Teignbridge Area Profile

Produced for Devon County Council

February 2014

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Teignbridge in Summary

CONTRIBUTION TO THE DEVON ECONOMY

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.

Indicator	2012	% of Devon
Employment	42,000	14%
Businesses	5,000	17%
Real Value Added	£1,650m	14%
Population	125,000	17%

LABOUR MARKET

Indicator	Key Points	Latest Position
Employment Rate	• Exceeds the national average • Third highest employment rate in Devon	78%
Unemployment Rate	• Almost half the national average • Second lowest in Devon	4%
Inactivity Rate	• Lower than the national average • Third lowest inactivity rate in Devon	19.1%
NVQ L2+	• Skills profile performs above national average at NVQ L1 and 2. • Second lowest proportion qualified to NVQ4+ in Devon	72.5%
NVQ L4+		26.6%

CURRENT ECONOMIC PERFORMANCE

Indicator	Key Points	Latest Position
Employment Density	• Small employment base relative to size of working age population – density lags the national average • Fourth lowest in Devon	56,723 per 100,000 working age residents
Business Density	• Business density exceeds the national average • Fifth highest business density in Devon • 3 year survival average amongst Devon/ low start up rate	68 per 1,000 working age residents
Productivity	• Equivalent to 77% of the national average • Lowest productivity levels in Devon	£29,412 per employee
Highly Skilled Occupations	• Under represented due to shortage of professionals and associate professionals • Skilled trades and admin and secretarial occupations are highly represented	35%
Average Annual Workplace Earnings	• Similar to resident earnings • Both workplace and resident earnings are lower than the national average	£23,109

ECONOMIC FORECASTS

Indicator	Key Points	% Change 2013-2025
Employment	• Fifth highest proportionate increase in Devon exceeding national average • Driven by construction, accommodation and food and business and finance	+ 4,600 / 8.2%
Real Value Added	• Sixth highest proportionate increase in Devon, exceeding the national average • Highest growth in business and finance and construction	+ £469m / 28.4%
Productivity per worker	• Forecast to improve, with relative position remaining static • Forecast to remain equivalent to 77% of national average by 2025	18.6%

See Annex 1 for data sources

1 Introduction

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

The Teignbridge Area Profile

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

Introducing Teignbridge

1.3 Teignbridge is ranked the seventh largest district authority area in Devon, covering an area of 681,010m^2. Teignbridge falls between the urban districts of Exeter to the north and Torbay to the south, while to the west is the Dartmoor National Park (the eastern and southern parts of which fall within the administrative area). More than 80% of the administrative area is classified as 'environmentally important'.

A Predominantly Rural Area with Varied Population Density

1.4 Teignbridge's geography is predominantly rural with a varied range of settlements, from rural areas, town and coastal settlements to urban fringe. The largest proportion of the land in Teignbridge is classified as green space, accounting for 622,108m^2, or 91% of its total area.

1.5 Population density varies widely across the district. While the average is 1.9 persons per hectare, this increases to 23.8 within the parish of Teignmouth, followed by 15.1 persons per hectare in Newton Abbot. Some of the least densely populated areas are those within Dartmoor National Park - Widecombe-in-the-Moor, for example, has the largest land area but a population density of just 0.1.

1.6 There are ten parishes in Teignbridge with population levels exceeding 3,000 people (Ashburton, Bovey Tracey, Buckfastleigh, Chudleigh, Dawlish, Exminster, Kingskerswell, Kinsteignton, Newton Abbot and Teignmouth). Newton Abbot is the largest of these, followed by the coastal areas of Teignmouth and Dawlish:

- **Newton Abbot**: With a population of 25,442, Newton Abbot is the largest settlement in the district. Newton Abbot is an important sub-regional centre, with a strategic position on the main railway line to London, Penzance and the North as well as excellent trunk roads and motorway connections which are set to improve further with the South Devon Link road (due for completion in December 2015). Newton Abbot is often referred to as 'the Gateway to Moor and Sea' due to its proximity to Dartmoor National Park and the coastal resorts of Torquay. It is also home to the new University Technical College, which is expected to open in 2015.

- **Teignmouth**: The coastal town of Teignmouth is the next largest conurbation, with a population of 15,284, and is primarily a residential town, which also caters for day trips. The western edge of Teignmouth has undergone recent development, exemplified by a 20,472 square foot supermarket which opened in 2013, and new mixed use commercial facilities with a total footprint of 1,588 m^2 on the Broadmeadow Industrial Estate which will be available from Autumn 2014.
- **Dawlish**: The seaside town of Dawlish, located just along the coast from Teignmouth, is the third largest of Teignbridge's towns, with a population of 13,645. It has a greater focus on the provision of visitor accommodation than Teignmouth, particularly touring and holiday parks concentrated in Dawlish Warren on the edge of the exe estuary. The town centre has benefitted from a recent £1.5 million regeneration scheme which includes the widening and repaving of footpaths, and raising crossing points to increase pedestrian safety.
- The Kenn Valley ward in Teignbridge, which covers the Exminster and Kennford area, is designated as part of the Exeter and East Devon Growth Point – a public and private partnership to support economic growth over the next 20 years. The overall development programme will result in additional homes and the diversification of the employment base, as well as new homes and the creation of new communities.

A Well Connected District with a Large Commuter Population

1.7 Teignbridge is relatively well connected. The M5 Motorway, which starts at the northern edge of the district boundary, provides good linkages to the wider South West (including Taunton and Bristol). Two A-roads provide routes from the district to Plymouth (A38) and Torquay (A380), with the latter currently undergoing major improvements which are due for completion in December 2015. The main London to Penzance railway line and Torbay branch runs through the district and trains to many parts of the country are accessible from Newton Abbot Station - however the vulnerability of this line has been highlighted in the storms of early 2014.

1.8 Within Teignbridge as a whole, more workers commute out of the district than into it. According to the 2011 Annual Population Survey, 20,111 residents commuted out of the district to work, predominantly to Exeter, Torbay and Plymouth, while 12,317 people commuted into the district to work, providing a net out flow of 7,794.

Report Structure

1.9 The remainder of the report is structured as follows:

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

2 The Teignbridge Labour Market

Key Messages

Teignbridge has the second largest population of the Devon districts, accommodated in both urban and rural settlements. The population profile mirrors that of the county as a whole, being home to a small working age population and large population aged 65 and over when compared to national averages.

