms of earnings by occupations, the data suggests that a person working in higher level occupations (such as managers/senior officials) will be paid notably less in Devon than the UK average; whereas for lower level occupations earnings are broadly similar in Devon to elsewhere. For both sectors and occupations, it is important to note that regional price effects will influence absolute earning levels to some degree, but we would expect this apply equally across all sectors/occupations, and so as such it can be discounted as a common effect.

Figure 3-6: Earnings by sector, and by occupation – Devon relative to the South West and UK (2010)

Earnings by sector



Earnings by occupation



*Source: ASHE, ONS – analysis specifically commissioned for this studying January 2011. Workplace based data is presented above (i.e. earnings of those who work in Devon/the South West/UK). Notes: * indicates CV > 5% and <= 10% and ** indicates CV > 10% and <= 20% . CV refers to the coefficient of variation (CV), which is the ratio of the standard error of an estimate to the estimate.*

Wider drivers of productivity

3.23 In the early 2000s, HM Treasury identified five key factors as drivers of productivity. These are enterprise, skills, innovation, competition and investment. Together, these provide a helpful framework for drilling down in detail into causal influences of productivity. Data on the first four drivers listed here are available at a sub-regional level.

3.24 In terms of enterprise rates, 57 business were set up in Devon per 10k WAP in 2009, which is above the wider LEP area and Cumbria, but below the national average, South West and Norfolk (with 65, 58 and 58 business starts per 10k WAP respectively).

3.25 Devon performs well on high level skills - the WAP population qualified to NVQ 4 or above in Devon, at 28.7%, matches the national and South West averages and exceeds all other comparator areas. Also, Devon has a lower share of the WAP with no qualifications (9%) compared to all other comparator areas (bar the South West average, which is also 9%).

3.26 Innovation is difficult to measure at a sub-regional level, so here we use the proportion of employees in Knowledge Intensive Businesses (KIBs) was used as a proxy for innovation. This shows that Devon under-performs compared to most comparator areas (except Cumbria) with 46% of employees working in KIBs in 2009, compared to a national average of 52%. Devon also lags behind the wider LEP area, due to a high proportion KIB employees working in Plymouth (56%). Devon NUTS 2 area[5] also generates a small share of all patent applications in the South West (approximately 8% in 2006), and has a very low rate of patenting - only 32 per million population, compared to a regional average of 89[6].

3.27 In terms of competition, a proxy measure relates to business density (defined as the stock of businesses per head of population). Generally speaking, the argument is made that the higher the business density, the higher the degree of local competition. Under this measure, Devon performs better than all other comparator areas (which is likely to be linked to the high presence of self-employment in the County).

Table 3-3: Performance against drivers of productivity

	Business starts per 10k WAP	**% with NVQ4+ (aged 16-64)**	**% with no qualifications (aged 16-64)**	**% of employees in KIBs**	**Enterprise stock per 1,000 WAP**
Devon	57.0	28.7	9	46	73.2
Devon, Plymouth, Torbay, Somerset LEP	53.6	26.3	10	48	65.7
South West	57.6	28.7	9	50	66.5
England	65.2	28.7	13	52	63.6
Cumbria	54.1	24.9	11	42	68.3
Norfolk	57.8	22.4	14	48	62.5

Source: Business demography & Mid-Year Population Estimates 2009, APS 3 year average 2007-2009, ABI 2009, ONS Business Demography 2009

[5] Devon, Torbay and Plymouth
[6] Source: EuroStat and NOMIS mid-year population estimates

Explaining District Level Variations in Productivity

3.28 As Figure 3-2 showed, productivity varies across Devon's districts. Jobs in Exeter are the most productive, at £33,500 per job, and exceed the Devon average of £31,100 per job. Productivity in East Devon, Mid Devon, North Devon, South Hams and West Devon is broadly similar to the Devon average (typically about 1-2% lower than the Devon average), whereas productivity in Teignbridge and Torridge is lowest (at £29,500 and £29,900 respectively). Put another way, the productivity of the least performing LAD is 88% of the best performing one. This is a significant variation across the County.

3.29 The data available to explain these place-based differences in productivity are limited, partly because some of the data are not available at fine-grained levels of disaggregation, but also because data are not sufficiently robust to use at this level (due to small sample sizes, unreliability linked to high confidence intervals) [7]. It is likely that productivity differences at LAD level are driven by compositional differences in each local economy, such as sectoral and occupational structures. As noted above, the data are limited and modest in depth at LAD, but recognising this we have in Table 3-4 sought to test for variations in performance against the drivers of productivity (namely enterprise, skills and KIBs). See Annex A for more detailed data analysis.

