

## IN BRIEF: Devon's workforce becoming increasingly well qualified

- Patterns of global growth are changing as emerging market economies slow
- OBR has revised down UK growth forecasts for 2015 following a slow start to the year
- The proportion of Devon's workforce qualified to degree level is high, growing and in line with the national average. However, Devon still lags behind in terms of productivity
- Onshore renewable energy contributes £300m to the South West economy
- Teignmouth has secured £1m to revitalise Gales Hill quayside, a welcome boost for the marine industry

## Global & UK Economy



**Growth in emerging market economies is slowing**



**Growth in the developed markets is buoyed by low oil prices, and low interest rates**



**Risks remain in the Euro Area**



**UK growth forecasts revised down for 2015**



**Forecasts for public sector deficit reduced following higher tax receipts and Government spending cuts**

### Global trends and outlook

Source: OECD 2015 Economic Outlook June 2015

The OECD's 2015 Economic Outlook points to strengthening annual global growth throughout the course of 2015 (3.1%) and 2016 (3.8%). It will however, remain modest relative to pre-crisis trend rates.

Patterns of global growth are also changing. Growth in emerging market economies is slowing due to specific factors in China, Brazil and Russia. In China, growth is expected to edge downwards as the restructuring of its economy continues, with a shift to a service based economy.

The developed economies are still very much buoyed by monetary policy stimulus, low oil prices and, currency depreciation in some, but not all currencies. In the US, despite a weak start to 2015, economic growth has recovered on the back of lower energy prices and ongoing increases in household wealth. In the Euro-area risks remain high with the ongoing Greek Debt Crisis, however growth is expected to pick up, increasing by 1.4% in 2015 and 2.1% in 2016. This is supported largely by currency depreciation.



### UK trends and outlook

Source: OBR (Summer 2015 Economic & Fiscal Outlook ; ONS Labour Market September Release

The OBR published a comprehensive set of forecasts alongside the Summer Budget 2015. Forecasts for real UK GDP growth were revised down to 2.4% in 2015, following weaker than expected growth in Q1 2015.

While private consumption remained strong, weaker net trade than expected contributed to this fall. Reflecting recent labour market trends, employment increased by 42K on the quarter in Q2 2015, equivalent to 73.5% of the working age population. Over the same period however, unemployment also rose, breaking the previous downward trend: it increased by 10K, equivalent to 5.5% of the working age population. While productivity growth remained depressed, growing just 0.1% in Q1 2015, the OBR expects an underlying improvement in productivity growth between 2015 and 2020.

Estimates of the public sector deficit (i.e. spending less tax receipts and debt interest payments), were revised down by £1bn to £89.2bn in 2014/15. Forecasts of the public sector deficit were £69.5bn for 2015/16, lower than expected in March 2015. This reflected higher tax receipts and spending cuts made by government departments.



# Devon Economic Bulletin

## Devon at a glance: Economic & Labour Market trends



*Devon's productivity growth, although rising, is still adrift of the national economy*



*The labour market remains strong in Devon*



*The percentage of Devon's 16-64 year olds who are highly qualified is rising, and above the national average.*



*The youth unemployment rate rose marginally in the year to March 2015, despite falling in England as a whole*



*Growth in the number of Medium Sized businesses in Devon is rising faster than the national average*

### Economy

Source: Cambridge Econometrics LEFM (2010 Prices), 2014

Devon's productivity is estimated to have grown to **£34,600** in 2014 on a GVA per full time job basis. This is low compared to England as a whole (£43k/job) and "England less London" (£39k/job). Since 2000, Devon's productivity has grown at a slower rate than for England as a whole (and "England less London"), widening the productivity gap with the rest of the country.

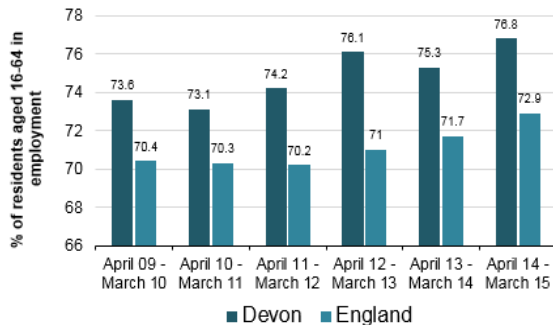


The graph above is indexed to allow growth rate comparisons between Devon and England.

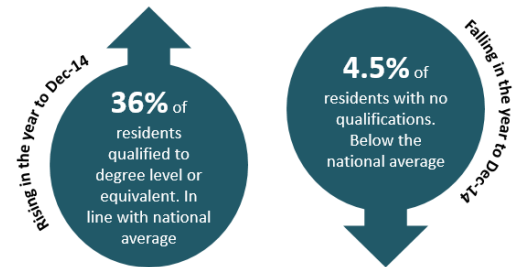
### Employment

Source: ONS Annual Population Survey, March 2015

The employment rate in Devon remains high, growing to **76.8%** of people aged 16-64 in the year to March 2015. **Between 2009 and 2015, the employment rate has grown faster in Devon than nationally.**



Devon has a well qualified workforce. **The proportion of people aged 16-64 qualified to degree level is high, rising and in line with the national average.**



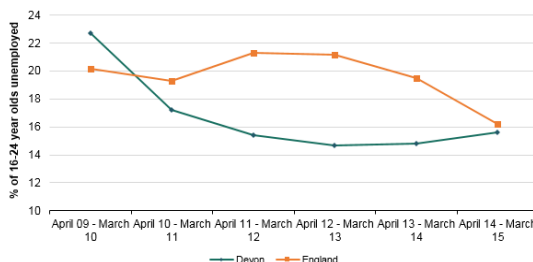
**The public sector is accounting for a growing share of total employment in Devon, rising to 26.4% in the year to March 2015. For England as a whole it fell to 21.8% of employment.**

### Unemployment

Source: ONS Annual Population Survey, March 2015

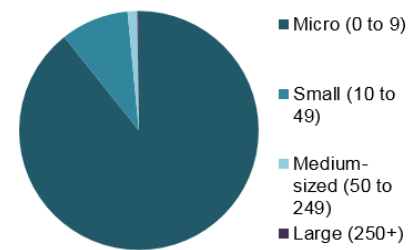
Devon's unemployment rate (% of 16-64 year olds unemployed), fell to its joint lowest rate in 6 years in the year to March 2015. At **4%** this is substantially below the equivalent rate for England as whole (6%).