Employment levels in the district are high – the third highest rate reported in Devon – whilst unemployment is approximately half the national average and inactivity levels remain below both the Devon and national averages. The proportion of working age residents qualified to each skills level is however below county averages and the proportion qualified to NVQ Level 4 and above is the second lowest at district level.

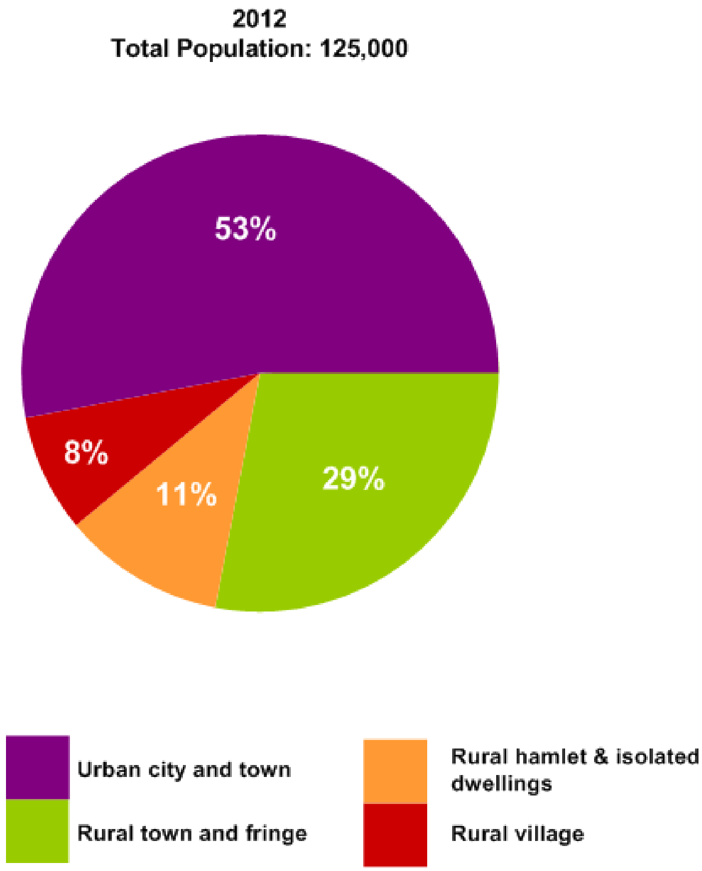
Teignbridge's performance against each of the key indicators covered in this chapter is summarised in the table below.

	Indicator	Teignbridge	Devon	England	Performance against national average
Employment Rate Source: Annual Population Survey, Mid-year Population Estimates	% of working age population	**77.7%**	**75.9%**	**71.4%**	
Unemployment Rate Source: Annual Population Survey, Mid-year Population Estimates	% of economically active popualtion	**4%**	**4.5%**	**7.9%**	
Inactivity Rate Source: Annual Population Survey, Mid-year Population Estimates	% of working age population	**19.1%**	**21%**	**22.4%**	
NVQ L2+ Source: Annual Population Survey, Mid-year Population Estimates	% of working age population	**72.5%**	**77.3%**	**71.8%**	
NVQL4+ Source: Annual Population Survey, Mid-year Population Estimates	% of working age population	**26.6%**	**34.9%**	**34.2%**	

Population

2.1 Teignbridge has the second largest population of all the local authorities in Devon, with 125,000 residents in 2012; 17% of Devon's total population. Mirroring the profile of Devon, Teignbridge has a mixed urban/rural population with 53% of its residents living in urban areas, whilst 47% live in rural areas. There are a range of rural settlements, ranging from rural towns and fringe (29%), villages (8%) and hamlets and isolated dwellings (11%).

Urban-Rural Population Split



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

Age Profile

2.2 Teignbridge has a relatively small working age population (59%) when compared to the national average (64%). The district also a high proportion of residents aged 65 and over, accounting for almost a quarter of all residents compared to just 17% nationally. In both cases the representation in Teignbridge mirrors trends across Devon.

Age Profile of the Population 2012				
	No.	**%**	**Devon (%)**	**England (%)**
Under 16s	20,400	16	16	19
Age 16-64	74,100	59	60	64
Over 65+	30,500	24	23	17
Source: Mid Year Population Survey				

Economic Activity

2.3 The latest data from the Annual Population Survey[1] highlights the high employment rate in Teignbridge and the relatively low rate of inactivity amongst the working age population. The data evidences that nearly 56,000 people in Teignbridge are employed; a rate of 78% compared to the national average of 71%, and the third highest employment rate of all Devon's districts. The relatively high self employment rate in the district, (16.6% compared to the national average of 13.7%) may influence this. The unemployment rate in the area is half the national average of 8%.

2.4 The inactivity rate for the district is below the average rate of the county and nationally. The main reasons for economic inactivity in Teignbridge are long term sickness (30%), being a student (27%), looking after family/home (24%), or retirement (15%).

[1] Data covers period October 2012 to September 2012.

Profile of the Working Age Population 2012/13				
	No.	**%**	**Devon (%)**	**England (%)**
Employment rate	55,900	77.7	75.9	71.4
Unemployment rate	2,300	4.0	4.3	7.9
Inactivity rate	13,800	19.1	21.0	22.4
Source: Annual Population Survey				

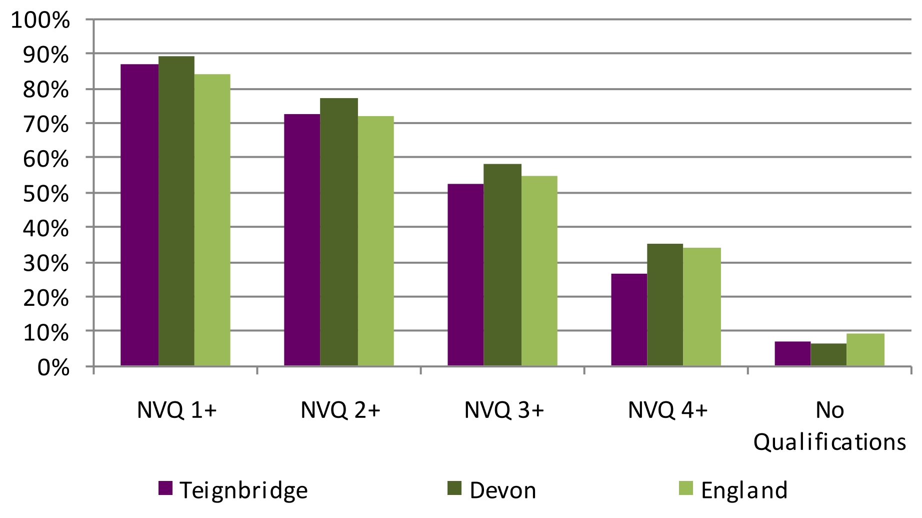
Skills

2.5 The working age residents of Teignbridge hold fewer qualifications than the average profile across Devon. The district performs in line with the national average for the proportion of residents qualified to Level 1+ and 2+, however it fall below the national average for other qualifications. When compared to county averages, the district reports a lower percentage of residents qualified at each level. The gap between the proportion of residents holding qualifications in Teignbridge compared to county wide and nationally widens as the qualification levels increase.

