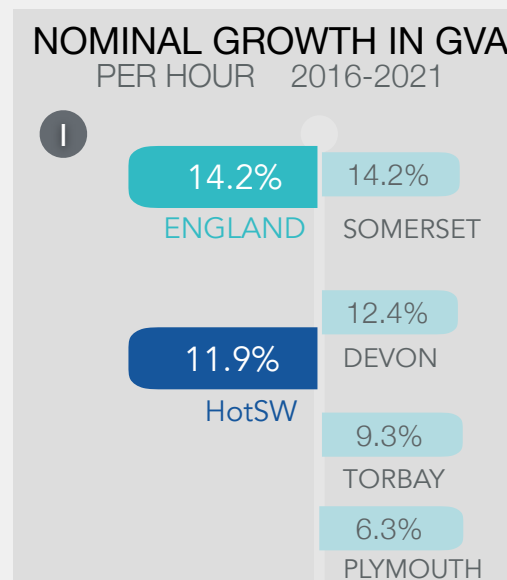
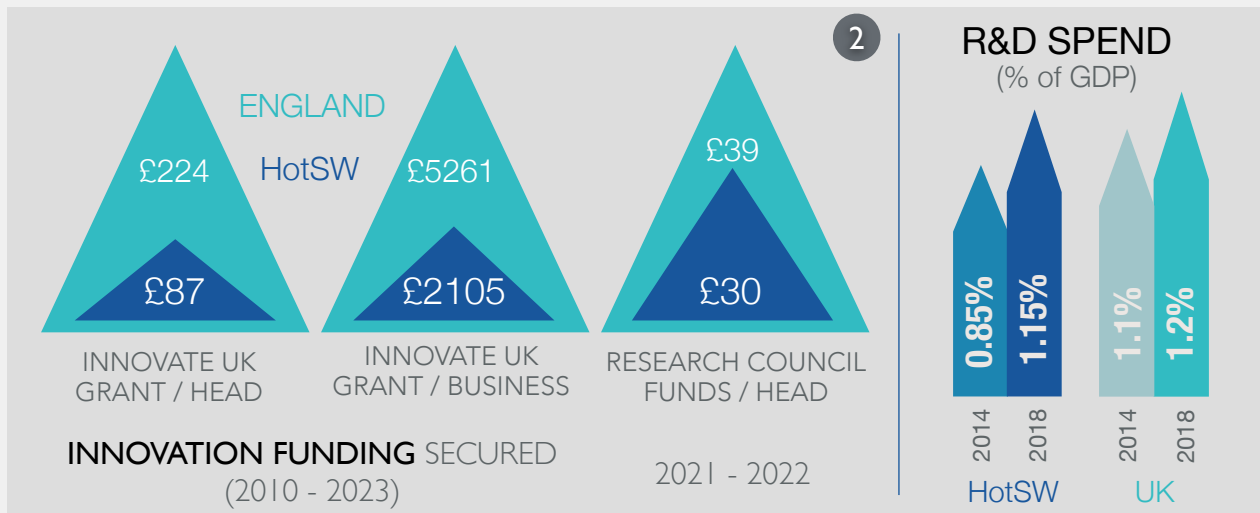


ECONOMIC GROWTH

The HotSW LEP mission statement is: to make our area the place of choice to live, work, learn, visit and invest; we want to achieve sustainable and skilled jobs, improved productivity and economic growth in order to achieve prosperity.

Many of the much discussed structural issues that contribute to weaknesses in HotSW economy remain. Whilst productivity has grown slightly stronger in recent years, its not enough to close the 'productivity

gap'. A notable characteristic remains significant differences in performance across different parts of HotSW, with new data confirming the picture of underperformance in many rural and coastal towns



KEY ISSUES

HotSW local authorities need to maintain focus on these long-standing structural issues, whilst also having flexibility to address the low growth, high inflation outlook for the economy.

PRODUCTIVITY

Whilst there have been some tentative signs of relatively faster growth in HotSW productivity, it is not enough to close the 'productivity gap'

INNOVATION

HotSW secures less innovation-related funding and investment on a proportional basis; and it spends less on R&D

DIGITAL CONNECTIVITY

HotSW has seen a big increase in availability of full fibre broadband. Ultrafast broadband and 4G coverage still lag behind England - particularly in some districts.

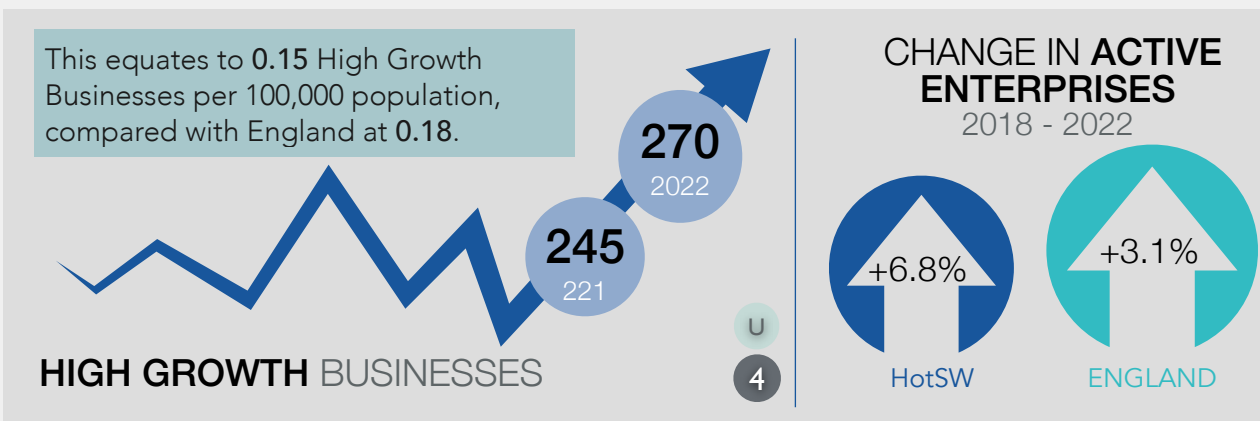
BUSINESS

Latest evidence suggests that the growth in active businesses post-pandemic has been stronger than the national profile, a reversal of pre-pandemic trends.

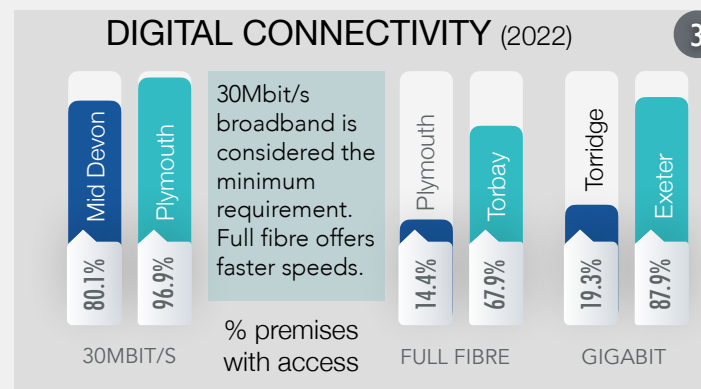
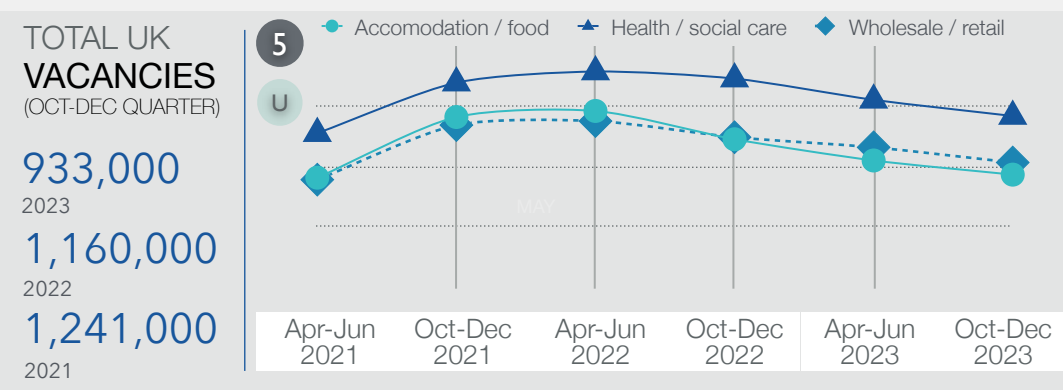
EMPLOYMENT

The post Covid labour market seems to be characterised by skills/staff shortages in key sectors - rather than a marked increase in unemployment. This picture may change over coming months.

As one indicator of confidence, rates of housebuilding continue to be relatively high across the HotSW and labour market conditions (demand) remain relatively robust.



Productivity remains behind the England average. Some parts have made progress, not all.



ECONOMIC GROWTH - contents

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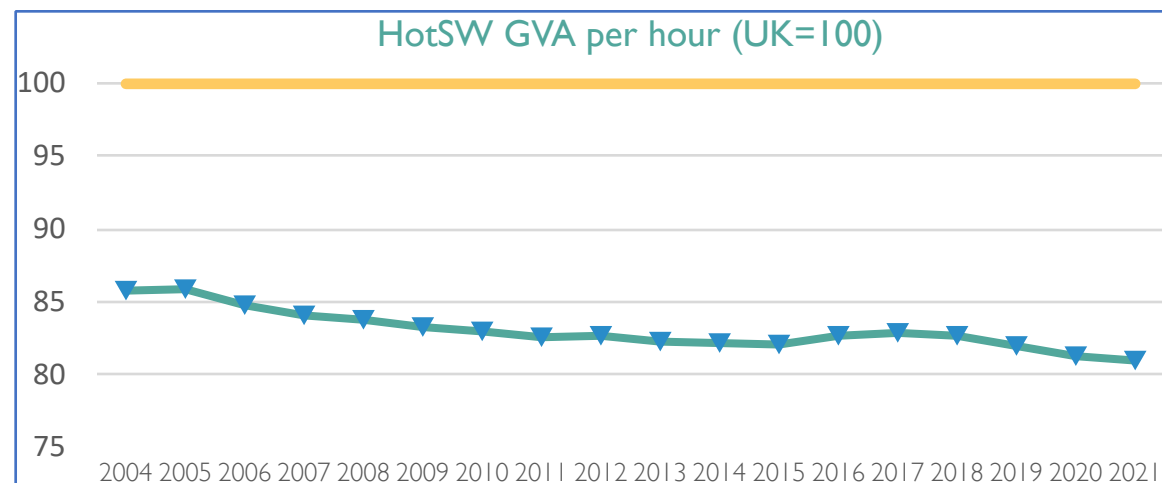
ECONOMIC GROWTH - productivity (LEP)

On the most widely used measures of labour productivity the HotSW continues to lag the UK average. According to the latest data release (2021), the HotSW experienced weaker growth in both main productivity measures between 2020 and 2021. Consequently, its relative position against the UK average has weakened further. Some of the tentative signs of recovery noted in earlier dashboards appear to have been reversed in the latest data (although noting that inter-year variability can be quite high - particularly when taking into account the volatile impact of the pandemic).

The impact of furlough (reduced hours and jobs) is expected to have impacted 2020 and 2021 data. However, it suggests that the long-term structural issues remain.

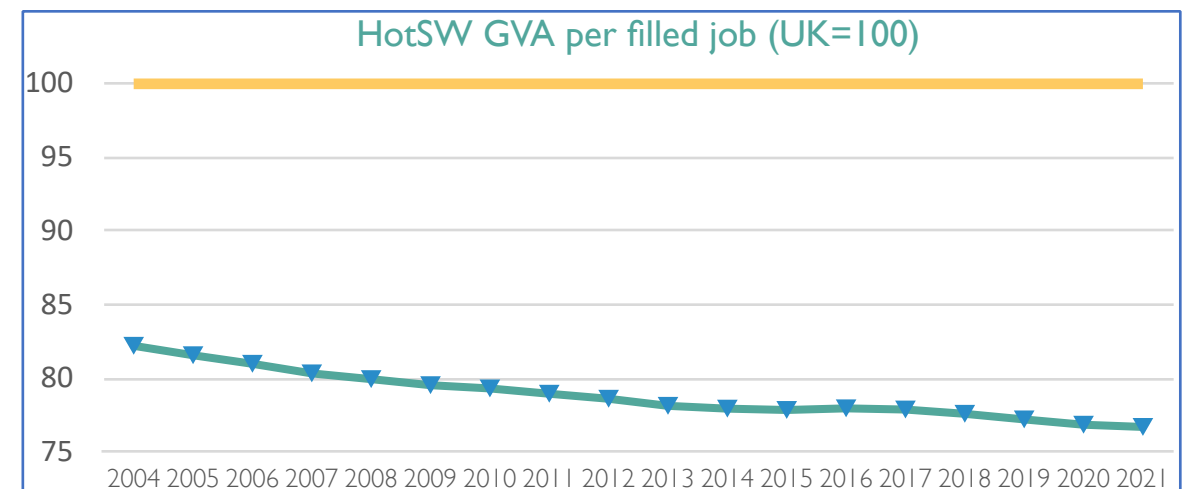
On both measures the HotSW remains in the lowest third of LEP areas. *To improve its relative performance/position it would need to improve productivity by a significant amount over a sustained period of time to close the gap.*

This picture of relative underperformance is not unique to HotSW – UK economy is characterised by lower productivity in largely rural areas.