3.30 The analysis found that there are differences in the sectoral composition of each district's economy, and performance against the drivers of productivity. For example:

- Jobs in Exeter generate the highest level of GVA per job of all LADs in Devon (8% higher than the Devon average). Even though Exeter has a high share of jobs in public admin/defence and other business services, which generally tend to lower productivity (although the data on earnings and occupations suggests the functions undertaken specifically in Exeter might be at a higher level), the share of jobs in construction is also high (which has a higher level of productivity per job). Exeter is home to a large share of Devon's high productivity sectors (e.g. banking and finance, insurance, gas and water), although these account for a relatively small share of all jobs in Exeter. Exeter also has a low share of lower level occupations, an above average share of people qualified to NVQ Level 4+, and a higher share of employees working in KIBs.

- Jobs in Teignbridge are the least productive of all districts in Devon. Here, key sectors for employment are other business services and (where productivity is low absolutely, and low relative to the UK average in both sectors), agriculture (very low productivity), and education and health (low productivity). The proportion of employees working in KIBs is also lower than the Devon average.

- The productivity of jobs in Torridge is also low. Jobs are concentrated in other business services, manufacturing, retail and education and health – again, many of these sectors are low value added, but in Torridge a high share of jobs are in lower-

[7] Primary data is not available on productivity by sector at the LAD level. CE has produced data on this, which shows that the productivity of each sub-sector does not appear to vary significantly across Devon's districts (see Annex B). However, CE's data assumes productivity by sector is the same across Devon, and any differences reflect sectoral composition (i.e. the productivity of disaggregated sub-sectors, which are then aggregated and weighted according to the number of jobs in the sector)

end occupations (this is supported by low average workplace earnings) which will deflate the GVA generated. Furthermore, Torridge under-performs compared to the Devon average in terms of skills, enterprise and innovation.

Table 3-4: Productivity Performance Summary for Local Authority Districts

	Product-ivity (GVA £k per job), 2010	**Sectoral composition** 2010	**Occupational structure,** three year average 2007-09*	**Median work-place earnings** £, 3 year average 2008-10	**Enterprise rates** (Business starts per 10k WAP), 2009	**Skills** (% of WAP with Level 4+), 2009	**Innovation** (% of employees in KIBs), 2009
East Devon	30.6 < Devon	Key sectors for jobs are other business services (11% of jobs), hotels & catering (11%), retail (12%) and education & health (20%). The share of jobs in hotels and catering are over-represented compared to the Devon average (20% higher). Over half of Devon's insurance activities are located in this LAD (high productivity jobs), but they only account for 2% of East Devon's jobs at present.	Managerial & Senior Officials = 14% Skilled Trades = 14% Elementary = 19% (High)	381 < Devon	60.5 > Devon	24.7 < Devon	44 < Devon
Exeter	33.5 > Devon	Key sectors for jobs are public admin and defence (13%), other business services (19%), construction (9%) and education and health (22%). The share of jobs in insurance, banking and finance, and public admin and defence are over-represented in Exeter (by 50%, 70% and 90% higher respectively). Almost half (45%) of Devon's banking and finance activities are located in this LAD (high productivity jobs), but they only account for 2% of Exeter's jobs at present. Exeter is also home to 39% of Devon's insurance jobs, and 81% of Devon's electricity, gas and water jobs – these only account for 1% and 2% of jobs respectively but are also high productivity jobs.	Managerial & Senior Officials = 16% Skilled Trades = 9% (Low) Elementary = 9 (Low)	460 > Devon	46.6 < Devon	31.5 > Devon	53 > Devon
Mid Devon	30.9 < Devon	Key sectors for jobs are retail (11% of jobs), other business services (13%), manufacturing (13%) and education/health (21%). The share of jobs in manufacturing is over-represented (60% above Devon average) – jobs in transport and communications (50% higher, but only account for 7% of jobs). Almost one third of Devon's jobs in motor vehicles are located in Mid Devon – these only account for 1% of Mid Devon's jobs, but are high productivity jobs (where Devon's productivity out-performs the UK average)	Managerial & Senior Officials = 13% Skilled Trades = 19% Elementary = 17% (High)	415 > Devon	61.9 > Devon	27.2 < Devon	41 < Devon
North Devon	30.9 < Devon	Key sectors for jobs are manufacturing (12% of jobs), retail (13%) and hotels/catering (12%) and education/health (24%) of jobs. The share of jobs in all these manufacturing and hotels/catering is over-represented compared to the Devon average, by 40%. 61% of Devon's jobs in chemicals are located in this LAD and one third of Devon's jobs in 'other transport equipment' – these sectors account for only 2% and 1% of jobs in North Devon but are high value added jobs.	Managerial & Senior Officials = 16% Skilled Trades = 15% Elementary = 12%	369 < Devon	54.5 < Devon	26.5 < Devon	46 = Devon
South Hams	30.3 < Devon	Key sectors for jobs are hotels and catering (10%), manufacturing (11%), retail (12%), other business services (15%) and education/health (18%). The share of jobs is over-represented in manufacturing (by 30%), hotels and catering (by 20%), and other services (by 50%). South Hams is home to 25% of Devon's jobs in electronics and electrical instrument engineering and 34% of Devon's jobs in other transport equipment – these sectors only account for 2% and	Managerial & Senior Officials = 16% Skilled Trades = 17%	409 < Devon	68.4 > Devon	37.1 > Devon	42 < Devon