2.6 There are fewer people with no qualifications in Teignbridge (7%) than the national average (10%). However the proportion is higher than that reported across Devon (6%) and Teignbridge has the fifth highest proportion of the eight districts in Devon.

2.7 Teignbridge ranks second lowest (after Torridge) for the proportion of working aged residents qualified to NVQ Level 4+ in Devon. The gap between the proportion of residents holding this qualification is eight percentage points below the county average and seven percentage points against the national average.

Qualifications of the Working Age Population 2012



Source: Annual Population Survey

3 Current Economic Performance

Key Messages

Teignbridge accounts for 14% of employment in Devon – the third highest district contribution – but below the national average. Wholesale and retail is the district's main sector for employment (in common with Devon wide trends) with other significant employment sectors being accommodation and food, health and social work and manufacturing. High contributions to Devon wide employment are also evident in mining and agriculture. Real value added contribution per sector is in line with employment share.

Business density levels are in line with the Devon average. Start up rates are however low (the second lowest at district level) and three year survival rates for businesses established in 2007, 2008 and 2009 remain below the Devon average.

Teignbridge reports the lowest productivity level per full time equivalent employee of the eight districts in Devon. This in part reflects the sectoral structure of employment, with highly represented sectors generating low levels of productivity.

The scale of highly skilled occupations is below the Devon average. In contrast, administrative and skilled trade occupations are over-represented in the Teignbridge economy. Both workplace and residence based earnings in the district are comparable to those reported across Devon.

Teignbridge's performance against each of the key indicators covered in this chapter is summarised in the table below.

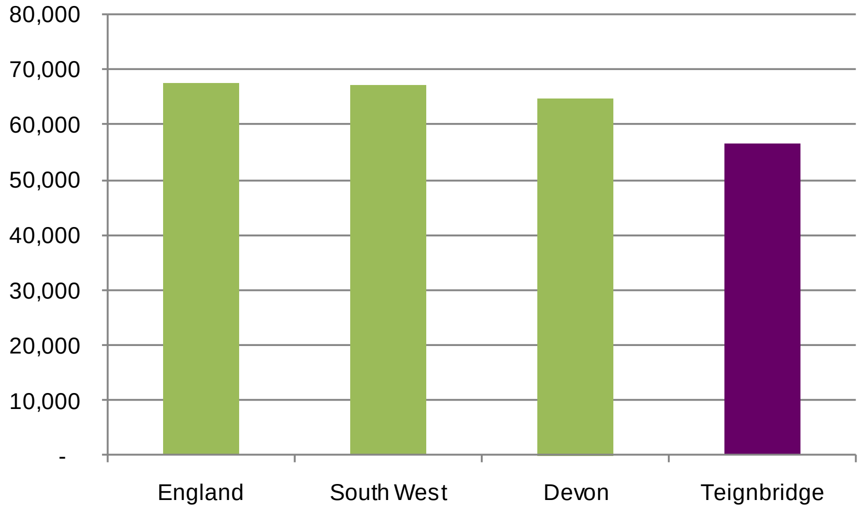
	Indicator	Teignbridge	Devon	England	Performance against national average
Employment density Source: BRES, Mid-year Population Estimates	Employees per 100,000 working age residents	56,723	64,799	67,699	84%
Business density Source: Business Demography, Mid-year Population Estimates	Businesses per 1,000 working age residents	68	67	60	113%
Productivity Source: LEFM	Real Value Added per Employee	£29,412	£31,897	£38,293	77%
Highly Skilled Occupations Source: Annual Population Survey	Top 3 occupational groups as % of all occupations	35%	38%	45%	
Average workplace earnings Source: ASHE	Average Gross Annual Earnings	£23,109	£23,470	£27,376	84%

Employment

3.1 Teignbridge is the third largest district in Devon in employment terms. In 2012, there were 42,000 employees in Teignbridge, accounting for 14% of total employment in the county. This equates to an employment density of 56,723 employees for every 100,000 working age residents, falling short of national, regional and Devon-wide numbers.

3.2 An additional 8,000 jobs would be required to achieve an employment density equivalent to the national figure, an uplift of 14%. Teignbridge ranks third amongst Devon's eight districts in employment density terms.

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



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

3.3 Teignbridge's largest employment sector is wholesale and retail, mirroring the county wide profile and accounting for 21% of employment. A significant employer in this sector is Trago Mills, the discount retailer based in Newton Abbot. Other high employment sectors in both Teignbridge and Devon wide are accommodation and food and health and social work activities, collectively accounting for 23% of employment in Teignbridge. Manufacturing is also a large employment sector, accounting for 10% of employment in the district, including strengths in engineering. Significant local employers include Centrax (producers of turbines), Centek (design of specialist oilfield equipment) and Yeo Valley Organics (dairy production).

3.4 Teignbridge contributes 14% to the total employment level in Devon, however its contribution to nine sectors is much higher. The district accounts for 62% of Devon's mining employment and 28% of its agricultural employment, evidencing particular employment specialisms in these areas. However there are also sectors in which the district contributes less significantly to Devon's employment, for example, financial and insurance activities in Teignbridge only account for 8% of Devon's employment in the sector.

3.5 A location quotient (LQ) provides an indication of how highly represented a sector is within the employment base of a geographic area compared to the national level. A LQ of 1 indicates that employment in the sector is equivalent to the national level, while a sector with an LQ of more than 1 denotes a high level of representation and specialisation. A LQ of less than 1 highlights that a sector is under-represented.

3.6 In 2012, Teignbridge had a location quotient above one in nine of the nineteen main sectors, with particularly high levels of employment in mining, utilities (water), accommodation and food and construction. These are employment specialisms found across many of the districts in Devon and reflect regional strengths in these areas. The dominance of the mining sector reflects a high level of ball clay extraction activities in the area, including through the Newton Abbot based Sibelco UK.