	2016	2021	Growth (%)
UK	£33.50	£38.30	14.3
HotSW	£27.70	£31.00	11.9
Gap	£5.80	£7.30	

Sub-regional productivity by enterprise region - ONS

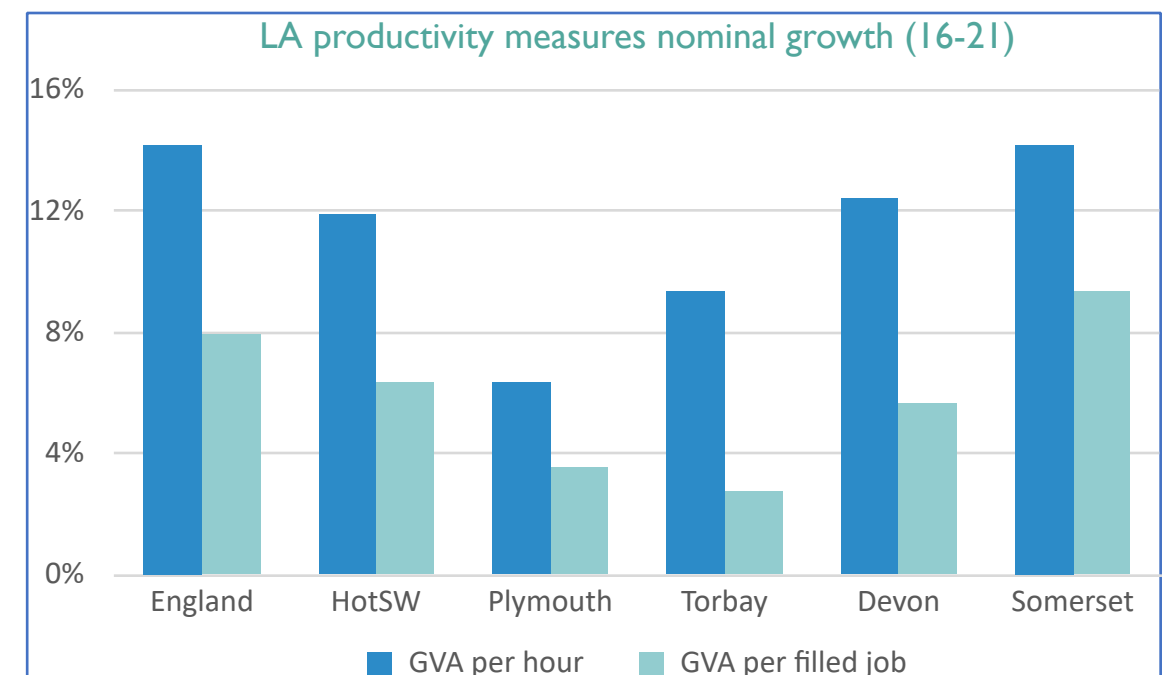
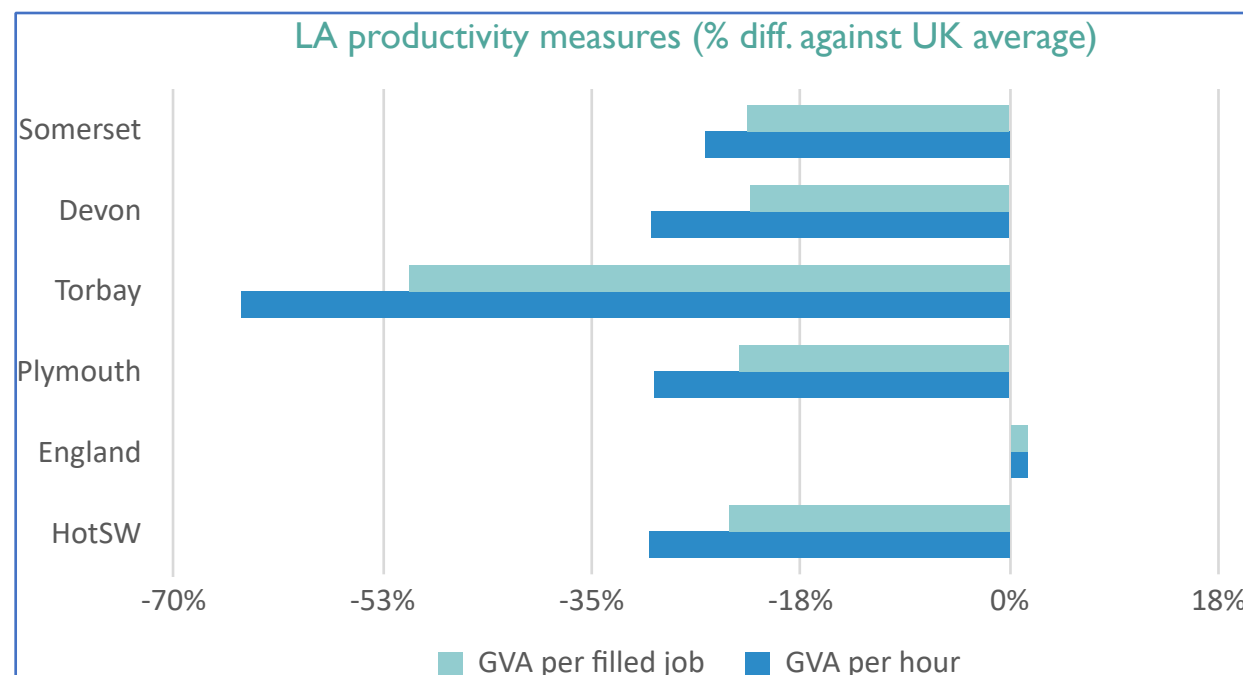


	2016	2021	Growth (%)
UK	£53,998	£58,327	8.0
HotSW	£42,117	£44,760	6.3
Gap	£11,881	£13,567	

Sub-regional productivity by enterprise region - ONS

ECONOMIC GROWTH - productivity (LA)

Productivity performance remains mixed across the HotSW – based on both main measures. All parts of the HotSW area continue to lag the average UK labour productivity, although some areas have at least matched (or slightly exceeded) UK growth over the past 5 years. For example, growth in Somerset has been stronger on both the 'per job' and 'per hour' indicator (although we need to be careful about the effect of commuting on the data). However, this has not been at a scale to alter the overall relative picture – with the negative 'productivity gap' remaining in all areas. *The relative position of Torbay remains notable – significantly below the UK average on both measures and continuing to fall further behind due to slower recent nominal growth*, particularly on a per job basis. Despite concerted policy and investment efforts, the relative position of Torbay from a labour productivity perspective shows no sign of improving. At a more localised basis, other areas such as Torrridge show no signs of closing the negative gap on these measures.

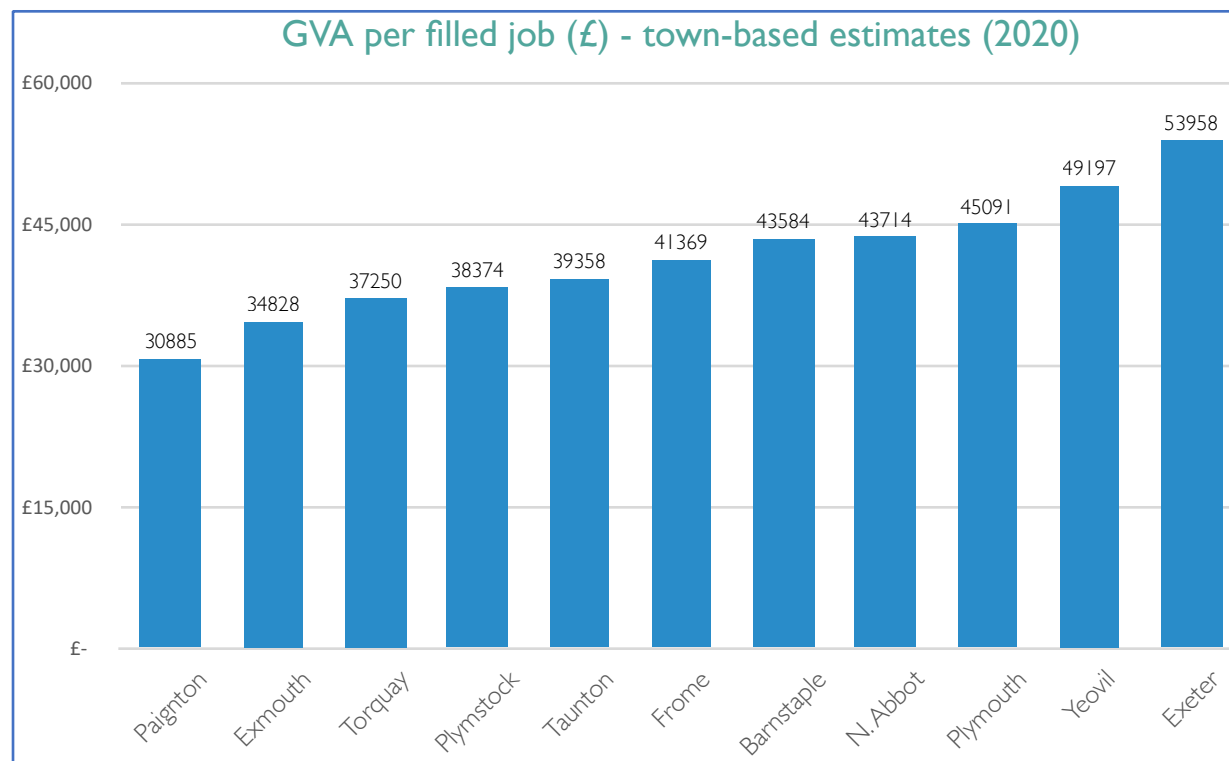


Sub-regional productivity by local authority - ONS

Sub-regional productivity by local authority

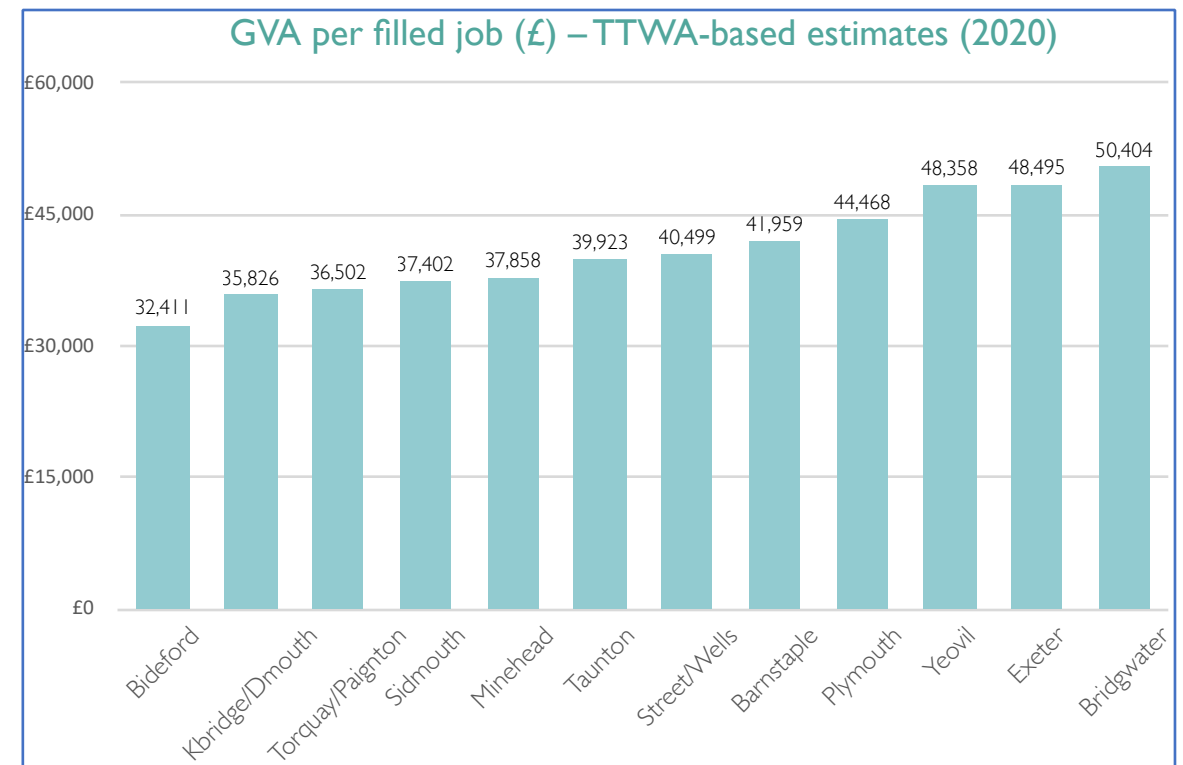
ECONOMIC GROWTH - productivity (small areas)

The ONS has again released experimental statistics that measure labour productivity (GVA per filled job) at smaller geographies. This has been provided at Travel to Work Areas (TTWAs) and at a town level. These towns are based on built-up areas (BUAs) or sub-divisions (BUASD). The data is residence based. We would urge caution in terms of comparing the data here at larger geographies – noting these figures are experimental. Again, this new data highlights the differing productivity picture across the HotSW (broadly confirming the picture when based on local authority analysis). *In broad terms it also confirms that lower productivity tends to be experienced in more peripheral, rural and coastal communities across the HotSW.* The broad picture remains, of relatively higher productivity around the Exeter area, as well as Bridgwater (which may be illustrating the [Hinkley C effect](#)).



