



Devon and Torbay Local Growth Plan

Devon and Torbay Combined County Authority

DRAFT 1



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What is a Local Growth Plan?

Unleashing the economic potential of Devon and Torbay

This Local Growth Plan sets out the priorities and areas of focus for the economic development of Devon and Torbay and the early actions we need to take as a region to realise the benefits our future growth will deliver. Our aim is to deliver faster productive growth, more innovation and business start-ups, and a rising working age population in the next ten years.

Major opportunities identified in this plan include:

- **Investment in the South West Innovation Spine** – a concentration of businesses, innovation, research, and skills assets connected by major road and rail spanning high value sectors from photonics to environmental technologies
- **Clean energy and defence-led growth** – attracting investment, creating jobs and fostering local supply chains amongst our network of SMEs, capitalising on the wider South West's assets from the freeport, external investment interest, and large defence industry
- **Acceleration of start and scale-ups** – targeting intervention where it is needed, working with DBT and DSIT, starting with a plan for start-up and grow-on space
- **Resilient bedrock sectors** – ensuring the major employer sectors such as the visitor economy and construction have the support they need to thrive, be it skills or technology adoption
- **A new approach to spatial development planning** – taking forward the recommendations of the Devon Housing Commission in an enhanced partnership with Homes England
- **A plan to grow the working age population** – tying together housing, culture, the town and city offer, with skills, careers advice, and a plan to increase the number of young entrepreneurs

As we make progress with devolution, with greater local decision making and devolved powers and funding, this Plan makes the case for investment and action to support businesses and communities across Devon and Torbay. It is guided by a comprehensive evidence base, which includes statistics and case studies on the region's economic positioning, sectoral and industrial strengths, and critical barriers to growth in our predominantly rural but highly networked area.

The Plan is a tool to engage with national government and private sector partners, identifying why and where we should act to support Devon and Torbay, and how this can benefit our local communities as well as the critical national industries and technology development in which our region plays a leading role.

It will help the Combined County Authority to deliver alongside its partners across the region to:

- Be evidence-led, with strategic priorities shaped by the insights from data and engagement with businesses and wider stakeholders
- Identify themes with opportunity for growth or further support

- Align regional activity with Central Government and its agencies, so that the local plan for growth is shared and effective
 - Unlock public and private investment into projects in the region
 - Build a regional track record of delivery to support future devolution settlements
 - Guide and support local skills plans and align with other strategies and plans, including the Local Transport Plan
 - Inform planning and housing delivery, including closer partnership with Homes England
 - Strengthening local economic partnerships and delivery across the region
- Support the development of a compelling and coherent economic narrative that highlights the vital contribution of Devon and Torbay's key sectors to national resilience and innovation, and underscores the region's essential role in delivering the UK's long-term growth ambitions

Delivering faster productive growth, more innovation & startups and a rising working age population

In compiling this Plan, we have used a broad economic evidence base, ensuring that its five priorities are data and evidence driven. This ensures that future efforts to drive growth, and the criteria by which their success will be measured, are based on a thorough and objective understanding of the Devon and Torbay's needs and potential.

In defining the growth we need for our Devon and Torbay we have focused on a basket of indicators – with economic measures of production in our regional industries and businesses being core to driving other measures such as employment, wages, productivity of our 'bedrock' sectors, and the skills within our communities.

In addition to identifying Devon and Torbay's key strengths and assets, the priorities of this Local Growth Plan have been shaped by a clear understanding of the constraints limiting the region's growth potential. While it touches on issues such as deprivation and access to opportunity, education, and transport, each of these areas have their own local strategies delivered by the CCA or local authorities.