Employment by sector 2012				
Size			Concentration	
Sector*	**No.**	**%**	**Sector***	**LQ**
Wholesale & retail	9,000	21%	Mining	6.66
Health & social work	5,200	12%	Utilities: water	2.25
Accommodation & food	4,500	11%	Accommodation & food	1.59
Manufacturing	4,200	10%	Construction	1.59
Education	3,400	8%	Wholesale & retail	1.33
Construction	3,000	7%	Other services	1.22
Admin & support	2,700	7%	Arts & entertainment	1.19
Prof., scientific and tech.	1,700	4%	Manufacturing	1.18
Public admin	1,600	4%	Real estate	1.04
Transport & storage	1,300	3%	Health & social work	0.96
Arts & entertainment	1,200	3%	Agriculture	0.92
Other services	1,000	2%	Education	0.85
Info. and comms.	800	2%	Public admin	0.80
Real estate	700	2%	Admin & support	0.77
Utilities: water	600	1%	Transport & storage	0.64
Finance and insurance	400	1%	Prof., scientific and tech.	0.51
Mining	400	1%	Info. & comms.	0.46
Agriculture	300	1%	Finance & insurance	0.27
*Utilities: electric and gas excluded because employment=0				
Source: Business Register and Employment Survey				

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

- The high levels of employment in construction are driven by a number of sub-sectors being highly represented (i.e. specialised construction services and construction of buildings) and this includes companies such as Mercury Construction based in Newton Abbot.
- High levels of employment in the accommodation and food and beverage services sector. The coastal location of the district coupled with its presence inside the boundaries of Dartmoor National Park, makes it an attractive visitor destination and therefore this sector has a high employment level to service this demand. In areas such as Dawlish, there is significant visitor accommodation, especially camping and caravan parks.
- There is a particularly high employment specialism in the manufacture of transport equipment sector (LQ 2.99). Key employers in this sector include Teignbridge Propellers and BT Marine Propellers (both based in Newton Abbot), who manufacture and supply boat propeller and stern gear worldwide.
- Employment specialisms in residential care and social work activities can be partially explained by the district's large proportion of retired and elderly residents who require these services and it's attraction as a retirement destination.
- Whilst not highlighted by the data[2], agriculture is also a significant employment sector in Teignbridge and due to large rural areas within the district (particularly as a large proportion of the district lies within the national park boundary) there is significant employment in forestry and fishing. It has been previously reported that agriculture, forestry and fishing account for a large proportion of businesses in Dartmoor National Park (a higher proportion than in any other National Park)[3]. There is also a large livestock market situated in Newton Abbot, demonstrating the livestock sector's prominence in the wider hinterland served by the market.

[2] Due to the methods used to collect employment data, sectors such as agriculture, in which a large proportion of employment is self employment, are often underrepresented.
[3] Valuing England's National Parks – Final report. National Parks England. 2013.

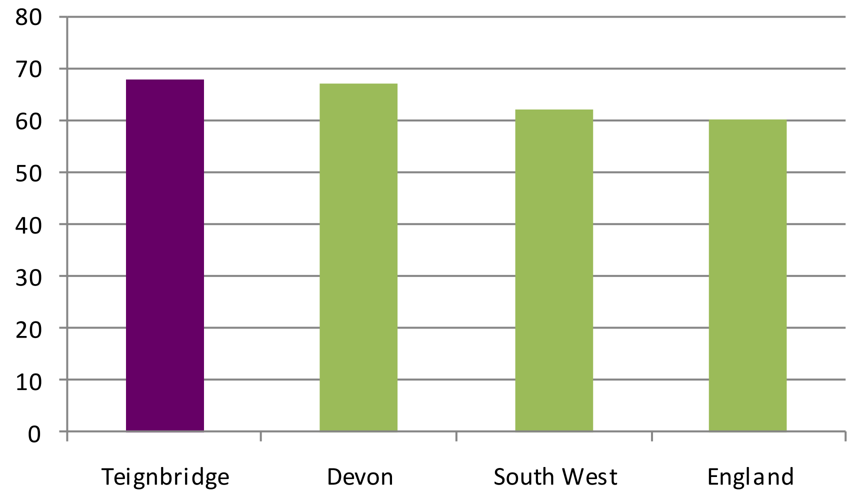
Employment Specialisms 2012		
Sector	**No.**	**LQ**
Manufacture of other transport equipment	600	2.99
Accommodation	1,500	2.57
Specialised construction activities	2,000	1.91
Residential care	1,700	1.61
Retail	6,400	1.50
Sports, amusement & recreation	900	1.46
Other personal service	600	1.37
Food & beverage service	3,000	1.34
Construction of buildings	700	1.34
Social work	1,600	1.23
Source: Business Register and Employment Survey		

3.8 There are a number of sectors in Teignbridge which have an underrepresentation of employment despite being strong growth sectors nationally over recent years. In particular, financial and insurance services, information and communications and professional, scientific and technical activities account for a much smaller proportion of employment in Teignbridge than nationally. This reflects a low employment specialisation in the 'knowledge economy' sectors.

The Business Base

3.9 In 2012, there were 5,000 active businesses in Teignbridge, equating to a business density of 68 businesses per 1,000 working age residents. This is in line with the average business density for Devon, which performs above the regional and national averages (62 and 60 respectively). In comparison to other districts in Devon, Teignbridge ranks fifth in business density terms.

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



Source: Business Demography and mid year population estimates

3.10 High business density levels in Teignbridge result from a well established and reasonably sized business base and despite low start up rates, the area continues to maintain a strong number of businesses relative to the size of the population. The majority of the business base in Teignbridge is comprised of micro businesses employing 0 – 9 people, whilst there are very few large employers in the area.

3.11 Teignbridge's business start up rate lags behind the county, regional and national averages. In 2012, 405 businesses were created in Teignbridge, equating to a start up rate of 8%, compared to the national average of 11.6%. This level is particularly low for Devon and ranks second to lowest of the districts in the county. An additional 179 businesses (a 44% uplift on the 2012 level) would be required to close the gap with the national rate.