Small geography productivity - ONS

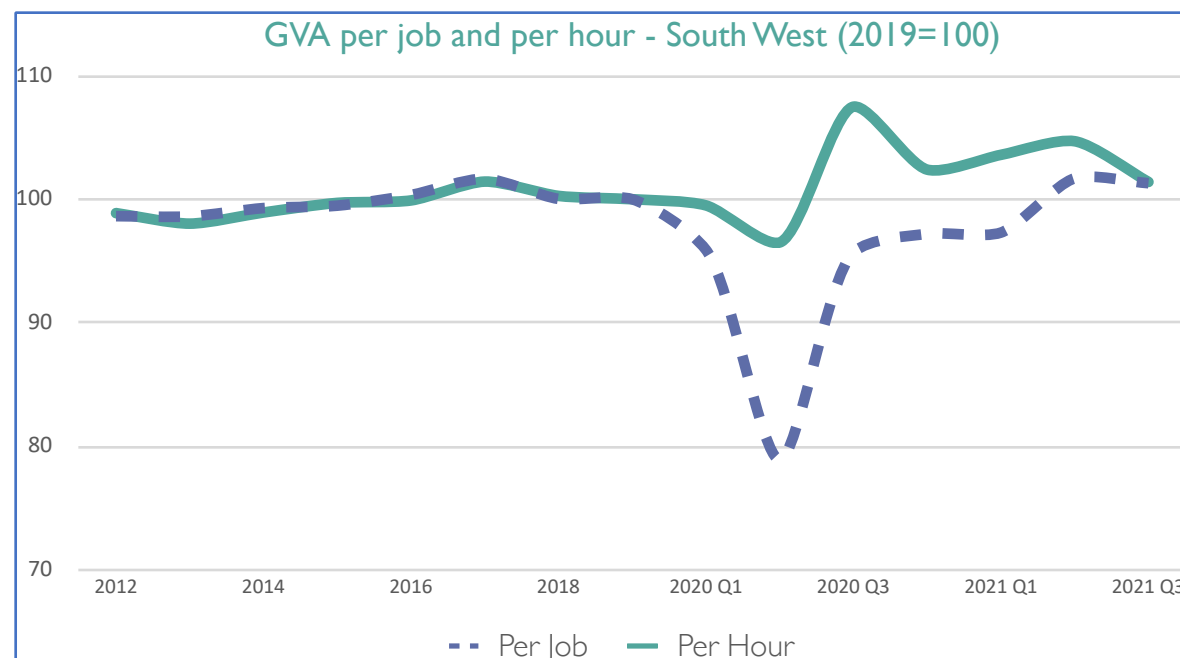
See small area productivity maps



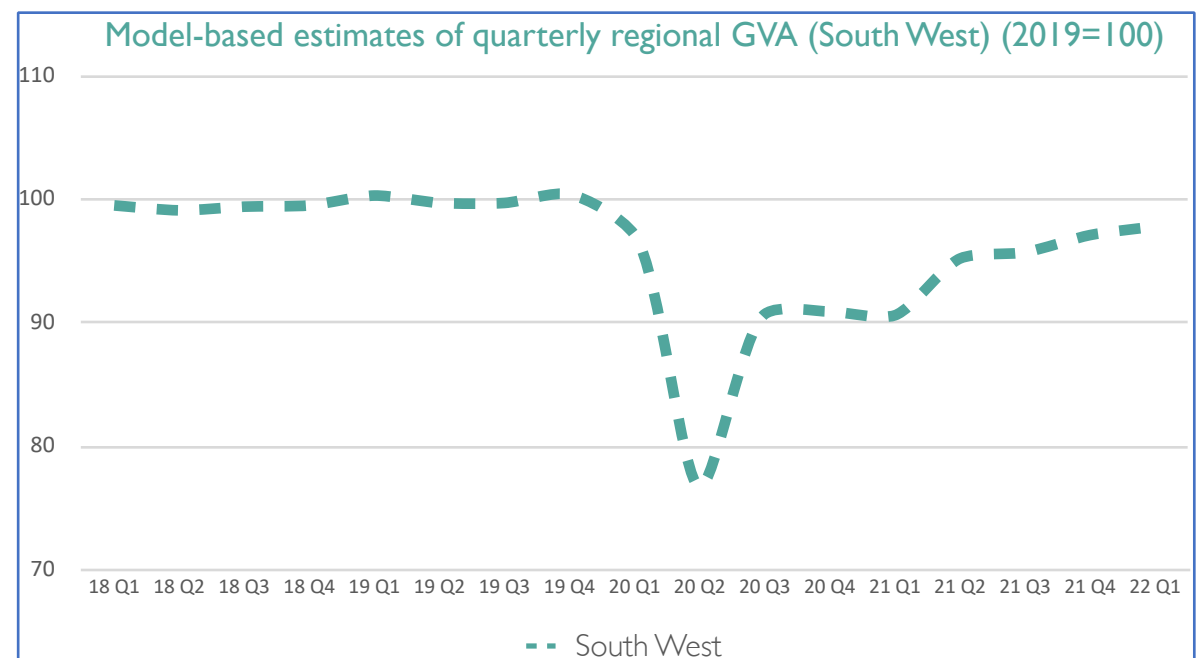
Small geography productivity - ONS

ECONOMIC GROWTH - productivity & output

New quarterly data – albeit lagged and only available at a regional level – provides a more timely picture of labour productivity. This was developed by the ONS in response to the general requirement of more timely data, and specifically to understand the ongoing impact of Covid on productivity. The data for the South West shows that labour productivity – when viewed by GVA per filled job - was significantly impacted by Covid, and is still only just above pre-pandemic levels (2019). However, this data - although more up-to-date - does not reflect the evolving picture around the potential onset of higher inflation. In terms of GVA per hour, a slightly perverse outcome can be seen – of an improvement in the latter part of 2020. This was due to the major reduction in total hours worked and the influence of the furlough schemes. The typical hours worked across the economy reduced significantly, although jobs did not, given people remained in work – albeit on furlough. Therefore, the two measures send conflicting messages which need careful interpretation. *The chart does show the 'dislocating' effect that Covid has had on productivity, with a broad 'steady state' over the past decade being disrupted.* It also shows that solving the 'productivity problem' remains highly pertinent with no real signs of any sustained improvement at either the national or regional level.



Flash estimates of regional productivity - ONS

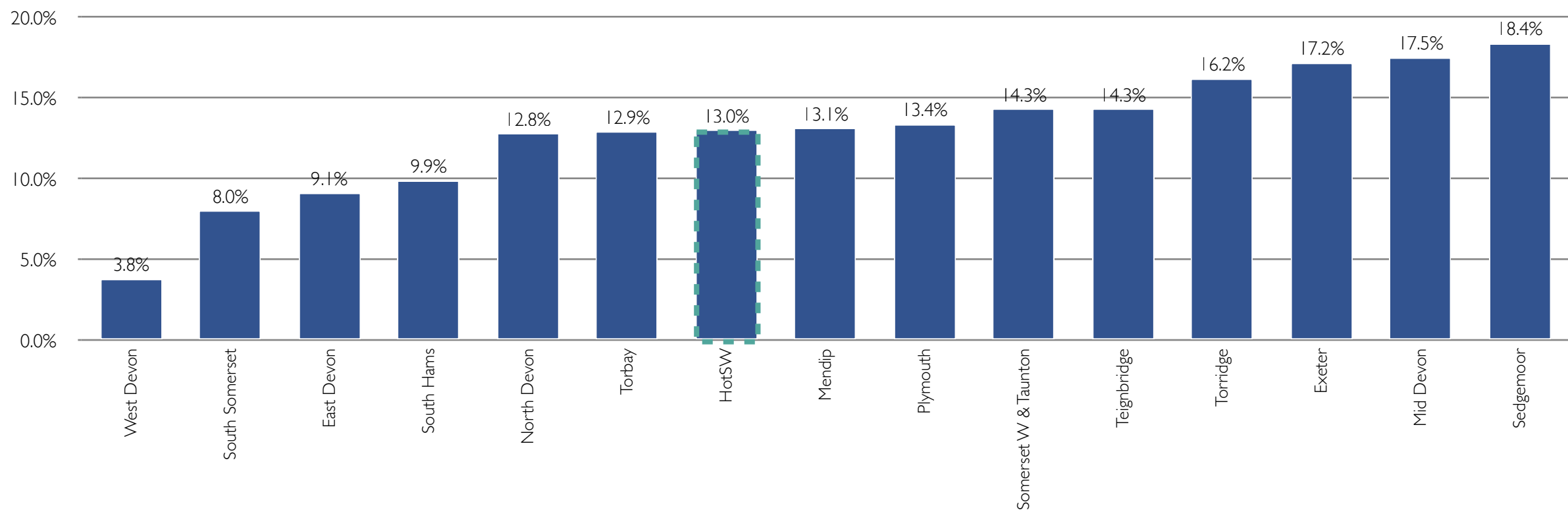


Estimates of regional output - ONS

ECONOMIC GROWTH - household income

Compared to productivity measurement, the relative position on the alternative measure that captures average household income is more positive – although still broadly in the bottom half amongst LEPs. Nevertheless, HotSW is c93% of the UK average. Data indicates that relative growth has marginally exceeded the national (UK) average between 2016-21, reflecting a slight reversal in trend previously noted. However, there are significant differences across the area. For example, average household income in South Hams is more than 43% above that found in Plymouth – although the latter has experienced faster growth over the past five years. The chart below shows that growth across HotSW was between 4% (West Devon) and 15% (Sedgemoor) during the 2016 to 2021 period (however this dataset remains quite lagged, given it still reflects the emergence from the pandemic).

LA - nominal growth (%) household income 2016 - 2021

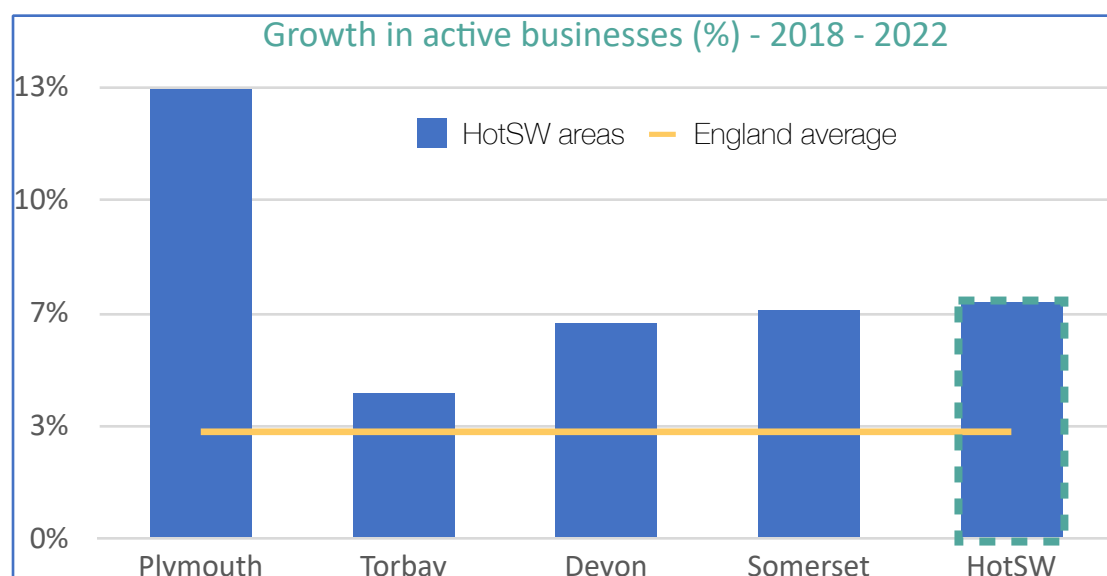


Regional gross disposable household income - ONS

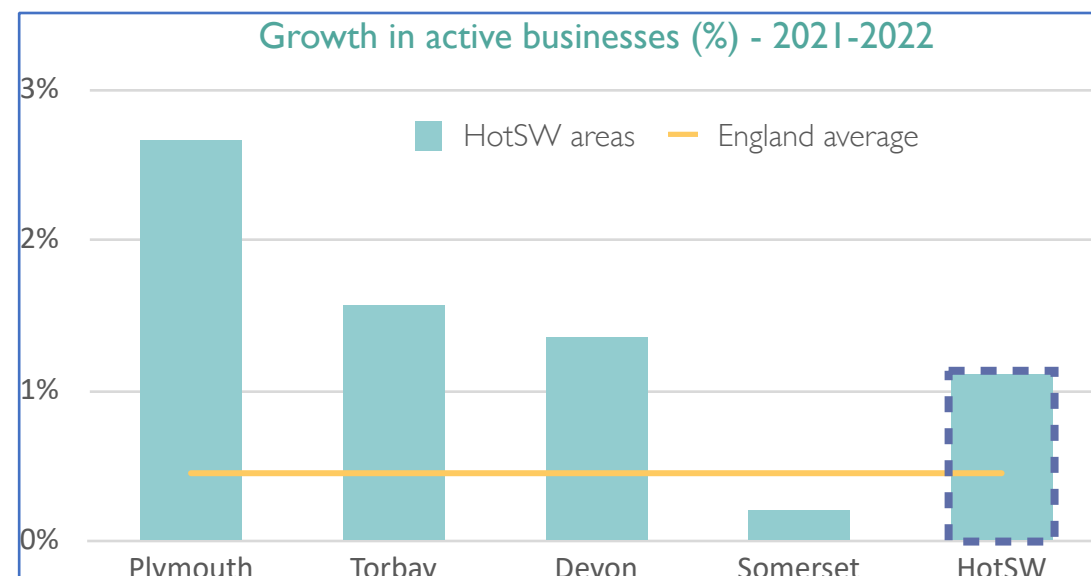
ECONOMIC GROWTH - business

The growth in active business stock over the past 4 years across HotSW has exceeded average growth across England – and by a significant amount. The difference can reflect significant changes year on year - which is why it is important to look at trend data.

This is largely explained by large differences between areas across HotSW - as shown in the charts below. In particular, Plymouth appears to have experienced significant relative growth in its business stock over the period of analysis (2018-22). It is interesting to note that business growth in the immediate post-pandemic period has been positive across all areas of the HotSW - in contrast to the slight decline seen nationally between 2021 and 2022.