	Product-ivity (GVA £k per job), 2010	**Sectoral composition** 2010	**Occupational structure,** three year average 2007-09*	**Median work-place earnings** £, 3 year average 2008-10	**Enterprise rates** (Business starts per 10k WAP), 2009	**Skills** (% of WAP with Level 4+), 2009	**Innovation** (% of employees in KIBs), 2009
		1% of jobs in South Hams but electronics in particularly has high value added jobs.	Elementary = 11%				
Teign-bridge	29.5 < Devon	Key sectors for jobs are other business services (13%), retail (13%) and education and health (19%). The share of jobs is over-represented in agriculture - Teignbridge is home to almost a quarter of all agricultural jobs in Devon – and these jobs are typically very low productivity jobs. Teignbridge is also home to 30% of Devon's jobs in rubber & plastic products and 38% of Devon's jobs in non-metalic mineral products – these sectors only account for 1% of jobs in Teignbridge each, and are not particularly high value added jobs.	Managerial & Senior Officials = 17% Skilled Trades = 11% Elementary = 12%	413 > Devon	59.0 > Devon	28.8 > Devon	39 < Devon
Torridge	29.9 < Devon	Key sectors for jobs are other business services (10%), manufacturing, retail (both 12%) and education/health (21%). The share of jobs is over-represented in manufacturing by 50% above the Devon average. Torridge is also home to 18% of Devon's jobs in electronics and electrical instrument engineering (high productivity jobs) and 17% of Devon's jobs in other transport equipment – these sectors only account for 2% and 1% of jobs. Conversely, the LAD accounts for 17% of Devon's jobs in rubber & plastic products and 18% of Devon's jobs in non-metalic mineral products – these sectors only account for 1-2% of jobs in Torridge, and are not particularly high value added jobs.	Managerial & Senior Officials = 18% Skilled Trades = 16% (High) Elementary = 20% (High)	339 < Devon	49.3 < Devon	19.3 < Devon	42 < Devon
West Devon	29.7 < Devon	Key sectors for jobs are retail (10%), hotels and catering (11%) and education and health (20%). The share of jobs is over-represented in hotels and catering (30% above Devon's share of jobs).. Jobs in food and drink are also significantly over-represented – 28% of all Devon's jobs in this sector are located in West Devon – but these only account for 5% of jobs in the LAD.	Managerial & Senior Officials = 17% Skilled Trades = 16% (High) Elementary = 18% (High)	337 < Devon	59.1 > Devon	34.4 > Devon	38 < Devon
Devon average	**31.1**	See above	**Managerial & Senior Officials = 16%** **Skilled Trades = 13%** **Elementary = 13%**	**412**	**57.0**	**28.7**	**46**

*Source: SQW analysis of CE data, APS, ONS Business Demography, NOMIS Mid-Year Population Estimates, ASHE, ABI. Notes: * indicates that complete datasets not available for all districts for other occupations, therefore we have only referred to occupational levels where data are available for all LADs in Devon. Also, ASHE is based on employee data, and therefore does not reflect self-employed earnings.*

4: Conclusions

Headlines from the analysis

4.1 We operate in a market system, where the process of wealth creation (measured as GVA) is vital, which in turn comes from business and enterprise, and engaging in tradeable activities. Therefore, the process of effectively and efficiently generating GVA is absolutely key to economies, their people and their communities.