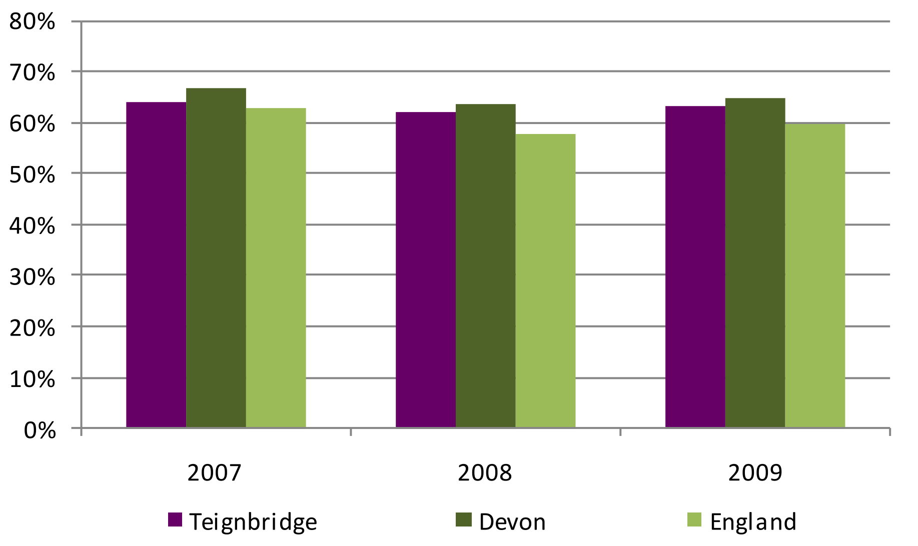
Business Start Up Rate 2012 – Births as % of Active Businesses

Source: Business Demography

3.12 In terms of survival rates, 63% of businesses created in 2009 in Teignbridge have survived for three years. The district has performed slightly below the county average but slightly above the national average in this respect.

3.13 The survival rate in Teignbridge has maintained relatively static over time, despite tough economic conditions during this time period, further evidencing the well established business base in the area. There has been a larger variation witnessed in survival rates at the county and national levels. This suggests that businesses in Teignbridge have, on the whole, withstood economic pressure more effectively than those nationally.

Three Year Business Survival Rates by Business Birth Year



Source: Business Demography

Real Value Added

3.14 Value added is typically used to provide a measure of an area or sector's economic contribution. It can be measured in gross or real terms, with the latter eliminating the effects of inflation and basing the value of output on the prices of a fixed year[4].

3.15 While data is not available at the district level through the Regional Accounts produced by the Office for National Statistics (ONS)[5], estimates produced by the Cambridge Econometrics' Local Economic Forecasting Model provide an indication of district level performance. This section draws upon the model's 2012 data to ensure consistency with the employment and business data. Of note, the sector definitions in the model vary from those used in standard datasets.

3.16 The model estimates that Teignbridge generated £1,650m of real added value in 2012, accounting for 14% of total added value in Devon. This is in line with the contribution Teignbridge makes to total employment levels in Devon.

Productivity

3.17 For the purpose of this report, productivity is measured as the level of real value added generated per employee. As with many parts of the South West, productivity has been a long term challenge for the Devon economy. This is also the case in Teignbridge, where £29,400 of added value was generated per employee in 2012, equivalent to just 77% of the national average. Teignbridge has the lowest levels of productivity in terms of RVA per FTE of the eight Devon districts.

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

- Sector performance: In 2012, the productivity levels of 11 sectors in Teignbridge were below the national average. The extent of the disparity varied significantly by sector, ranging from the productivity of the mining and quarrying sector being equivalent to just 47% of the national average, whilst other services reached 96%. The relative productivity levels of the finance and business and information and communications sectors were also particularly low.

- Sector mix: Several of the sectors which are highly represented in Teignbridge in employment terms typically generate lower levels of value added, including distribution and hotels and accommodation and food. In 2012, the productivity levels of each of these sectors were below the county wide average. In contrast, sectors with higher levels of productivity, particularly information and communications, continue to be underrepresented in Devon in employment terms.

[4] In the case of the LEFM, data on real value added is based on 2009 prices

[5] This smallest geography for which this is available is NUTS3 (i.e. Devon)

Productivity By Sector (value added per employee) 2012			
Sector	**£**	**Sector**	**% of UK**
Utilities	79,833	Public sector	104%
Info & Comms.	43,500	Other services	96%
Mining	42,125	Accommodation & food	92%
Manufacturing	40,292	South West sector average	88%
Construction	36,679	Distribution & hotels	86%
South West sector average	33,828	Agriculture	86%
Public Sector	32,194	Construction	84%
Devon sector average	31,897	Devon sector average	83%
Teignbridge sector average	29,412	Transport & storage	78%
Business & finance	29,080	Teignbridge sector average	77%
Transport & storage	28,667	Manufacturing	77%
Distribution & hotels	25,557	Utilities	72%
Other services	25,103	Info & Comms.	67%
Accommodation & food	16,830	Business & finance	60%
Agriculture	14,923	Mining	47%
Source: Cambridge Econometrics LEFM			

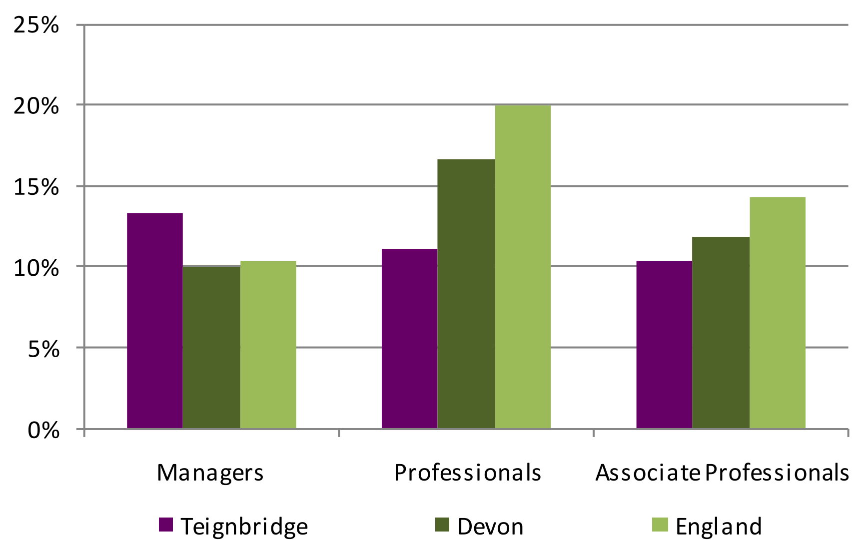
Occupational Profile

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

3.20 The number of highly skilled occupations in Teignbridge was estimated at 18,100 in 2013, accounting for 35% of all occupations, compared to 38% in Devon and 45% nationally. In comparison to other districts in Devon, this is a median performance, with some districts such as South Hams having a lower proportion (26%) whilst others, such as Exeter outperform the national average (46%).