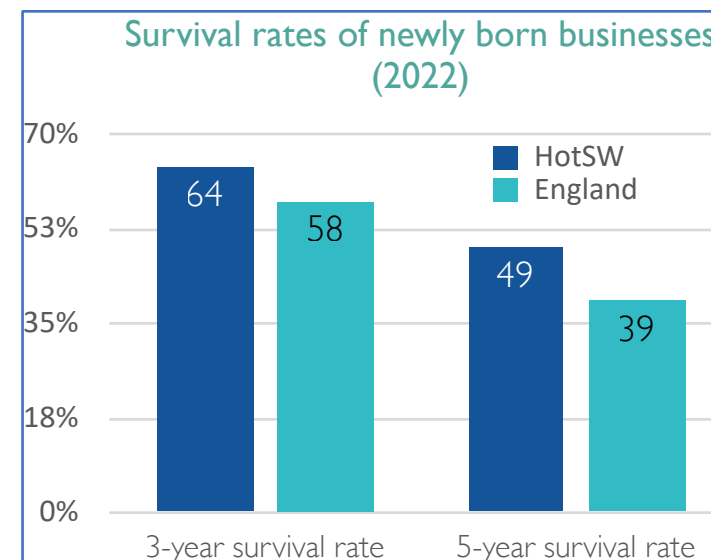
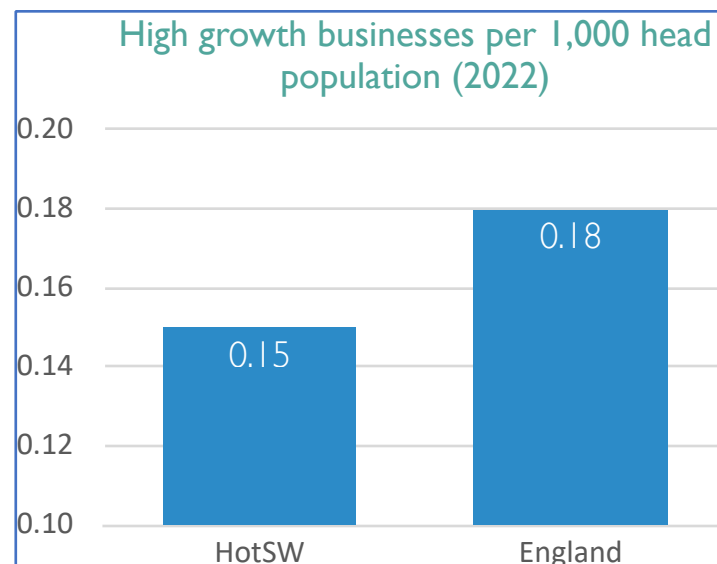
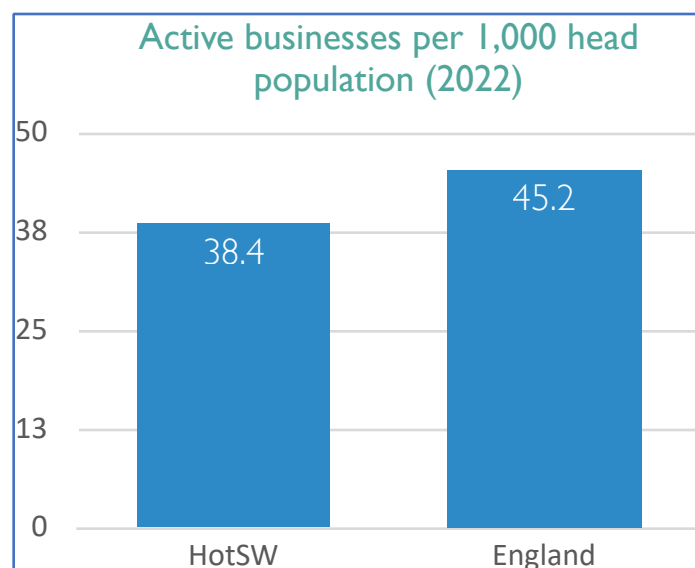
Business demography - ONS



Business demography - ONS

ECONOMIC GROWTH - business

As a rural area, HotSW tends to experience higher survival rates of businesses over the medium-to-longer term – this tends to be a marked characteristics of rural areas, perhaps because of fewer competitive pressures. Broadly, two-thirds of businesses are still trading 3 years after incorporation, falling to 49% after 5 years. Alongside this, the evidence suggests that it has marginally lower rates of high growth businesses. The combined evidence suggests that it may have a slightly more muted competitive environment. It is interesting to note that the 5-year survival rate has increased in this latest data release. Nearly half of all HotSW businesses that started in 2017 were still trading in 2022, suggesting a robustness - particularly when they had to deal with the pandemic and its fallout.

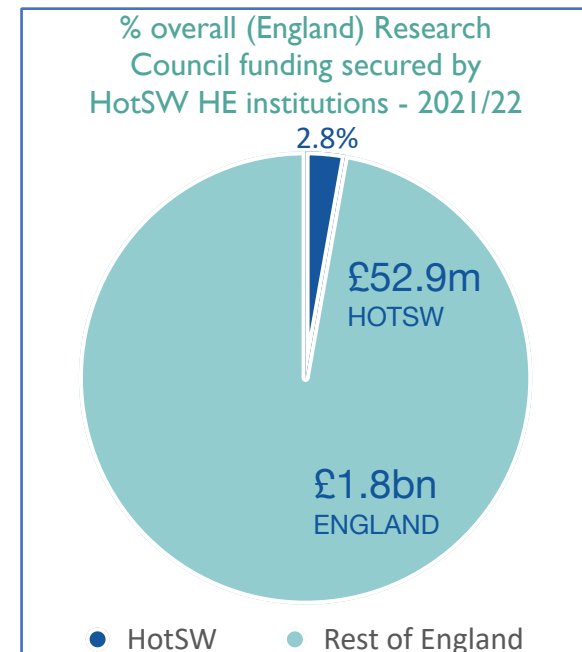
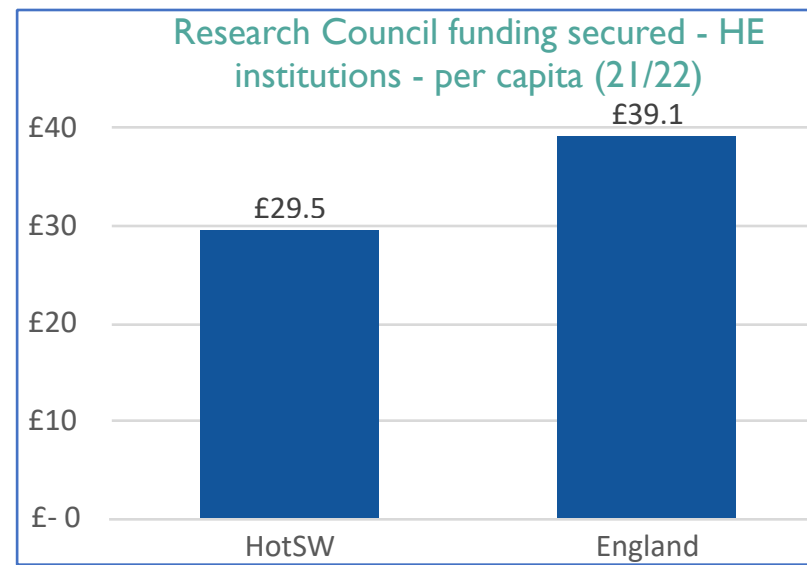
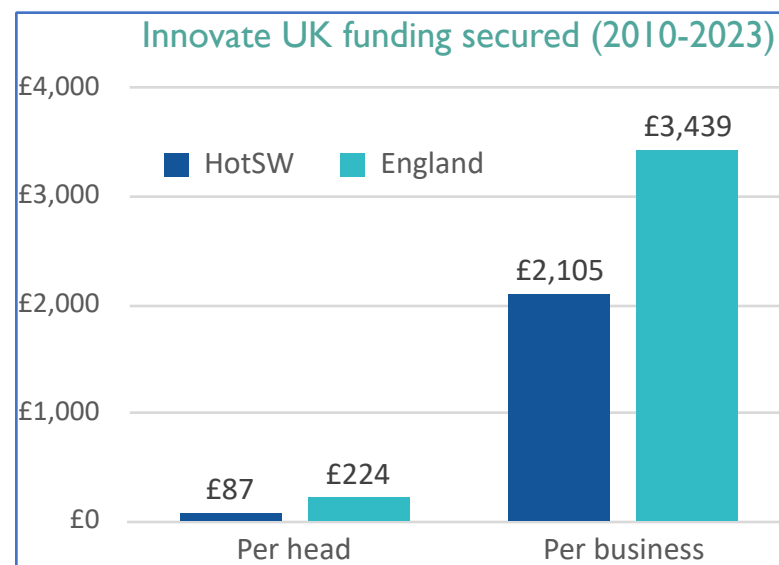
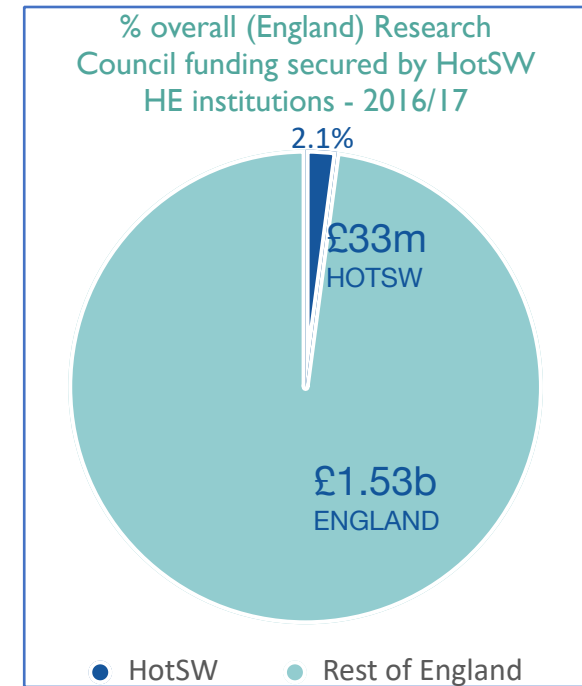


Business demography - ONS (derived)

ECONOMIC GROWTH - innovation

On almost all measures the level of innovation in the HotSW is relatively low.

Whilst 'innovation' is a difficult concept to capture and measure, a variety of proxies are presented here which begin to build a picture. Firstly, looking at the levels of Innovate UK grant funding secured by HotSW organisations (principally businesses and HE institutions), this has been lower on a 'per head' and 'per business' basis over the past 13-14 years. Although, the level of Research Council funding secured by HE institutions within the HotSW is lower on a 'per head' basis, the overall scale of Research Council funding secured by the Universities of Plymouth and Exeter in recent years was significantly higher than in 2016/17.



Innovate UK funded projects since 2004 - UKRI (derived)

Research grants and contracts - HESA (derived)

ECONOMIC GROWTH - innovation

The data suggests that R&D spending within both the HotSW and UK economy still falls short of the indicative target of R&D spend equating to 2.4% of GDP by 2027 (although this is not a legislative target). *The evidence suggests that aggregate R&D spend across the HotSW has not shifted significantly over the past 5 years* (although with some tentative signs across Devon that it has) – *neither has it done so at a national level*. The data is presented at NUTS2 level so Somerset is grouped with Dorset. The number of spin-outs from HotSW universities has increased significantly over the past 5 years – principally through a greater number of graduate start-ups. This could provide opportunities for identification of these businesses and further support – although some specific and generic business support programmes are already in place within HotSW.

Benchmarking local innovation (2016-18)

	% of firms	HotSW rank (out of 38)
Introduction of new business practices	10.8%	18
Introduction of new methods of work	13.3%	6
Marketing innovation	6.3%	21
Proportion of firms undertaking R&D	12.2%	36
Proportion of firms undertaking design investment	9.4%	30
Collaboration for innovation	19.1%	26
Proportion of firms undertaking product or service innovation	16.3%	32
New to the market product and service innovation	6.2%	28
Process innovation	14.7%	15
Average ranking		24

Benchmarking local innovation - the innovation geography of England - ERC

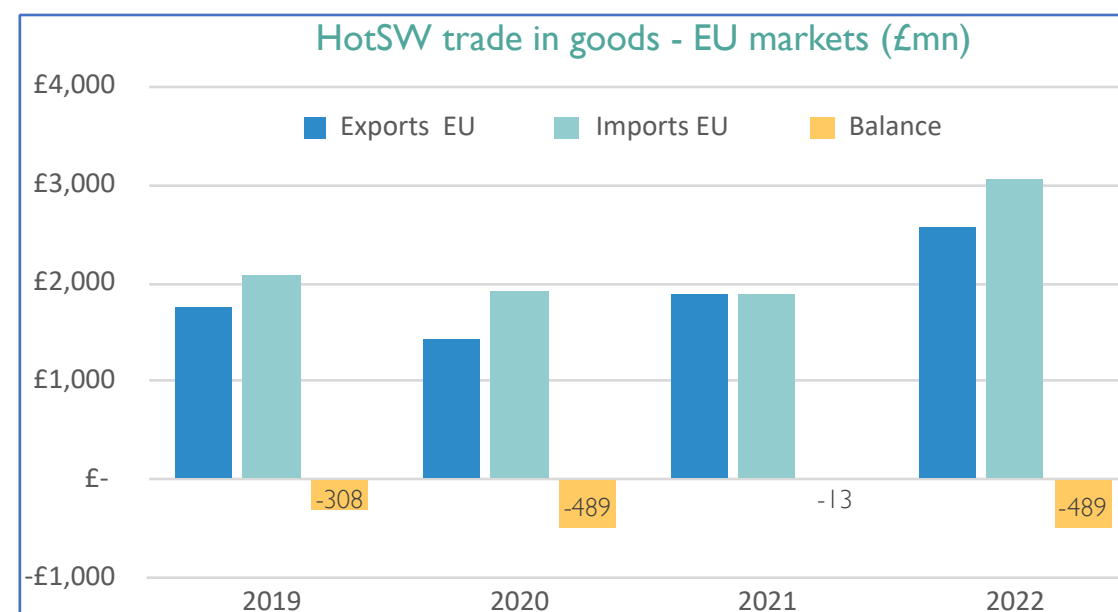
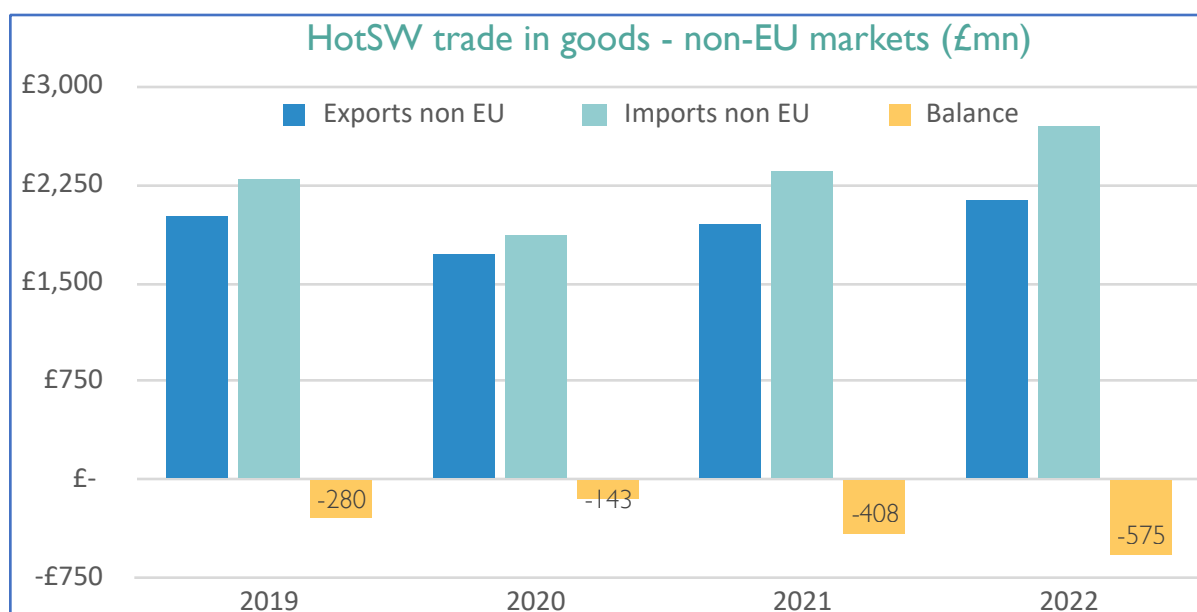
Spin-off activities by HotSW HE institutions