4.2 In 2010, GVA per head in Devon was £14,900, which represented 82% of the UK average and resulted in an overall GVA gap of around £2.5bn. The key factors driving this gap for Devon were the proportion of the population that are available to work (which is low, linked to Devon’s ageing population, and accounted for around one quarter of the gap) and the productivity of those in work (which accounted for around three-quarters of the gap).

4.3 The main reasons for Devon’s under-performance in terms of productivity are the sectoral structure of Devon’s economy, the productivity and earnings of jobs in each sector, the occupations undertaken by workers in the economy and under-performance against innovation indicators.

- Sectors which account for a large share of jobs in Devon – such as retailing, hotels and catering, other business services, public admin and defence, and education and health – are relatively low value-added jobs. Furthermore, the share of jobs in many of these large (but low productivity) sectors is over-represented in Devon compared to the UK average. Compounding this, jobs within some of these sectors (e.g. other business services, retail) are less productive in Devon than the UK average.

- The occupational structure of Devon also goes some way to explaining the productivity gap – whilst the proportion of jobs in managerial and senior official occupations matches the UK average, there is a smaller proportion of jobs in professional, associate professional and technical occupations (higher paid jobs) and a slightly greater proportion of jobs in personal service occupations and elementary occupations (lower paid jobs). This reflects the sectoral composition of Devon’s economy to some degree, but is also suggests that (according to regional data) within some sectors (such as other services) the type of work undertaken may be focused on lower value added functions. That said, this may not apply across all sectors – regional data suggests that workers in ‘public admin and defence’ in the South West are more likely to be in managerial/senior official occupations than the UK average. However, the analysis found that managers/ senior officials in the region are paid less than the national average, despite working at the same occupational level.

- In terms of Devon’s performance against the drivers of productivity, the County performs well on high level skills/low levels of the WAP with no qualifications, but under-performs compared to the UK on enterprise and innovation measures.

And the response?

4.4 Although this report has focussed on the key issue of productivity, it is important that issues of GVA gap and productivity are not seen in isolation of those other factors – such as future growth potential, commuting flows, self-employment patterns etc. – all of which are key considerations for the county.

4.5 It is, second, important to remember throughout that Devon's issues are not in glorious isolation of what is happening in other parts of the UK, Europe and indeed the wider world. Crucially this means that, in going forward, Devon's GVA and productivity progress *relative* to other places is at least as important as any *absolute* improvement in its position. If Devon cannot, as a minimum, maintain its relative position it will be overtaken progressively.

4.6 In headline terms, in dealing with issues of GVA gap and productivity, what are the challenges to watch out for? Three are key:

- the track record of public policy in 'picking (sectoral) winners' is mixed. For sure, there are some sectors which have been prioritised by policy, and successes (employment growth, inward investment, agglomeration) have been achieved. Public policy is much better equipped to create the enabling conditions in which sectoral ebbs and flows can occur as the market develops.
- it is important for policy to understand what it can, and cannot, influence in the wider realm of economic development activity. Exchange rates, the migration effect of young people to the South East, and changes the way people lead their lives are all outwith the influence of local policy. That said, other factors are within scope – the availability of the appropriate sorts of land/premises in the right places, supplies of workers with the skills/capabilities that local firms are looking for, and the wider provision of business support to ensure enterprises with roots deepen and extend are all issues that can be covered by local policy. Put another way, public policy needs to focus on what it can meaningfully influence
- finally is the growing importance of knowledge, innovation, and technology in the way that firms and businesses perform. In an increasingly open and globalising world, the ability to compete on the basis of price is no longer enough. Price is a short run tactic, and as an advantage is quickly matched. For the future, the emphasis for Devon has to be on competing based on quality, content and offer.

Annex A: Local Authority District Analysis – Jobs by Sector

A.1 Annex A contains the following data tables:

- Table A-1: Jobs by sector, value and LQ (compared to Devon average), 2010 – for the LADs of East Devon, Exeter, Mid Devon and North Devon
- Table A-2: Jobs by sector, value and LQ (compared to Devon average), 2010 – for the LADs of South Hams, Teignbridge, Torridge and West Devon