3.21 The underperformance on this indicator is driven by low levels of associate professional and particularly professional occupations. However, Teignbridge outperforms the county and national averages for the percentage of employment in managerial positions.

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

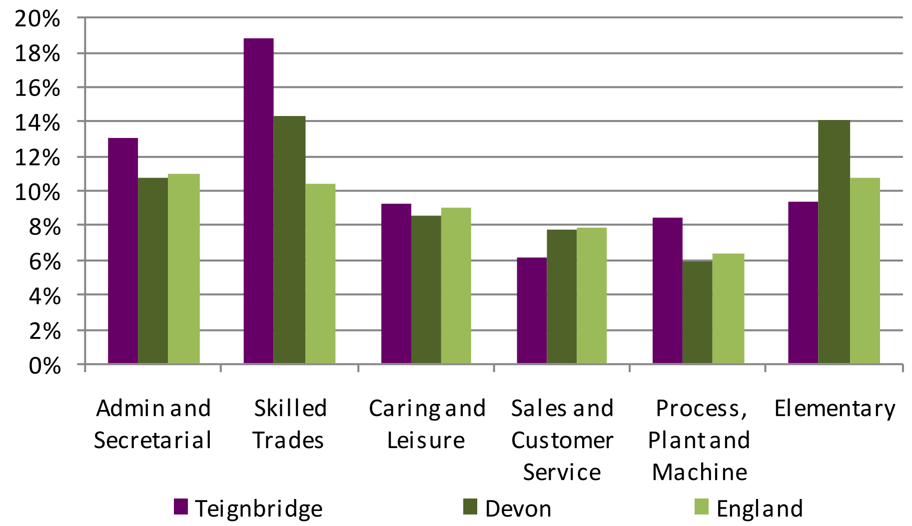


Source: Annual Population Survey

3.22 The remaining occupational profile follows broadly similar trends to the profile of Devon and England. However, certain occupations such as administrative and skilled trades are overrepresented in the district, together accounting for 32% of employment, compared to 21% nationally. These sectors are overrepresented against the national average in many of the districts across Devon, and in Teignbridge, will in part reflect specialisms in manufacturing.

3.23 Conversely, other occupations are underrepresented when compared to the county and national averages. For example, elementary and sales and customer service occupations, both individually account for two percentage points less employment in Teignbridge than the national average.

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



Source: Annual Population Survey

Average Earnings

3.24 The average annual earnings for those who work in Teignbridge and those who live there are very similar. Whilst the workplace based earnings are slightly lower, this difference is much less significant than that found in many districts in Devon.

3.25 The average wages, both between £23,000 - £24,000 per year, are similar to the county average and as with all the districts in the area, are below the national averages.

Average Gross Annual Earnings 2013			
	Teignbridge	% of Devon	% England
Workplace based	23,109	98%	84%
Resident based	23,903	101%	87%
Source: Annual Survey of Hours and Earnings			

3.26 There is significant out-commuting from Teignbridge, an estimated 40% of which is to nearby Exeter. This is a common characteristic of a district that has many coastal and seaside towns and good connections to nearby larger districts by rail or road, particularly Exeter.

4 Economic Forecasts

Key Messages

Teignbridge is forecast to experience the third highest net employment increase of the Devon districts between 2013 and 2025. With the addition of 4,600 jobs, the rate of increase forecast to be slightly higher than both regional and national averages. This trend is also forecast to be mirrored in real value added growth. The construction sector is forecast to drive employment growth, while real value added growth is forecast to be greatest in the business and finance sector.

Productivity growth is not however forecast to keep pace with national levels. Teignbridge is one of three districts in Devon where relative productivity is forecast to remain static at 77% of the national average and will be the district generating the lowest level of value added per employee in 2025. Sector forecasts suggest that the productivity gap will reduce in seven sectors (mainly those accounting for low levels of employment), increase in two and remain static in three.

Teignbridge's performance against each of the key indicators covered in this chapter is summarised in the table below.

Teignbridge	Change 2013 - 2020	Change 2020 - 2025	Overall Change 2013 - 2025	UK Comparison 2013 - 2025
Employment Source: LEFM	4.8%	3.2%	8.2%	6.9%
Real Value Added Source: LEFM	15.7%	11%	28.4%	27%
Productivity Source: LEFM	10.3%	7.5%	18.6%	18.9%

The Local Economic Forecasting Model

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

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

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

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

The Outlook for the UK and Devon

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

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

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

Employment

4.8 Between 2013 and 2025, employment in Teignbridge is forecast to increase by 8%, creating an additional 4,600 jobs. This is the third highest net increase forecast across Devon's districts, and the fifth highest proportionate increase.

4.9 Employment growth is expected to be slightly higher than the regional and national average of 7% (a common trend across all districts) as a result of higher levels of growth in the earlier part of the forecast period (i.e. between 2013 and 2020).

Employment Change 2013 - 2025							
	Employment			Net Change		% Change	
Area	2013	2020	2025	2013-2020	2020-2025	2013-2020	2020-2025
Teignbridge	55,800	58,500	60,400	2,700	1,900	5%	3%
Devon	375,400	394,100	408,600	18,700	14,500	5%	4%
SW	279,570,0	290,040,0	298,770,0	104,700	87,300	4%	3%
UK	323,322,00	335,036,00	345,659,00	117,140,0	106,230,0	4%	3%
Source: Cambridge Econometrics LEFM							

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

Real Value Added

4.11 Mirroring employment trends, the increase in real value added in Teignbridge (28%) is forecast to slightly exceed the regional and national average (27%) between 2013 and 2025. This is expected to result in an additional £469m of real value added per annum by 2025 – the third highest net value added uplift of the county's districts, and the sixth highest proportionate increase.