	2016/17	2021/22
Spin-offs with some HEP ownership	19	30
Formal spin-offs, not HEP owned	5	16
Staff start-ups	22	13
Graduate start-ups	101	167
Social enterprises	11	12
Total	158	238

Intellectual property: spin-off activities by HE provider - HESA

ECONOMIC GROWTH - trade

The broad picture – as at a national level – is that imports exceed exports. In terms of trading areas/relationships – given the post BREXIT environment in 2022 – the value of exports from the HotSW to EU countries of c£2.6bn exceeds that to non-EU countries – c£2.1bn. This latest data confirms the previous picture of a robust increase in the value of goods exports to EU markets from the HotSW - increasing from £1.9bn in 2021 to £2.6bn in 2022. **The EU clearly remains a significant market for HotSW businesses, and their continued ability to export and/or import in a cost-effective and operationally efficient manner remains important to many.** The data shown below now shows a period where the post BREXIT trading relationships are beginning to settle. Even so, it will remain important to continue to monitor the data. Anecdotal feedback from the business community is that the ease of trade with the EU has been – and continues to be – disrupted. This data at a HotSW level does show that there is a negative trade balance in goods with both EU and non-EU markets.

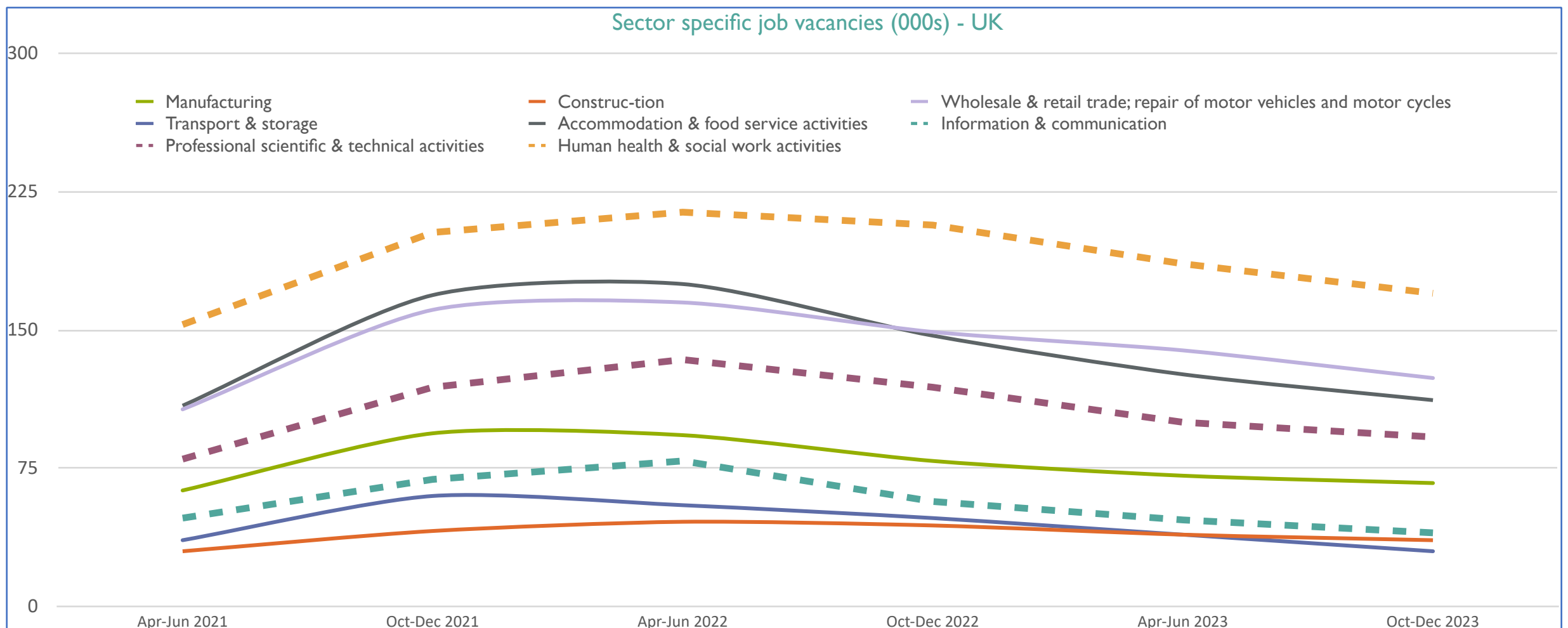


Regional trade in goods statistics dis-aggregated by smaller geographical areas 2021 - HMRC

Export/Import data is associated with some methodological difficulties at a regional and/or sub-regional level. This is largely connected to the recording of trade being associated with entry/exit ports.

ECONOMIC GROWTH - vacancies

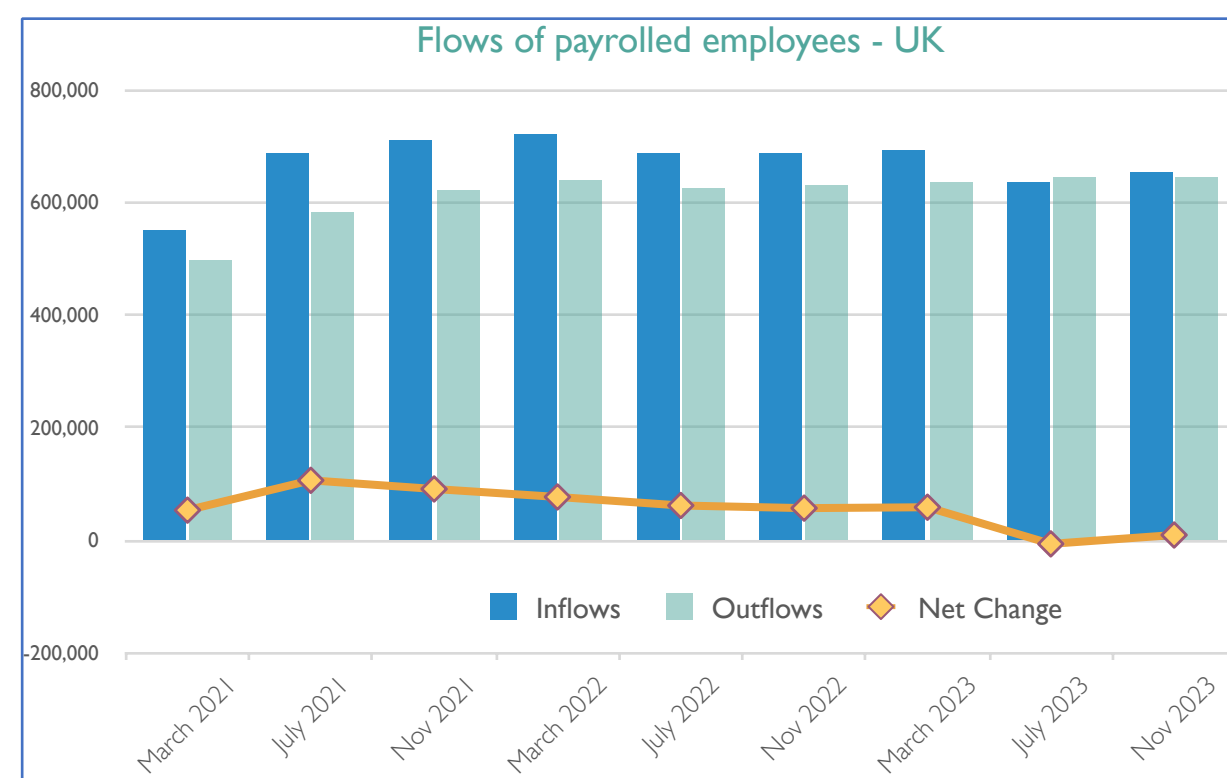
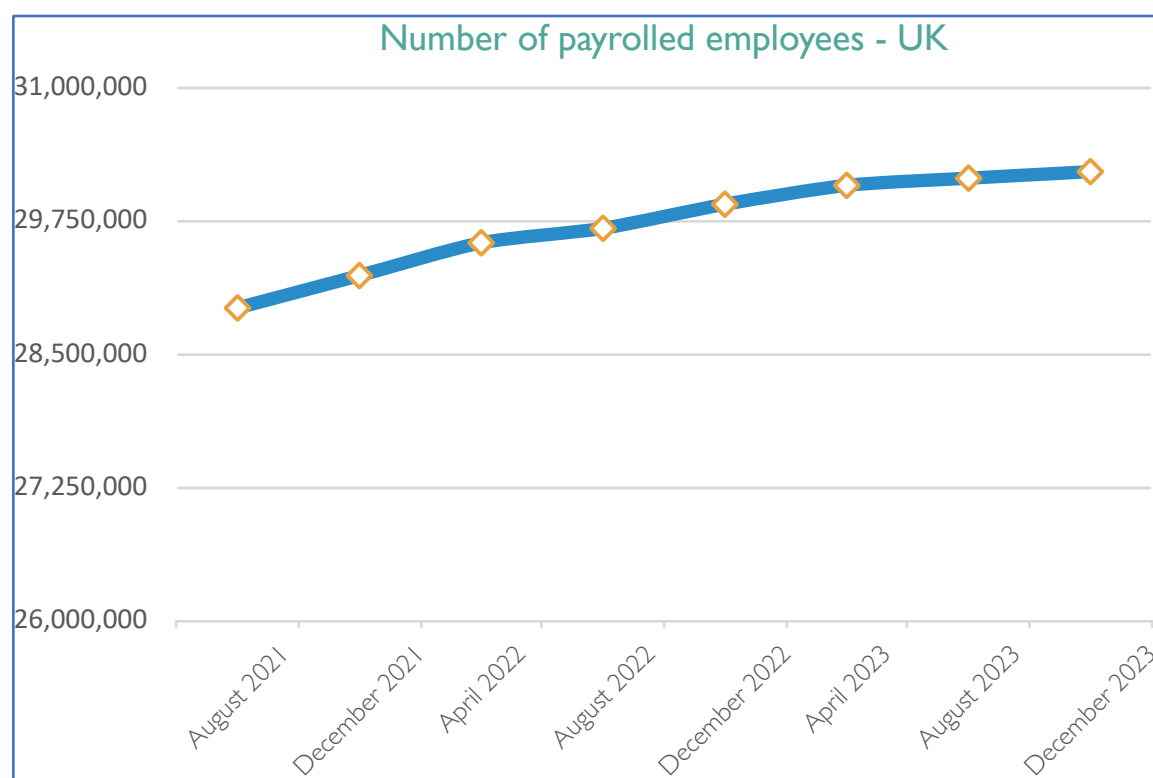
The national data indicates that the level of vacancies has continued to fall from the historical highs experienced in the middle of 2022. In the period October to December 2023, there were approximately 226,000 fewer advertised vacancies than the same period previously. In this period there were still 934,000 vacancies nationally and still positive when compared to pre-pandemic levels, but now well down on the peak of c1.3m seen in the middle of 2022.