Table A-1 : Jobs by sector, value and LQ (compared to Devon average), 2010

	East Devon				Exeter				Mid Devon				North Devon				Devon average	
	Number of jobs (000s)	% of all jobs in LAD	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs
Agriculture	2.7	5%	20%	1.3	0.2	0%	1.5%	0.1	1.4	5%	10%	1.3	1.4	3%	10%	0.8	13.6	4%
Other mining	0.1	0%	16%	1.1	0.0	0%	1.6%	0.1	0.0	0%	5%	0.6	0.0	0%	2%	0.1	0.7	0%
Food drink & tobacco	0.3	1%	9%	0.6	0.2	0%	6.8%	0.3	0.7	2%	20%	2.6	0.1	0%	4%	0.3	3.4	1%
Textiles clothing & leather	0.6	1%	30%	2.0	0.4	0%	17.5%	0.6	0.6	2%	30%	3.9	0.1	0%	5%	0.4	2.0	1%
Wood & paper	0.1	0%	12%	0.8	0.1	0%	7.8%	0.3	0.2	1%	18%	2.3	0.4	1%	35%	2.8	1.2	0%
Printing & publishing	0.3	1%	11%	0.8	1.0	1%	37.8%	1.4	0.2	1%	6%	0.8	0.2	1%	9%	0.7	2.6	1%
Chemicals & man-made fibres	0.0	0%	1%	0.1	0.0	0%	2.3%	0.1	0.2	1%	10%	1.3	1.0	2%	61%	4.9	1.6	0%

	East Devon				Exeter				Mid Devon				North Devon				Devon average	
	Number of jobs (000s)	% of all jobs in LAD	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs
Rubber & plastic products	0.1	0%	6%	0.4	0.2	0%	7.4%	0.3	0.1	0%	3%	0.4	0.1	0%	6%	0.5	2.2	1%
Non-metalic mineral prods.	0.1	0%	13%	0.9	0.1	0%	17.0%	0.6	0.0	0%	5%	0.7	0.0	0%	2%	0.2	0.8	0%
Basic metals & metal prods.	0.3	1%	10%	0.7	0.3	0%	9.9%	0.4	0.5	2%	17%	2.2	0.7	2%	26%	2.0	2.8	1%
Mechanical engineering	0.5	1%	11%	0.7	1.1	1%	24.4%	0.9	0.5	2%	10%	1.3	1.1	2%	24%	1.9	4.6	1%
Electronics elect.inst eng	0.2	0%	9%	0.6	0.1	0%	2.7%	0.1	0.3	1%	10%	1.3	0.5	1%	19%	1.5	2.5	1%
Motor vehicles	0.1	0%	20%	1.4	0.0	0%	7.6%	0.3	0.2	1%	31%	3.9	0.0	0%	2%	0.2	0.5	0%
Other transport equipment	0.1	0%	4%	0.3	0.1	0%	5.5%	0.2	0.0	0%	2%	0.2	0.5	1%	32%	2.6	1.5	0%
Other manufacturi ng	0.4	1%	12%	0.8	0.3	0%	8.6%	0.3	0.2	1%	6%	0.7	0.5	1%	17%	1.4	3.1	1%
Manfuacturi ng total	3.1	6%	11%	0.7	3.9	4%	13.4%	0.5	3.5	13%	12%	1.6	5.4	12%	19%	1.5	28.9	8%
Electricity	0.0	0%	1%	0.1	1.8	2%	81.3%	3.0	0.0	0%	0%	0.0	0.2	0%	10%	0.8	2.2	1%

	East Devon				**Exeter**				**Mid Devon**				**North Devon**				**Devon average**	
	Number of jobs (000s)	% of all jobs in LAD	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs
gas & water																		
Construction	4.1	8%	15%	1.0	8.8	9%	31.5%	1.2	2.1	8%	8%	1.0	3.1	7%	11%	0.9	27.9	8%
Distribution	2.9	6%	14%	0.9	5.1	5%	23.9%	0.9	2.1	8%	10%	1.3	2.6	6%	12%	1.0	21.3	6%
Retailing	6.5	12%	16%	1.1	8.8	9%	21.6%	0.8	3.1	11%	8%	1.0	5.8	13%	14%	1.1	40.9	11%
Hotels & catering	5.6	11%	18%	1.2	4.6	5%	14.9%	0.6	1.7	6%	5%	0.7	5.5	12%	18%	1.4	30.5	9%
Transport & comms.	2.8	5%	18%	1.2	4.1	4%	25.8%	1.0	1.9	7%	12%	1.5	1.4	3%	9%	0.7	15.8	4%
Banking & finance	0.7	1%	14%	0.9	2.4	2%	45.2%	1.7	0.2	1%	5%	0.6	0.5	1%	9%	0.7	5.2	1%
Insurance	0.9	2%	55%	3.7	0.6	1%	39.3%	1.5	0.0	0%	1%	0.2	0.0	0%	1%	0.1	1.6	0%
Other business services	6.0	11%	12%	0.8	17.9	19%	37.0%	1.4	3.6	13%	7%	1.0	3.9	9%	8%	0.6	48.4	14%
Public admin. & defence	3.2	6%	12%	0.8	13.0	13%	51.3%	1.9	1.0	3%	4%	0.5	2.2	5%	9%	0.7	25.3	7%
Education & health	10.5	20%	14%	1.0	21.7	22%	29.0%	1.1	5.8	21%	8%	1.0	10.7	24%	14%	1.1	75.0	21%
Other services	3.5	7%	17%	1.2	3.9	4%	18.8%	0.7	1.5	5%	7%	0.9	2.2	5%	10%	0.8	20.7	6%