Real Added Value 2013 - 2025							
	Real Value Added (£m)			Net Change		% Change	
Area	2013	2020	2025	2013-2020	2020-2025	2013-2020	2020-2025
Teignbridge	1,651.9	1,911	2121.1	259.1	210.1	16%	11%
Devon	12,004.8	13,789.4	15,307.6	1,784.6	1,518.2	15%	11%
SW	9,4861.4	108,671.8	120,450.7	13,810.4	11,778.9	15%	11%
UK	1,238,540	1,417,753	1,573,965	179,213.2	156,211.9	14%	11%
Source: Cambridge Econometrics LEFM							

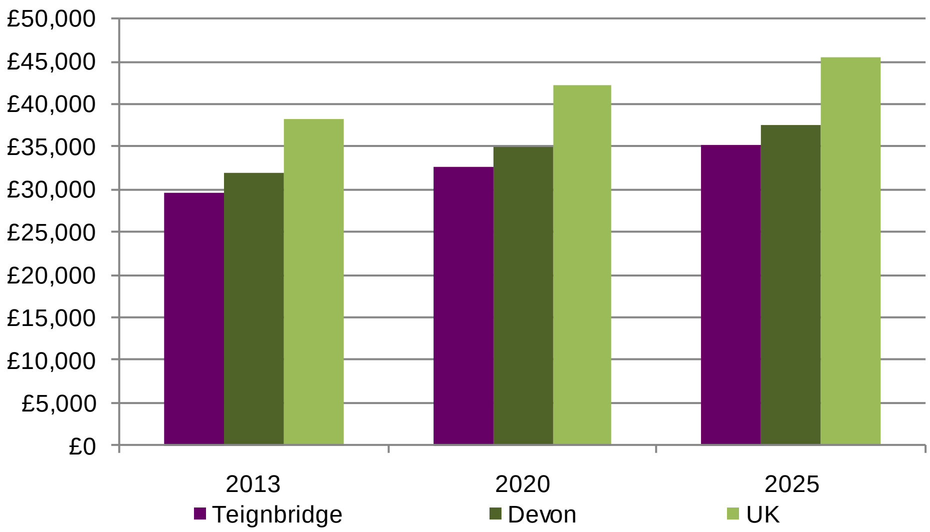
4.12 Again, the increase is expected to exceed the regional and national average in the earlier part of the forecast period and Teignbridge's share of real value added in Devon is expected to remain static between 2013 and 2025.

Productivity

4.13 Devon's long term challenge of productivity is evident within each of the districts and this is forecast to continue between 2013 and 2025. While productivity is forecast to rise across all districts and reach £35,118 of value added generated per employee in Teignbridge by 2025, performance against the national average is forecast to be less positive.

4.14 Teignbridge is one of three districts where the relative productivity position is forecast to remain static. As such it is expected that by 2025, productivity levels will continue to be just 77% of the national average, with the district generating the lowest level of value added per employee in Devon.

Productivity levels 2013 – 2025 (value added per employee)



Source: Cambridge Econometrics LEFM

Sectors – Forecast Absolute Growth

4.15 The majority of sectors in Teignbridge are forecast to grow in both employment and real value added terms between 2013 and 2025, with the exception of mining, agriculture and manufacturing which are expected to experience employment decline.

4.16 Construction is projected to drive employment growth, accounting for 35% of additional jobs. The forecast net increase of 1,600 jobs is expected to be more than double the increase of any other sector. In comparison, the real value added forecasts are based upon more balanced growth across a number of sectors, including significant increases within business and finance and the public sector.

Net Change 2012 - 2025 – Ranked by Greatest Level of Change							
Employment				Real Value Added (£m)			
Sector	2013-2020	2020-2025	2013 - 2025	Sector	2013-2020	2020-2025	2013 - 2025
Construction	1,100	500	1,600	Business & finance	56.6	52.8	109.4
Accommodation & food	300	400	700	Construction	56.3	30.5	86.8
Business & finance	400	300	700	Public sector	29.5	35.1	64.6
Distribution & hospitality	300	300	600	Distribution & hospitality	29.5	21.5	51
Other services	300	200	500	Manufacturing	29.2	19.5	48.7
Public sector	100	300	400	Info. & comms.	17.3	12.6	29.9
Info. & comms.	200	100	300	Other services	14.6	11.1	25.7
Utilities	100	0	100	Accommodation & food	13.3	10.9	24.2
Transport & storage	100	0	100	Transport & storage	5.7	5.2	10.9
Mining	0	-100	-100	Agriculture	4.4	6	10.4
Agriculture	-100	-100	-200	Utilities	3.4	3.1	6.5
Manufacturing	-100	-100	-200	Mining	-1.1	2.1	1
Source: Cambridge Econometrics LEFM							

4.17 Other key points to note include:

- **The role which sectors play in driving growth will vary:** There are a number of key differences between the sectors which will drive job creation and those which will make a greater contribution in value added terms, reflecting varying productivity levels. In particular, accommodation and food will be a key employment creation sector but will generate low levels of value added growth, while the public sector will make a more significant contribution to value added growth than employment growth. The manufacturing, agriculture and mining sectors will also make a contribution to real value added growth despite employment decline.
- **The timing of growth is expected to vary:** Over two thirds of the forecast increase in construction employment is expected to occur between 2013 and 2020 with much lower levels of growth forecast between 2020 and 2025, while growth in the public sector is forecast to be higher in the later period. However, employment growth in the other sectors is expected to be more balanced across both periods. The timings of real value added growth are also expected to vary, reflecting the employment trends and also the forecast timing of productivity improvements.

Sectors – Forecast Growth Rates

4.18 The slightly higher than average levels of employment growth forecast for Teignbridge are driven by the growth in four sectors (information and communications, other services, utilities and particularly construction), exceeding the national average and compensating for lower levels of growth in other sectors. The decline in manufacturing employment is also forecast to be lower in Teignbridge than the national average.

4.19 While patterns in real value added are similar, the sectors which are forecast to exceed national growth levels vary slightly. As with employment, information and communications, utilities and other services are expected to perform strongly, as is manufacturing. However, despite high levels of employment growth, the real value added growth in construction is forecast to lag behind national levels of growth. This reflects the differences in the relative productivity levels of each sector.