Vacancies by industry - ONS

ECONOMIC GROWTH - employees

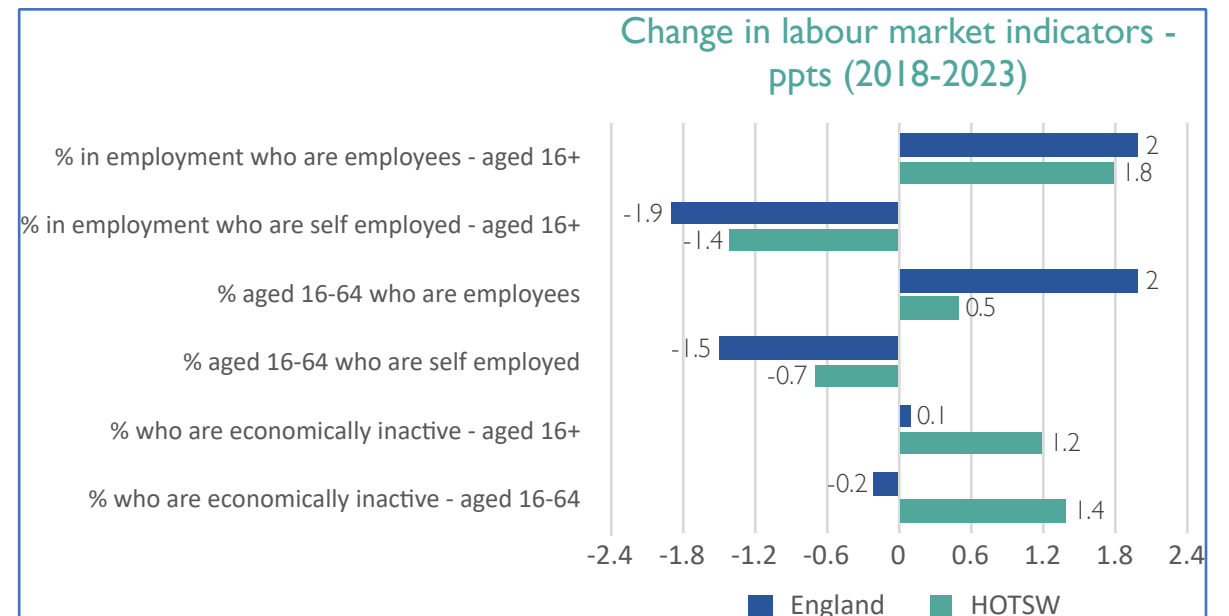
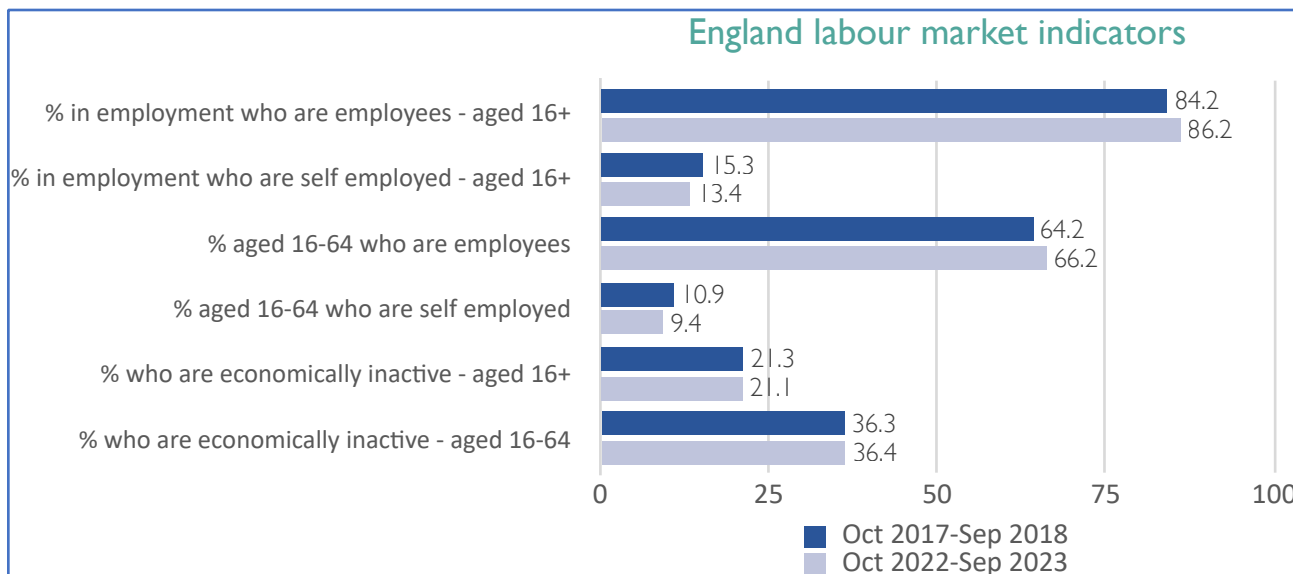
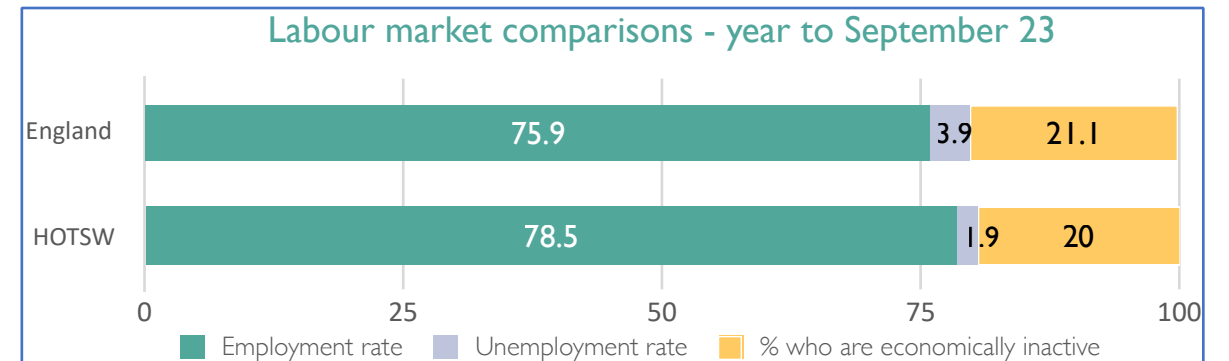
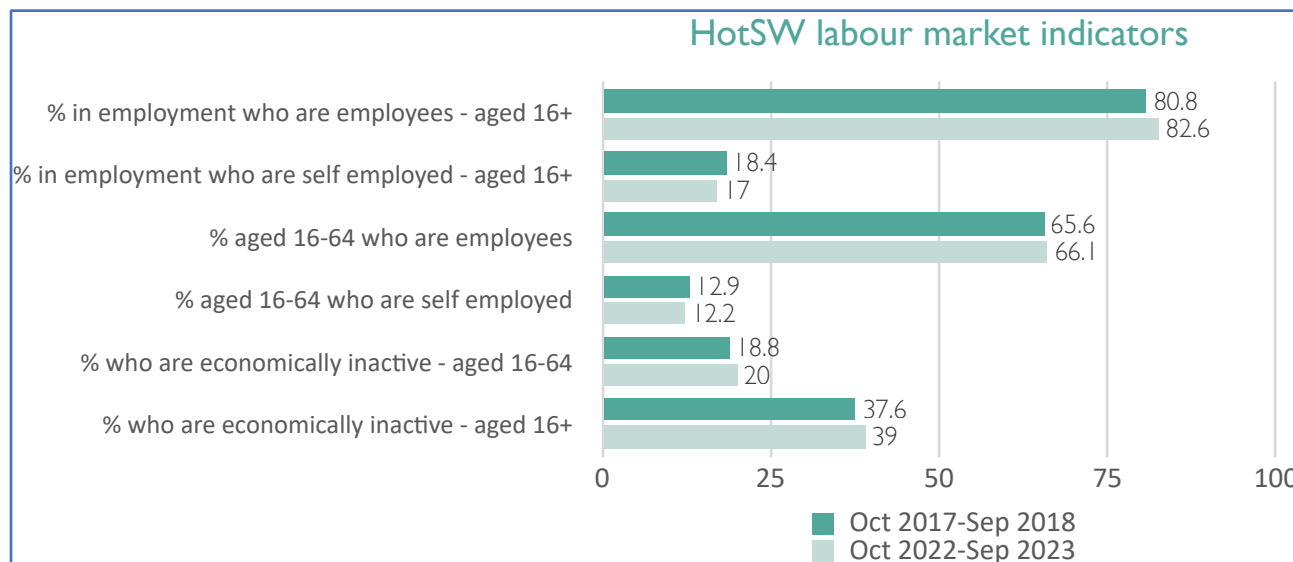
The number of people on payrolls continues to exceed pre-pandemic levels. The evidence suggests that this has mostly been driven by an increase of 'inflows' into the labour market. However, at the end of 2021 there was a big jump in the extent of 'outflows', with that level broadly remaining stable through 2022/2023. The scale of outflows during 2023 has been relatively stable, whilst the levels of inflows fluctuated more. Whilst this data is only available at a national level, the anecdotal feedback and business survey evidence suggests a similar picture across the HotSW. The latest data relating to December 2023 shows that the number of employees increased by over 61,000 from levels seen in August. This is still encouraging in terms of the general health of the UK labour market.



Earnings and employment from PAYE Real Time Information - ONS

ECONOMIC GROWTH - labour market

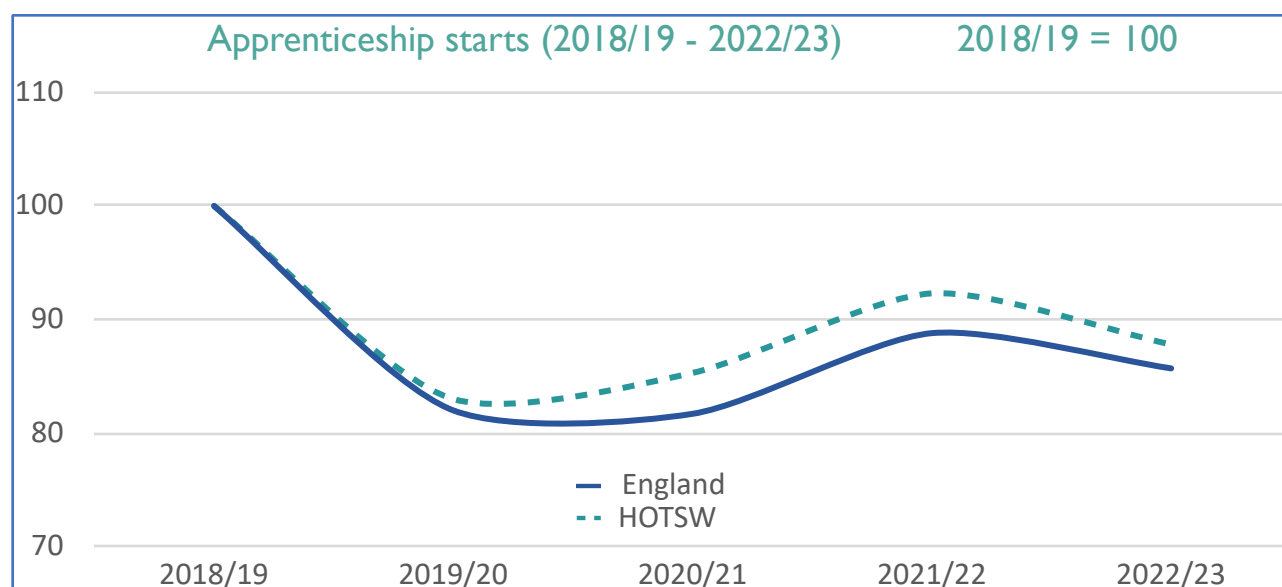
Whilst levels of self-employment across the HotSW remain higher than the national average, the data suggests that they have fallen over the last 5 years (although noting that this data is associated with relatively wide confidence intervals) - albeit less than the fall seen nationally. In other aspects, *the labour market indicators broadly match national profiles*. Economic inactivity rates - which had fallen - are showing signs of increasing again, or certainly being at persistently high levels.



Nomis area profiles - ONS

ECONOMIC GROWTH - apprenticeships

The levels of participation in apprenticeships has fallen consistently over the past few years – placing a barrier in national and local aspirations over apprenticeships being a major tool in increasing skills participation and providing a widely available vocational alternative to university participation. Apprenticeship (covering advanced, higher and intermediate) participation fell in the aftermath of the introduction of a new apprenticeship funding (levy) system in May 2017 and has not recovered since. *The number of apprenticeships was further significantly affected by the impact of Covid- with many businesses obviously not offering apprenticeships in the face of significant business disruption.* The chart shows that apprenticeship starts in the HotSW have fallen, although less than nationally. Apprenticeship starts (c12,300) in 2022/23 were 12.2% lower than in 2018/19. Achievements fell by a similar proportion.



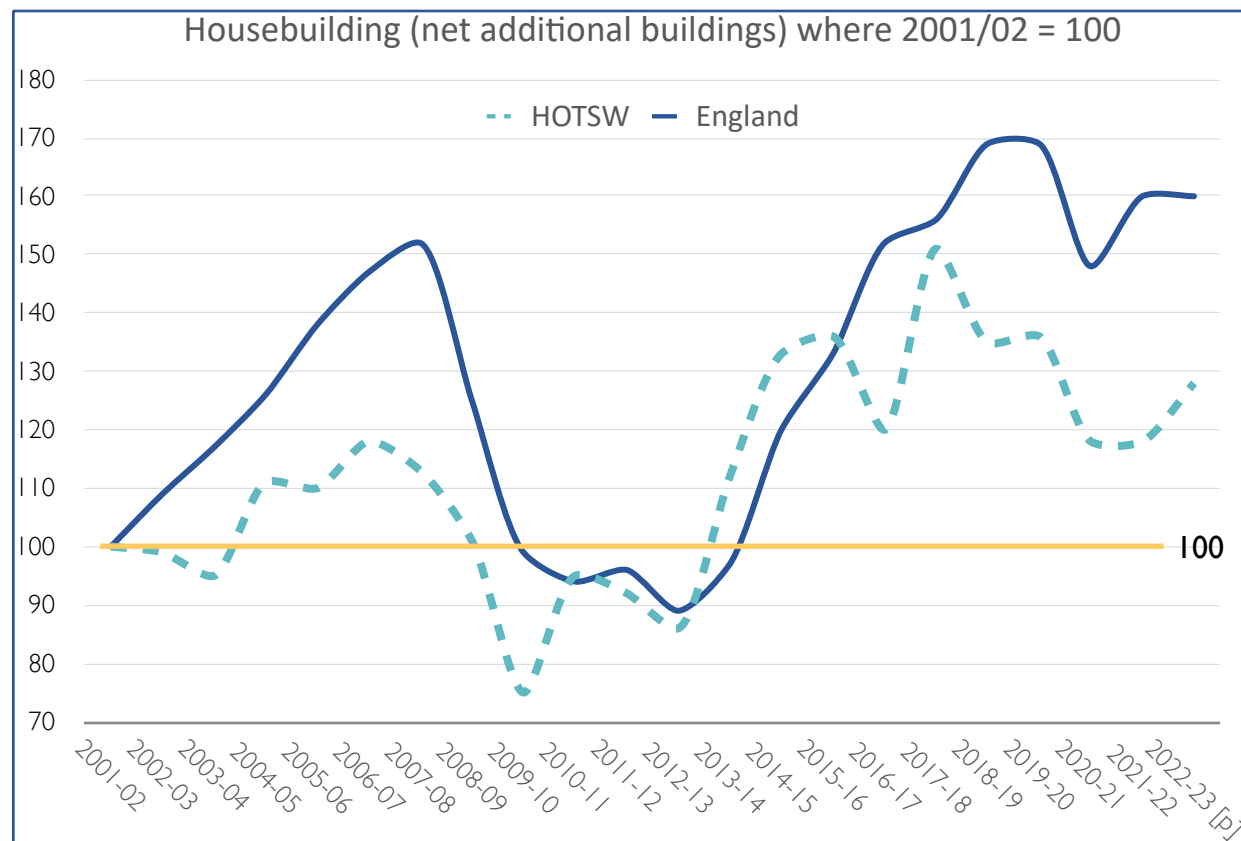
HotSW apprenticeship		
	Achievements	Starts
2018/19	7350	14020
2019/20	5800	11630
2020/21	6050	11960
2021/22	5430	12940
2022/23	6500	12310
2023/24	1460	5510

This data includes 23/24 but it is an incomplete year and therefore may present a misleading picture.