	East Devon				Exeter				Mid Devon				North Devon				Devon average	
	Number of jobs (000s)	% of all jobs in LAD	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs
Total	52.6	100%	15%	1.0	96.8	100 %	27.0%	1.0	28.1	100%	8%	1.0	44.9	100%	13%	1.0	358.0	100 %

Sources: LEFM Baseline consistent with Cambridge Econometrics' UK Regional Economic Forecasts, July 2010.

Table A-2 : Jobs by sector, value and LQ (compared to Devon average), 2010

	South Hams				**Teignbridge**				**Torridge**				**West Devon**				**Devon average**	
	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs
Agriculture	1.4	3%	10%	0.9	2.9	6%	22%	1.5	1.6	7%	12%	1.9	2.0	9%	15%	2.5	13.6	4%
Other mining	0.1	0%	13%	1.1	0.4	1%	53%	3.6	0.0	0%	4%	0.7	0.0	0%	6%	0.9	0.7	0%
Food drink & tobacco	0.4	1%	13%	1.1	0.5	1%	13%	0.9	0.2	1%	5%	0.8	1.0	5%	29%	4.8	3.4	1%
Textiles clothing & leather	0.1	0%	4%	0.4	0.3	0%	12%	0.8	0.0	0%	0%	0.1	0.0	0%	0%	0.0	2.0	1%
Wood & paper	0.1	0%	7%	0.6	0.1	0%	6%	0.4	0.1	1%	12%	2.0	0.0	0%	4%	0.6	1.2	0%
Printing & publishing	0.5	1%	20%	1.8	0.2	0%	7%	0.5	0.1	0%	3%	0.4	0.1	1%	6%	0.9	2.6	1%
Chemicals & man-made fibres	0.2	1%	15%	1.3	0.0	0%	1%	0.1	0.1	1%	7%	1.2	0.0	0%	2%	0.3	1.6	0%
Rubber & plastic products	0.6	2%	29%	2.6	0.7	1%	30%	2.1	0.4	2%	17%	2.7	0.0	0%	2%	0.3	2.2	1%
Non-metalic mineral prods.	0.0	0%	2%	0.1	0.3	1%	38%	2.6	0.2	1%	18%	3.0	0.0	0%	5%	0.8	0.8	0%
Basic metals & metal prods.	0.3	1%	11%	0.9	0.4	1%	14%	1.0	0.2	1%	8%	1.3	0.1	0%	4%	0.6	2.8	1%