Growth Rates 2013-2025 – ranked by fastest growing					
Employment			Real Value Added		
Sector	**Teignbridge**	**UK**	**Sector**	**Teignbridge**	**UK**
Construction	31%	19%	Info. & comms.	63%	53%
Info & comms	25%	17%	Business & finance	49%	51%
Other services	17%	9%	Construction	46%	52%
Utilities	17%	13%	Other services	35%	29%
Accommodation & food	14%	16%	Accommodation & food	28%	28%
Business & finance	9%	12%	Manufacturing	25%	23%
Distribution & hotels	6%	3%	Transport & storage	20%	29%
Transport & storage	6%	9%	Distribution & hospitality	20%	19%
Public sector	3%	4%	Agriculture	17%	17%
Manufacturing	-4%	-11%	Public sector	16%	14%
Agriculture	-6%	-5%	Utilities	14%	9%
Mining	-14%	-7%	Mining	4%	5%
Source: Cambridge Econometrics LEFM					

Sectoral Productivity

4.20 While productivity levels are expected to increase across all but one of Teignbridge's sectors (utilities) between 2013 and 2025, the change in the relative position of each sector against the UK will vary. Specifically the productivity gap is forecast to:

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

4.21 The improvements compensate for the deterioration of performance in other sectors, resulting in Teignbridge's total productivity levels being forecast to remain static. The public sector is forecast to be the only sector which out-performs the national average by 2025, although the sector's relative performance is forecast to reduce by two percentage points.

Productivity By Sector						
	2013		2020		2025	
Area	**£**	**% UK**	**£**	**% UK**	**£**	**% UK**
Utilities	£79,333	72%	£72,857	68%	£77,286	73%
Manufacturing	£40,313	77%	£47,383	75%	£52,652	74%
Info. & comms.	£39,500	64%	£46,214	66%	£51,533	66%
Mining	£38,286	48%	£36,714	45%	£46,333	49%
Construction	£36,115	84%	£38,746	85%	£40,382	84%
South West	£33,931	89%	£37,468	89%	£40,316	89%
Business & finance	£28,779	59%	£34,346	63%	£39,405	66%
Public sector	£31,888	104%	£33,976	103%	£35,907	102%
Teignbridge Total	£29,604	77%	£32,667	77%	£35,118	77%
Transport & storage	£29,722	79%	£31,158	77%	£33,895	81%
Distribution, hospitality	£25,737	86%	£27,873	87%	£29,124	86%
Other services	£25,276	96%	£27,469	97%	£29,118	97%
Agriculture	£17,371	86%	£19,176	88%	£21,576	90%
Accommodation & food	£17,280	92%	£18,811	92%	£19,404	92%
Source: Cambridge Econometrics LEFM						

Sectoral Profile

4.22 Overall, despite the changes outlined above, the sector profile of the Teignbridge economy is forecast to remain largely unchanged in both employment and real value added terms. The contribution of the construction sector will slightly increase in employment terms, while the share of the public sector, manufacturing and agriculture will decrease. In terms of real value added, the contribution of both construction and finance and business is expected to increase while the share of the public sector and distribution and hotels is forecast to decrease slightly.

5 Key Messages and Implications

Key Strengths

An Attractive Natural Environment Supporting the Visitor Economy

5.1 Teignbridge's diverse natural environments, including coastal towns and National Park, offer a strong attraction for visitors as well as residents. The visitor economy is underpinned by a large accommodation and food sector and sub-sector specialisms in sports, amusement and recreation and retail. A need for continual investment to maintain visitor appeal is important in many tourist areas with ongoing investments in road infrastructure and recent investments in Dawlish town centre being important steps to retain advantage in a competitive marketplace and support growth forecast in the accommodation and food and distribution and hospitality sectors.

High Levels of Working Age Residents in Employment

5.2 Employment levels amongst Teignbridge residents are amongst the highest in Devon and exceed the national average. This is in part supported by the area's strong connections to large employment centres, including Exeter and Plymouth (as considered further under challenges). The scale of unemployment in the area is limited, standing at 4% - half the national average – and inactivity rates are below both the Devon and national average. Residents therefore make a strong economic contribution to the county's performance and the dependent population is smaller than average.

A Large Business Base, supported by High Levels of Enterprise

5.3 Micro businesses form the core of the business base, contributing to a business density level above the regional and national average. The business base is supported by relatively high levels of self employment, suggesting a strong entrepreneurial culture. The dominance of small employers means that the economy should be less vulnerable to the impact of business closures which can be severe in areas with high dependence on single employers. However, an overdependence on construction businesses in Teignbridge is a weakness affecting the district. Given the business structure, it is important to consider how small businesses (including those run by a sole trader) can be supported to grow their operations and create new employment opportunities.

Key Challenges

A Shortage of Employment Sites and Development Constraints

5.4 The attractiveness of the natural environment is a significant asset, however it also presents a potential constraint to growth. Securing high levels of new employment through both existing and incoming businesses requires their accommodation needs to be satisfied. At present there is a shortage of high quality employment sites available for development and existing premises for businesses to occupy. New development in this location may however be subject to restrictions due a variety of factors, including environmental designations, mineral rights and objections from local residents. Ensuring an appropriate supply of sites and premises will be important to support growth, including flexible workhubs and live/work premises.

Reducing Dependence on Surrounding Economies

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

Improving the Resident Skills Base

5.6 At all qualification levels, a lower proportion of Teignbridge's working age residents hold qualifications than the Devon average and the gap increases as the qualification level rises. There is an imperative to upskill the population to ensure residents have the skills required to access and progress in employment. Development of the new University Technical College should support greater alignment of education and training provision, and therefore resident skills, with employer requirements.

Increasing Employment Levels, including in Professional Occupations

5.7 Although Teignbridge has the third highest employment level in Devon, its employment density is below the level expected for a district of its size. It also has below average levels of highly skilled occupations, with a particular gap in the number of professional occupations. This position contributes to the requirement for residents to commute, placing pressures on the transport network. Growing the local employment base, including through the forecasts presented in this profile, will help to increase the number and range of employment opportunities available to residents and reduce the need for out-commuting.

An Over-reliance on the Construction Sector for Growth

5.8 Forecasts suggest that the construction sector will drive employment growth in Teignbridge. An additional 1,600 jobs are forecast to be created in the sector, accounting for 35% of forecast growth and more than double the number forecast in any other sector. Any restrictions to the growth of the construction sector (e.g. constraints on labour supply, slower rate of economic recovery than expected) would have a considerable impact on the Teignbridge economy. Ensuring the local economy does not become overly dependent on a single sector for growth should be prioritised.

Closing the Productivity Gap

5.9 In 2012, Teignbridge recorded the lowest productivity of the eight Devon districts; equivalent to just 77% of the national average. All but one sector (public sector) currently perform below the UK average demonstrating the breadth of the challenge. Forecasts suggest that overall productivity levels relative to the UK average will remain static, despite forecasts suggesting that the gap will reduce in seven sectors. Steps to increase the area's productivity performance should include focusing on target sectors for expansion and supporting employers to increase the productivity of their workforce.

Annex 1: Summary Table Data Sources

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