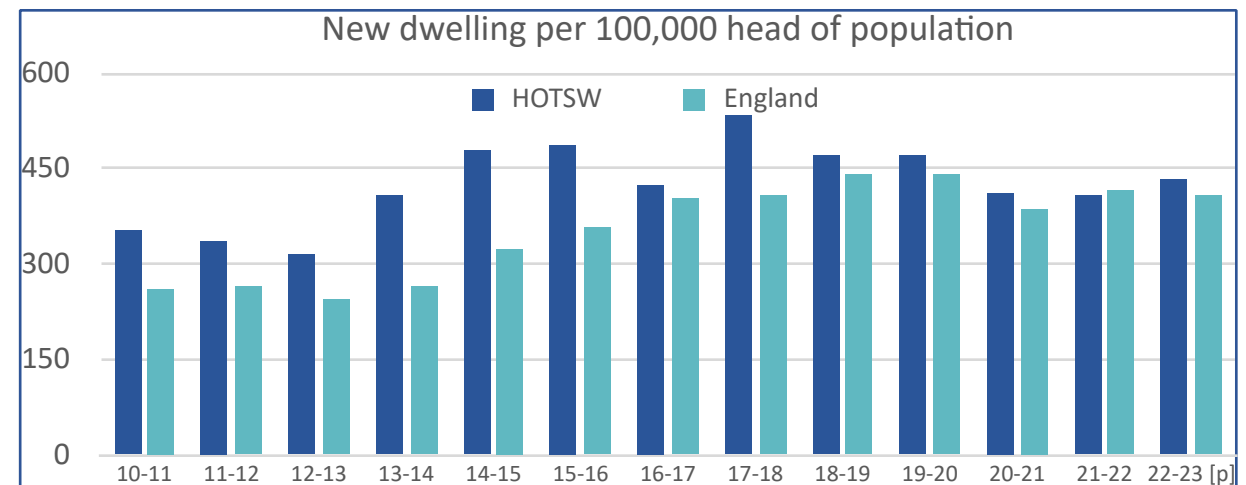
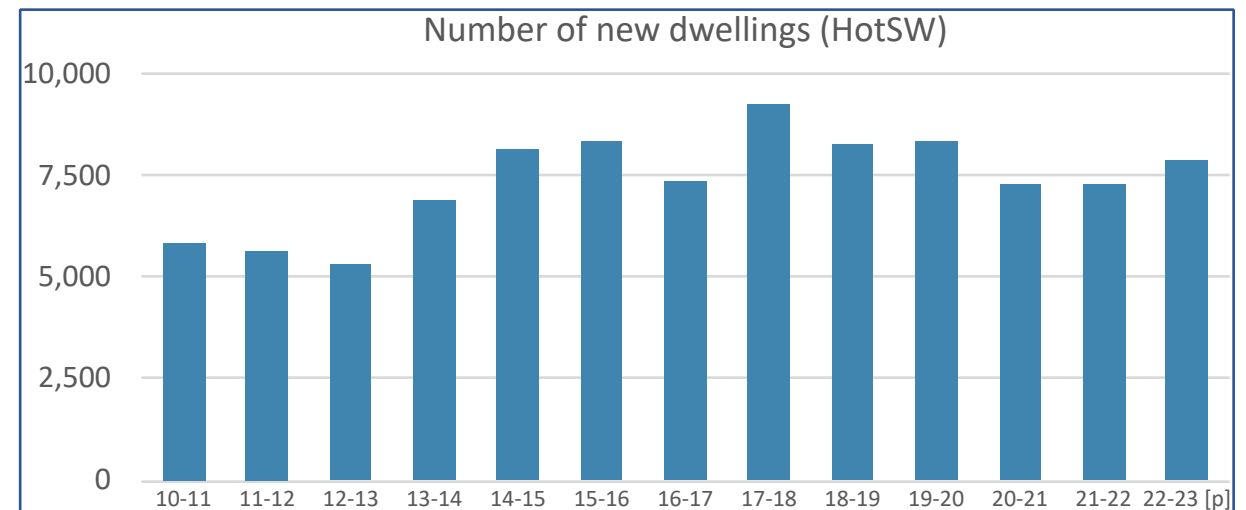
Apprenticeships and traineeship data - DfE

ECONOMIC GROWTH - housebuilding

Housebuilding is an indirect proxy of business confidence and demand for housing (partly driven by inward migration)) has increased over the past decade. Whilst the rate of increase has been lower than the increase seen nationally, when considered on a 'per head' basis the rate of housebuilding has been consistently higher across HotSW than seen across England as a whole. 2022 saw housebuilding return above the England average on a per capita basis after briefly dipping below in 2021.



Note: 2022/23 data is provisional

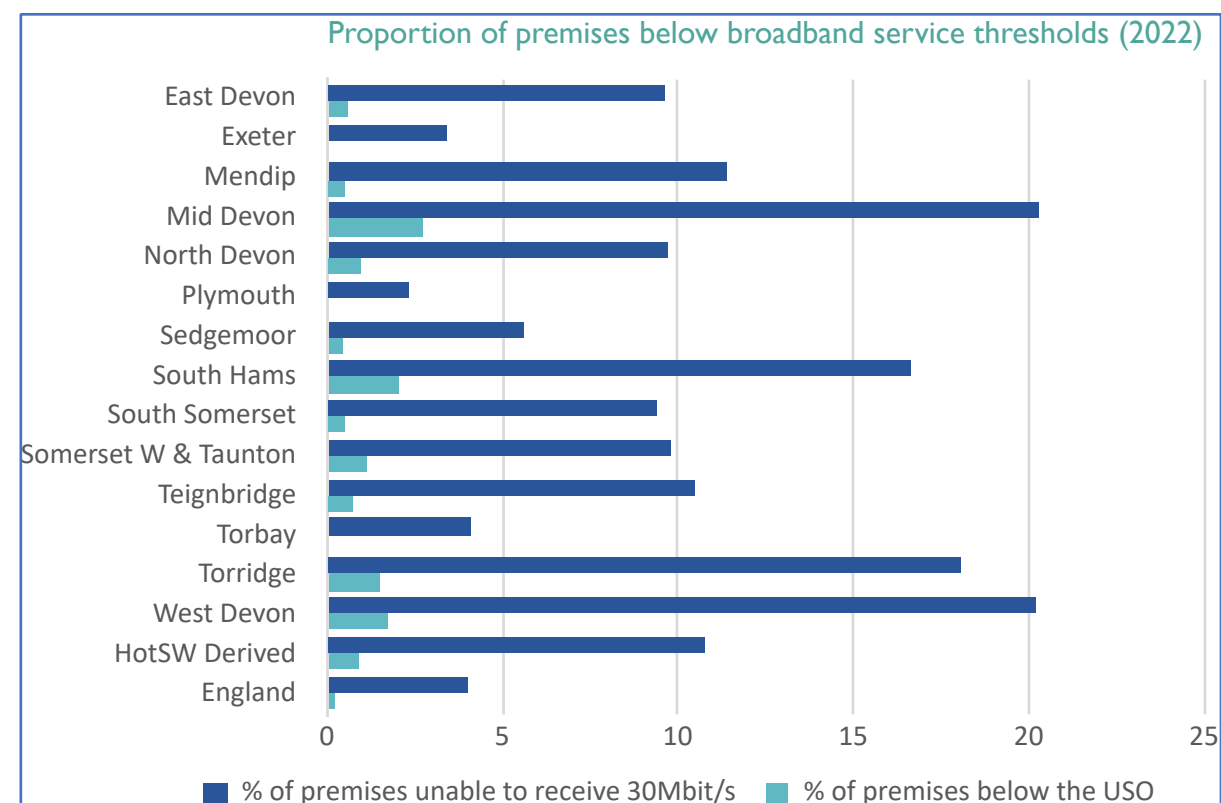
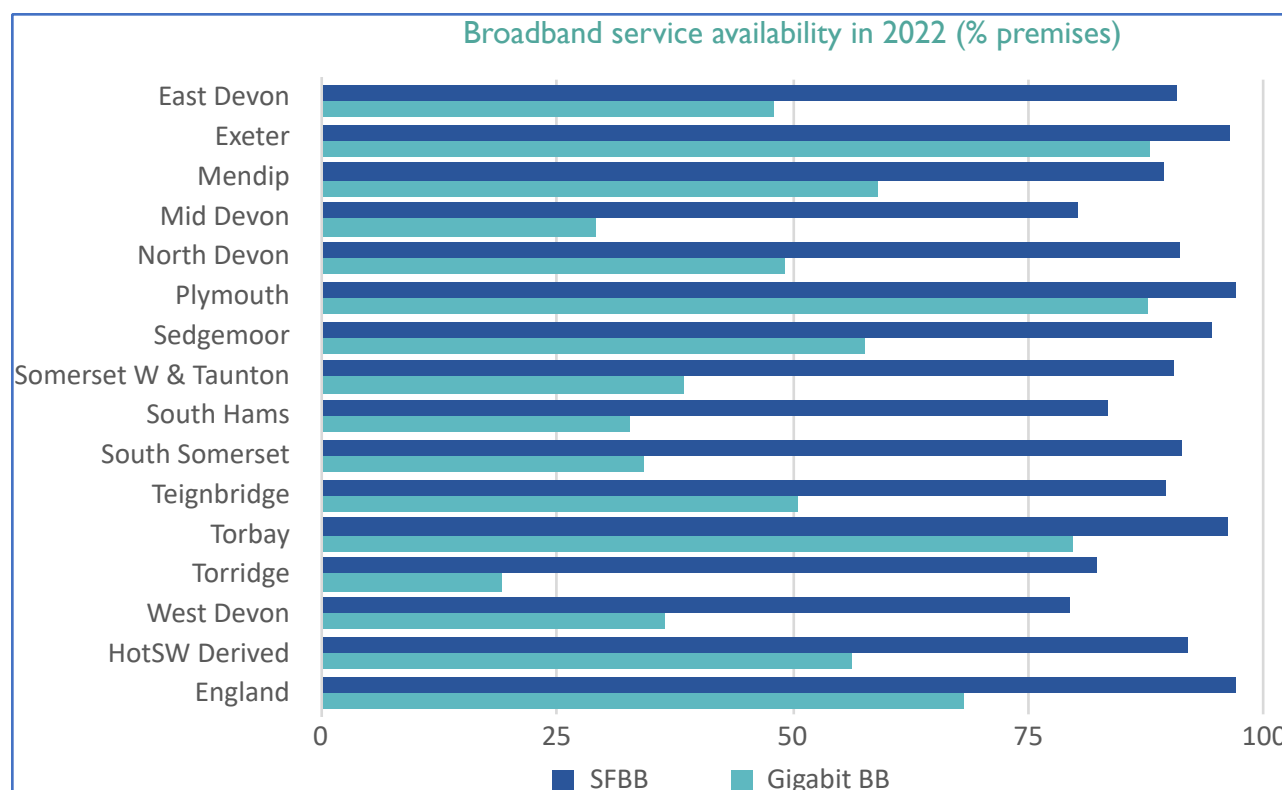


Live tables on housing supply: net additional dwellings - DHULC (derived)

ECONOMIC GROWTH - broadband

The latest data suggests that the proportion of premises able to receive Gigabit and/or Ultra-Fast Broadband across the HotSW is increasing significantly, although the picture is uneven across the area. Whilst almost 90% of premises in Exeter and Plymouth are able to access gigabit capability (noting this is different from take up), less than 20% of premises in Torrridge are able to access gigabit. Whilst not as marked, there is lower availability in predominantly rural areas such as Mid Devon, South Hams, South Somerset and Somerset West and Taunton.

Approximately 11% of premises across the HotSW still cannot access broadband services of at least 30Mbit/s. Again, there are significant geographical disparities with 20% of premises in areas such as West Devon and Mid Devon unable to access this level of service (regarded as a minimum requirement). As expected, figures are much lower for the urban areas.