	South Hams				**Teignbridge**				**Torridge**				**West Devon**				**Devon average**	
	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs
Mechanical engineering	0.2	1%	5%	0.4	0.9	2%	19%	1.3	0.2	1%	4%	0.7	0.1	1%	3%	0.4	4.6	1%
Electronics elect.inst eng	0.6	2%	25%	2.2	0.4	1%	15%	1.1	0.4	2%	18%	2.9	0.0	0%	1%	0.2	2.5	1%
Motor vehicles	0.0	0%	6%	0.6	0.1	0%	23%	1.6	0.0	0%	7%	1.2	0.0	0%	2%	0.4	0.5	0%
Other transport equipment	0.5	1%	34%	3.0	0.1	0%	4%	0.2	0.3	1%	17%	2.9	0.0	0%	1%	0.2	1.5	0%
Other manufacturing	0.6	2%	20%	1.8	0.5	1%	17%	1.2	0.4	2%	12%	2.0	0.2	1%	8%	1.3	3.1	1%
Manfuacturing total	4.3	11%	15%	1.3	4.3	8%	15%	1.0	2.5	12%	9%	1.5	1.8	8%	6%	1.0	28.9	8%
Electricity gas & water	0.1	0%	4%	0.3	0.0	0%	0%	0.0	0.0	0%	1%	0.2	0.0	0%	2%	0.4	2.2	1%
Construction	2.2	5%	8%	0.7	4.3	8%	15%	1.1	2.0	9%	7%	1.2	1.4	7%	5%	0.9	27.9	8%
Distribution	2.7	7%	13%	1.1	3.3	6%	15%	1.1	1.2	5%	5%	0.9	1.4	6%	6%	1.1	21.3	6%
Retailing	4.9	12%	12%	1.1	6.9	13%	17%	1.2	2.7	12%	7%	1.1	2.2	10%	5%	0.9	40.9	11%
Hotels & catering	4.0	10%	13%	1.2	4.8	9%	16%	1.1	1.9	9%	6%	1.0	2.5	11%	8%	1.3	30.5	9%
Transport & comms.	2.4	6%	15%	1.3	1.5	3%	9%	0.7	0.8	4%	5%	0.8	1.0	5%	6%	1.1	15.8	4%

	South Hams				**Teignbridge**				**Torridge**				**West Devon**				**Devon average**	
	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs	% of all jobs in sector in Devon	LQ	Number of jobs (000s)	% of all jobs
Banking & finance	0.3	1%	6%	0.5	0.7	1%	13%	0.9	0.2	1%	4%	0.7	0.3	1%	5%	0.9	5.2	1%
Insurance	0.0	0%	1%	0.1	0.0	0%	3%	0.2	0.0	0%	1%	0.1	0.0	0%	0%	0.0	1.6	0%
Other business services	6.0	15%	12%	1.1	6.5	13%	13%	0.9	2.3	10%	5%	0.8	2.2	10%	4%	0.7	48.4	14%
Public admin. & defence	1.3	3%	5%	0.4	2.9	6%	11%	0.8	0.7	3%	3%	0.5	1.2	5%	5%	0.8	25.3	7%
Education & health	7.5	18%	10%	0.9	9.7	19%	13%	0.9	4.6	21%	6%	1.0	4.3	20%	6%	1.0	75.0	21%
Other services	3.5	9%	17%	1.5	3.6	7%	18%	1.2	1.2	5%	6%	0.9	1.3	6%	6%	1.0	20.7	6%
Total	40.8	100 %	11%	1.0	51.6	100 %	14%	1.0	21.7	100%	6%	1.0	21.6	100%	6%	1.0	358.0	100%

Sources: LEFM Baseline consistent with Cambridge Econometrics' UK Regional Economic Forecasts, July 2010.

Annex B: Local Authority District Analysis – Productivity by Sector

Table B-1 : Productivity by sector, value and LQ (compared to Devon average), 2010

	Devon	East Devon		Exeter		Mid Devon		North Devon		South Hams		Teignbridge		Torridge		West Devon	
		Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon averag e)	Value (£k)	LQ (LAD vs Devon average)
Agriculture	16.9	16.9	1.0	16.9	1.0	16.9	1.0	16.9	1.0	16.9	1.0	16.9	1.0	16.9	1.0	16.9	1.0
Other mining	68.5	68.5	1.0	68.2	1.0	68.5	1.0	68.7	1.0	68.5	1.0	68.5	1.0	68.4	1.0	68.6	1.0
Food drink & tobacco	53.6	53.6	1.0	53.6	1.0	53.6	1.0	53.6	1.0	53.6	1.0	53.6	1.0	53.6	1.0	53.6	1.0
Textiles clothing & leather	31.5	31.5	1.0	31.5	1.0	31.5	1.0	31.5	1.0	31.5	1.0	31.5	1.0	31.5	1.0	31.5	1.0
Wood & paper	38.9	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0
Printing & publishing	38.9	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0	38.9	1.0
Chemicals & man-made fibres	99.0	88.7	0.9	88.9	0.9	88.9	0.9	104.9	1.1	90.6	0.9	88.8	0.9	88.9	0.9	88.8	0.9
Rubber & plastic products	33.8	33.8	1.0	33.8	1.0	33.8	1.0	33.8	1.0	33.8	1.0	33.8	1.0	33.8	1.0	33.8	1.0
Non-metalic mineral prods.	52.1	52.2	1.0	52.1	1.0	52.2	1.0	52.0	1.0	52.1	1.0	52.1	1.0	52.1	1.0	52.1	1.0