The youth unemployment rate in Devon rose in the year to March 2015, after substantial falls between 2009 and 2012.



### Business demography

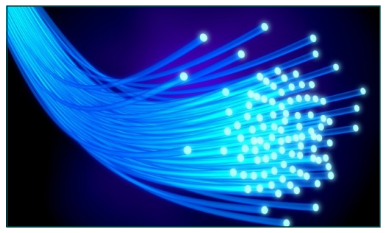
Devon has a high prevalence of micro enterprises: **89.3%** of businesses employ 0 to 9 people which is above the national average (88.29%).



**The number of medium sized businesses, employing 50-249 people in Devon increased by 20% between 2010 and 2014. The equivalent national figure is just 13%.**



**Superfast fibre broadband to be installed at 20 business parks across Devon and Somerset**



### Business parks to receive Superfast Broadband across Devon & Somerset

Connecting Devon and Somerset (CDS) announced major plans to make superfast fibre broadband available to 20 more business parks across the two counties. It will support a further 1,000 businesses with access to speeds of up to 80Mbps by the end of 2016. In Devon, locations include Marsh Barton in Exeter, Milber Trading Estate in Newton Abbot, Cockington in Torquay and Yalberton in Paignton.

Connecting Devon and Somerset is one of the largest single superfast broadband programmes in England; it makes an important contribution to the Government’s national targets for broadband rollout. Together with BT, CDS has already made fibre broadband available to more than 1.9 million households and businesses in the South West.



**Devon has more installed wind capacity than any other local authority in the South West of England**

### Onshore wind farms add £300m boost to South West economy



A report by Renewables UK estimates that onshore wind farms currently installed in the South West will contribute £300m to the economy over their lifetime. The figure includes the contribution of major developers, legal firms, consultancies and manufacturers involved in the industry who are based in the South West.

At 210 megawatts, there is currently enough onshore wind capacity installed in the South West to power over 110,000 homes. Electricity generated and consumed through onshore wind in the region is estimated to reduce carbon emissions by some 204,000 tonnes per annum.

Across the South West, Devon currently generates more electricity from onshore wind than any other local authority in the South West. In 2014 it generated 87 megawatts, the equivalent of 41% of all onshore wind electricity generated in the South West region.



**£1m new investment announced in the quayside at Gales Hill, Teignmouth**

### Major project announced to boost Teignmouth’s Marine Industry

The fishing and leisure industries in Teignmouth were given a boost this summer, as plans were developed to drastically improve the quayside at Gales Hill. After securing funding from Devon County Council and the European Fisheries Fund, Teignmouth District Council has agreed a £1m contract to deliver the new investment. It will see the construction of a new quay at Gales Hill and a replacement of an ageing wooden jetty with a modern pontoon. The construction - due to complete in March 2016 - will make it easier for the public, charter vessels and fisherman to access the quay. The “new look” quayside will boost the livelihoods of local fishermen by greatly enhancing the infrastructure for loading and landing catches. An important part of the town’s heritage, the investment at the quay also hopes to encourage tourism in Teignmouth by providing landing and recreational facilities for passenger boats.



### Devolution in Devon

West Academic Councillors from across Devon and Somerset have agreed on a joint devolution bid to secure greater control over skills, growth and employment in the region. The decision follows a summit of county, unitary and district council chiefs in Exeter.



- Current plans propose an organisation based on the boundaries of the Heart of the South West Local Enterprise Partnership (LEP), with a focus on economic development and job creation.
- Councillors have previously indicated a bid could involve a “double devolution” model, under which the counties and unitary authorities would receive powers from central government and pass them down – where appropriate – to districts.
- There has also been discussion of “soft” boundaries which would enable different parts of the region to reach individual devolution deals, while still collaborating with neighboring authorities.
- The next round of devolution applications are due for submission in September.

### National and local business support programmes

- The South West Academic Health Science Network has joined forces with the leading university business incubator, SETsquared, to form a pioneering new **Health Enterprise Programme**. Launching in spring 2015, the Health Enterprise Programme offers NHS innovators, entrepreneurs and innovative small businesses the opportunity to learn how to build and grow successful businesses from their innovations.
- North Devon+ has announced the first seven businesses to receive awards totaling almost £430,000 under its **Unlocking Business Investment programme**. The £5million scheme is open to businesses across Devon, Plymouth, Somerset and Torbay and provides grants of between £25,000 and £499,000 to businesses looking to expand. The grants can be used to fund capital projects such as purchasing plant machinery and extending existing premises and must be match funded against private and commercial sources.



### Upcoming Events visit <http://www.business-supportsw.com/>

- 22/10/15— Federation of Small Business North Devon Branch AGM and Dinner (Barnstaple)
- 27/10/15—Business and Information Hub, IP essentials workshop (Exeter)
- 03/12/15—Business and Information Hub, LEAN startup workshop (Exeter)

*Devon and Somerset councillors agree joint devolution bid*

*Devon + Unlocking Business Investment Programme offers capital grants for business growth*

*Business support events are available across Devon*