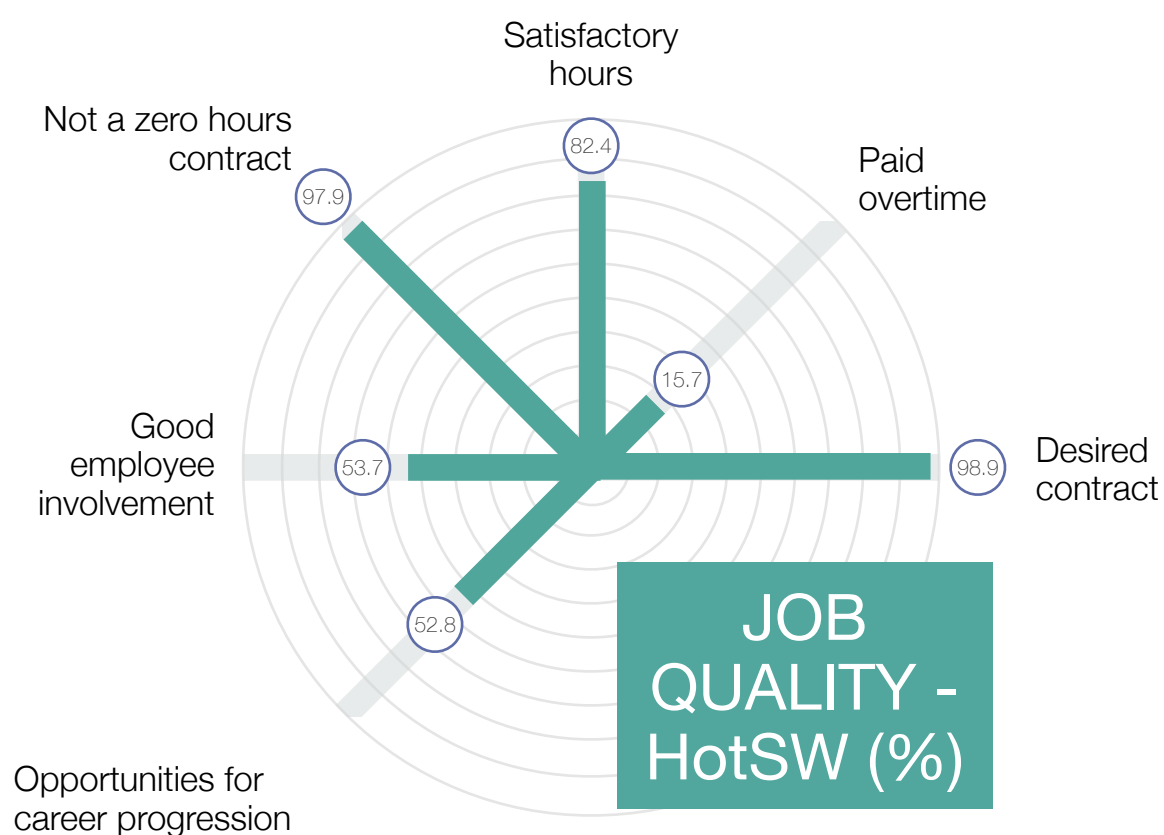


Gigabit broadband offers download speeds of at least 1000 Mbit/s
Superfast broadband offers download speeds of at least 30 Mbit/s
USO universal service obligation

Connected Nations - Ofcom

ECONOMIC GROWTH - job quality

The ONS provides indicators that aim to look at job quality across the labour market. This covers indicators such as the proportion of employees who are working their desired level of hours, proportion not on zero-hours contracts, and self-reported levels of opportunities for career progression. The latest data (2021) indicates that on most measures HotSW is broadly comparable to the picture across England. It is also worth noting that, at an absolute level, only just over half of employees feel they have opportunities for career progression and that they work for organisations that have 'good employee involvement'.



	Devon	Somerset	Plymouth	Torbay
Satisfactory hours (%)	82.6	80.5	85.6	81.0
Paid overtime (%)	16.6	16.4	12.8	16.9
Desired contract (%)	98.0	98.9	99.3	99.2
Opportunities for career progression (%)	44.7	55.5	56.9	54.2
Good employee involvement (%)	50.1	55.3	54.2	55.3
Not a zero-hours contract (%)	96.7	98.0	97.7	97.4

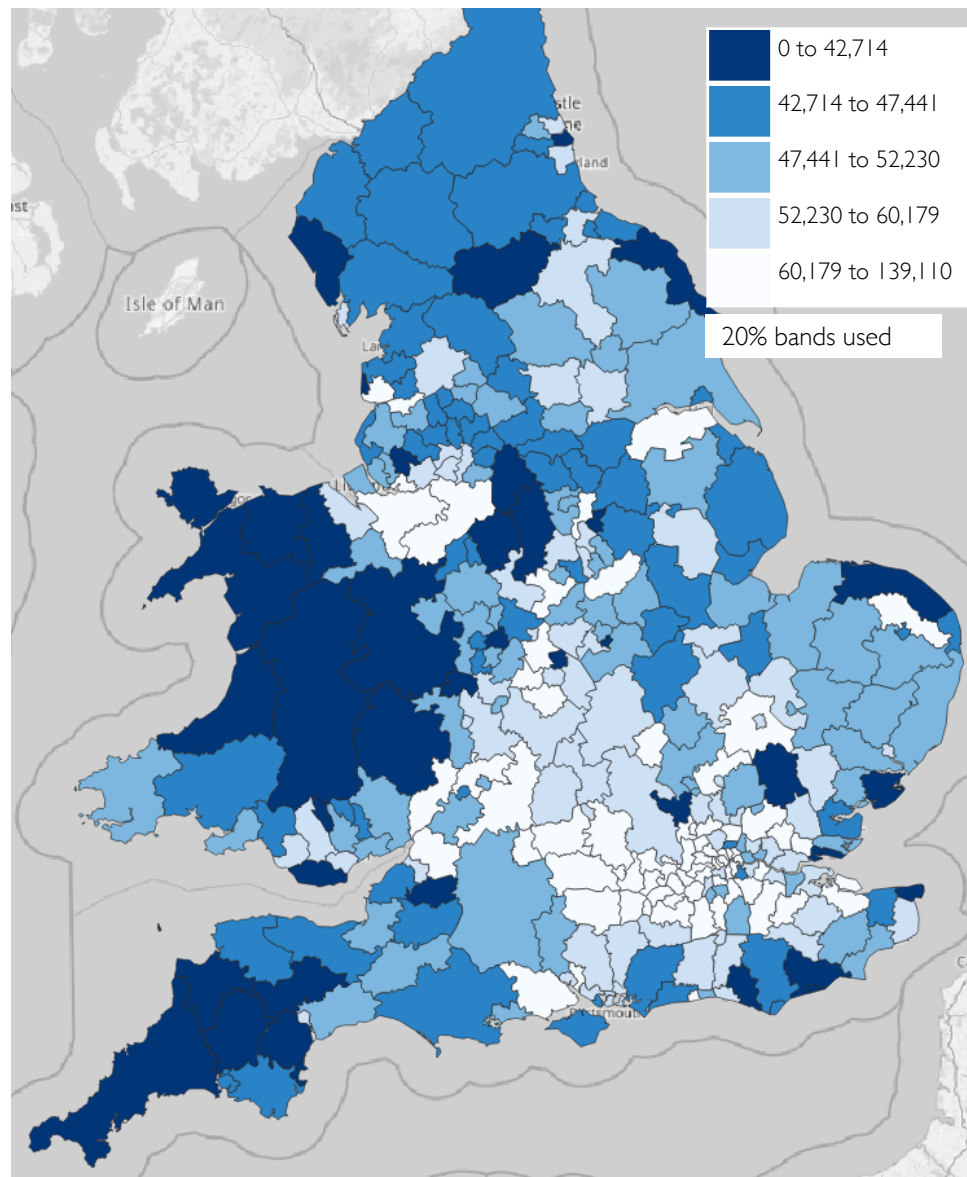
Labour market - quality

ECONOMIC GROWTH - small area maps

NEW DATA ADDED

Productivity across England - 2021 data

GVA per filled job / £ 2021

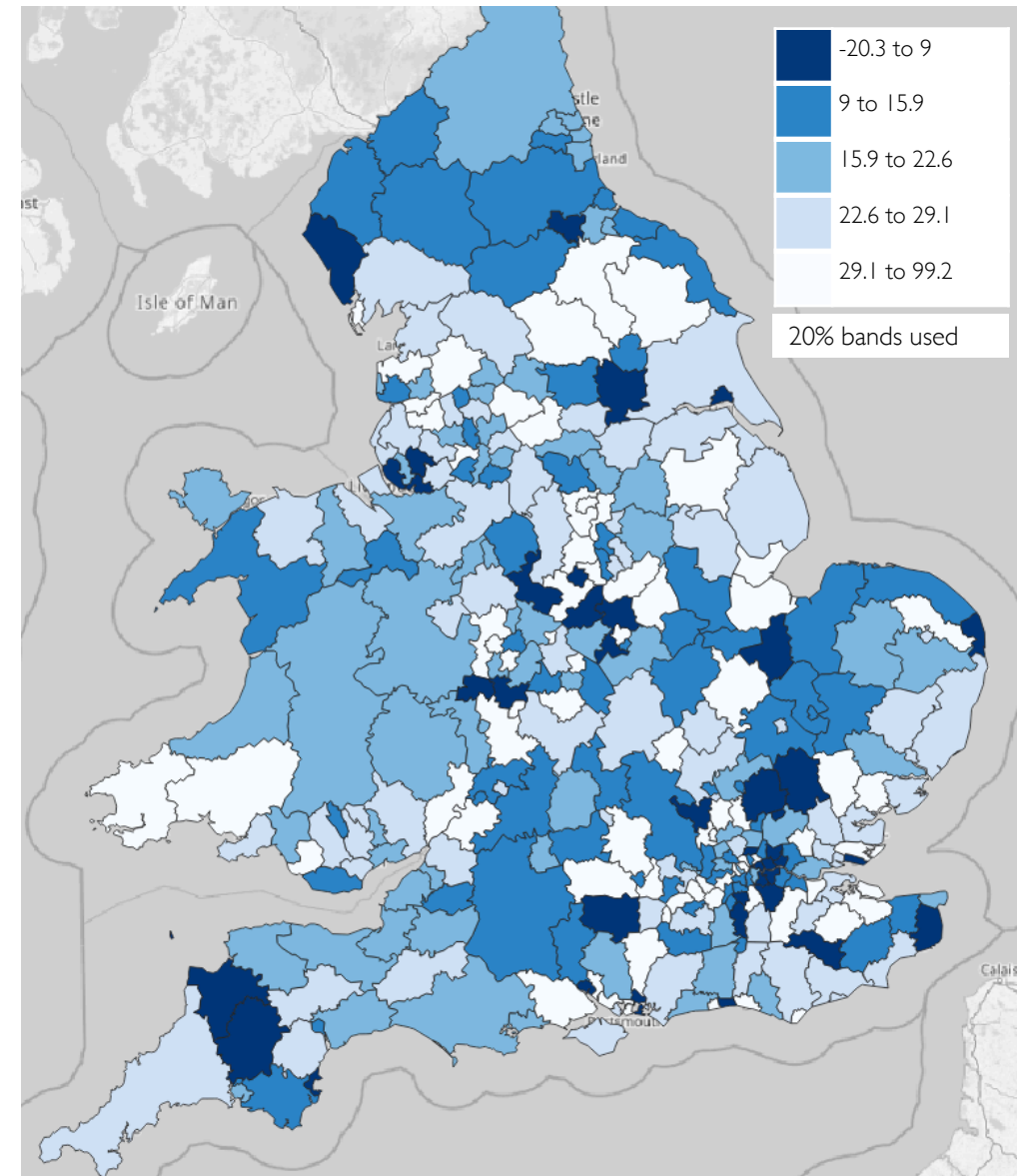


It is worth noting that the largest positive changes in GVA pr filled job have been in Teignbridge and mid Devon. There have been negative changes in Torrridge and West Devon.

England average (2021)
£59,286

England change (2021)
+21.33

GVA per filled job / £ - % change 2011 to 2020



Created in QGIS by Understanding Data under licenses from ONS and OS

ECONOMIC GROWTH - data notes

- Slide 2 data provided via ONS at LEP level
- Slide 3 data provided via ONS at LA level
- Slide 4 should be regarded as ONS Experimental Statistics
- Slide 5 should be regarded as ONS Experimental Statistics
- Slide 6 data provided via ONS at LA level. HotSW derived as average of LA data
- Slide 7 data provided via ONS at LA level. HotSW derived as average of LA data
- Slide 8 data provided via ONS at LA level. HotSW derived as average of LA data
- Slide 9 a mix of data sources. The Research Council indicators has been derived by aggregating HE institutional (within HotSW) level data
- Slide 10 data taken from published report
- Slide 11 data provided via HMRC at LA level. HotSW derived as aggregate of LA data
- Slide 12 data shown at UK level
- Slide 13 data shown at UK level – considered real time data based on PAYE
- Slide 14 data taken from ONS' NOMIS
- Slide 15 data provided via DfE at LA level. HotSW derived as an aggregate of LA data. Rounded data is shown.
- Slide 16 data taken from via DfE at LA level. HotSW derived as an aggregate of LA data
- Slide 17 data provided via Ofcom
- Slide 18 data provided via ONS at LA level. HotSW derived as average of LA data

Each slide gives a direct link to where the latest data we have sourced is found, however over time these links may show later data than has been used in this report. For the slide including the reference to Nomis (for labour market indicators) the link is to a holding query page that would require some familiarity with how Nomis works, as geographic area, date, type of employment and individual sector will all need to be selected before accessing the data. These links act as confirmation of the data source. All data used is publicly available under the terms of the Open Government Licence and UK Government Licensing Framework.

The approach taken in these dashboards is to use consistent sources of data to track changes over time. In some instances, different but more up-to-date data/forecasts may be available - although they will not necessarily be updated on a regular basis, or cover quite the same thing. Therefore, using a consistent data source is the approach chosen. As sometimes shown, changing the period covered by the data can change the story behind the data. This relates to inter-year variability in some datasets. Consequently, interpreting long-term data trends is often important.

Data reflected up to the 29th February 2024.

Unless otherwise stated data has been sourced, collated, analysed and visualised by Ash Futures Ltd. (simon@ashfutures.co.uk)