	Devon	East Devon		Exeter		Mid Devon		North Devon		South Hams		Teignbridge		Torridge		West Devon	
		Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon averag e)	Value (£k)	LQ (LAD vs Devon average)
Basic metals & metal prods.	30.9	30.4	1.0	28.4	0.9	29.3	0.9	34.2	1.1	33.7	1.1	29.1	0.9	28.9	0.9	28.3	0.9
Mechanical engineering	32.6	32.6	1.0	32.6	1.0	32.6	1.0	32.6	1.0	32.6	1.0	32.6	1.0	32.6	1.0	32.6	1.0
Electronics elect.inst eng	67.9	64.2	0.9	63.1	0.9	59.5	0.9	78.1	1.2	64.9	1.0	73.7	1.1	63.1	0.9	74.6	1.1
Motor vehicles	83.7	83.7	1.0	83.7	1.0	83.7	1.0	84.0	1.0	83.7	1.0	83.7	1.0	83.7	1.0	84.0	1.0
Other transport equipment	33.6	33.6	1.0	33.6	1.0	33.6	1.0	33.6	1.0	33.6	1.0	33.6	1.0	33.6	1.0	33.5	1.0
Other manufacturing	28.1	28.1	1.0	28.1	1.0	28.1	1.0	28.1	1.0	28.1	1.0	28.1	1.0	28.1	1.0	28.1	1.0
Electricity gas & water	107.2	106.2	1.0	108.2	1.0	102.9	1.0	100.2	0.9	110.4	1.0	101.3	0.9	107.1	1.0	97.2	0.9
Construction	37.1	37.1	1.0	37.1	1.0	37.1	1.0	37.1	1.0	37.1	1.0	37.1	1.0	37.1	1.0	37.1	1.0
Distribution	35.0	35.0	1.0	35.0	1.0	35.0	1.0	35.0	1.0	35.0	1.0	35.0	1.0	35.0	1.0	35.0	1.0
Retailing	18.9	18.9	1.0	18.9	1.0	18.9	1.0	18.9	1.0	18.9	1.0	18.9	1.0	18.9	1.0	18.9	1.0
Hotels & catering	15.7	15.7	1.0	15.7	1.0	15.7	1.0	15.7	1.0	15.7	1.0	15.7	1.0	15.7	1.0	15.7	1.0
Transport & comms.	41.1	42.9	1.0	48.0	1.2	31.0	0.8	36.4	0.9	45.3	1.1	35.1	0.9	36.6	0.9	35.2	0.9

	Devon	East Devon		Exeter		Mid Devon		North Devon		South Hams		Teignbridge		Torridge		West Devon	
		Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon average)	Value (£k)	LQ (LAD vs Devon averag e)	Value (£k)	LQ (LAD vs Devon average)
Banking & finance	63.2	63.2	1.0	63.2	1.0	63.2	1.0	63.2	1.0	63.2	1.0	63.2	1.0	63.2	1.0	63.2	1.0
Insurance	88.2	88.2	1.0	88.2	1.0	88.3	1.0	88.1	1.0	88.2	1.0	88.3	1.0	88.1	1.0	0.0	0.0
Other business services	26.7	28.4	1.1	26.2	1.0	28.7	1.1	26.1	1.0	25.1	0.9	26.4	1.0	26.8	1.0	28.7	1.1
Public admin. & defence	34.9	34.9	1.0	34.9	1.0	34.9	1.0	34.9	1.0	34.9	1.0	34.9	1.0	34.9	1.0	34.9	1.0
Education & health	23.5	23.4	1.0	23.5	1.0	23.7	1.0	23.6	1.0	23.6	1.0	23.5	1.0	23.5	1.0	23.6	1.0
Other services	24.6	24.6	1.0	24.6	1.0	24.6	1.0	24.6	1.0	24.6	1.0	24.6	1.0	24.6	1.0	24.6	1.0
Total	31.1	30.6	1.0	33.5	1.1	30.9	1.0	30.9	1.0	30.3	1.0	29.5	0.9	29.9	1.0	29.7	1.0

Notes: Value added divided by jobs; Total Value Added includes imputed rent for ownership of dwellings, and CVM residual.; CVM = Chained Volume Measure, a constant-price measure of output with 2005 as the price-base year.

Sources: LEFM Baseline consistent with Cambridge Econometrics' UK Regional Economic Forecasts, July 2010.