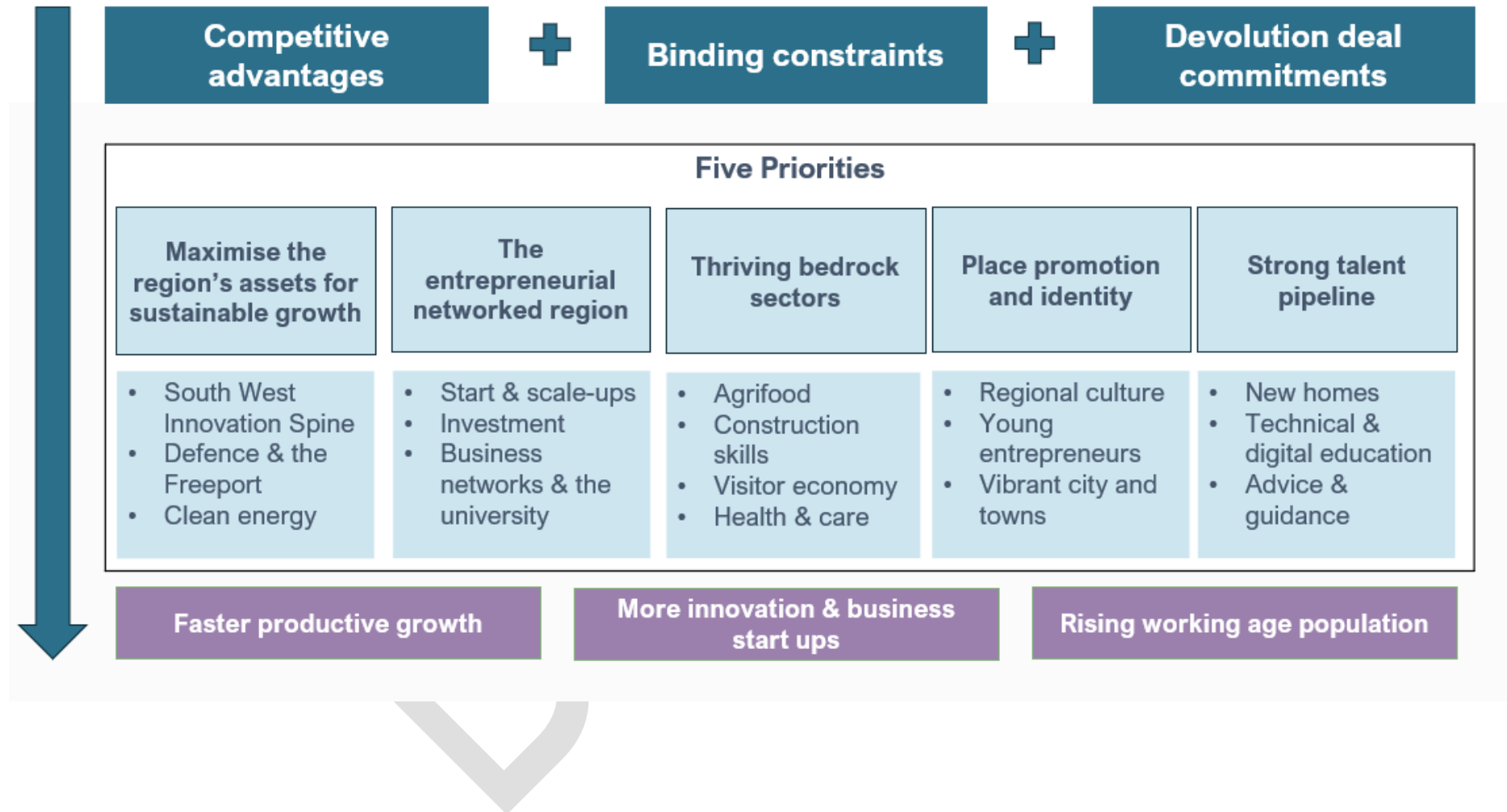
This Plan is not designed to replace those strategies and is rather a focused set of evidence-based growth actions that will deliver for our region.

Working in partnership across our region

The quantitative analysis we have used has been enriched and tested through engagement with stakeholders, including Local Government, education and business. This is the first stage in collaboration for the delivery of growth in Devon and Torbay and the CCA will be delivering on this platform of proposed activity alongside local and national government, businesses, education and local communities.

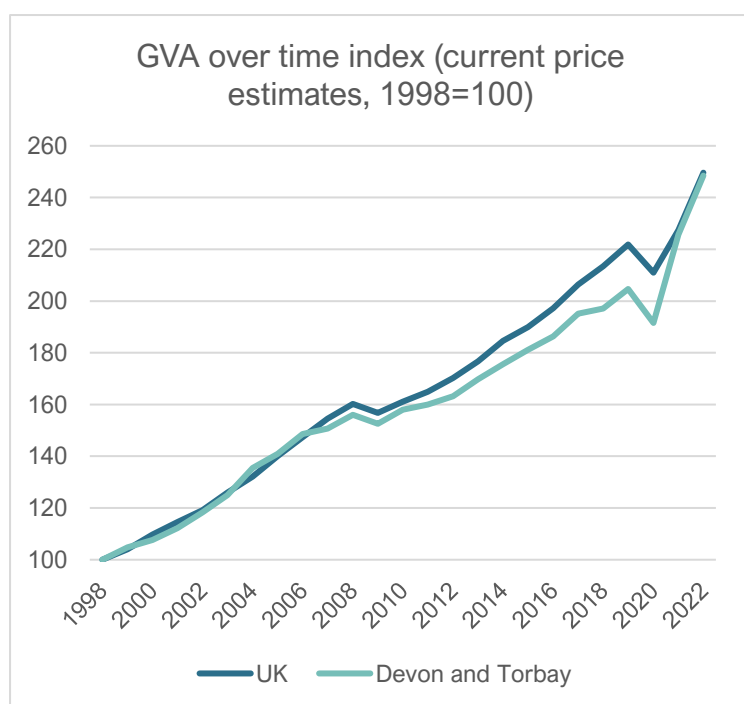
For those reading this that wish to play an active part in helping to realise the great opportunities within our region, we look forward to working with you to unleash the economic potential of Devon and Torbay.

Devon & Torbay Local Growth Plan



Economic context and analysis

Devon and Torbay's economy has shown growth consistent with the overall national trend over a sustained period of time. We closely mirrored the overall national trend between 1998 and 2022, with Devon and Torbay's GVA growth being within 1.1% of the UK's GVA growth rate (149.6%).¹ Since 2020 Devon and Torbay's economy has bounced back rapidly, driven by Torbay's 11% and Devon's 9.4% post pandemic growth between 2019 and 2022, compared to the UK's 1.6%.

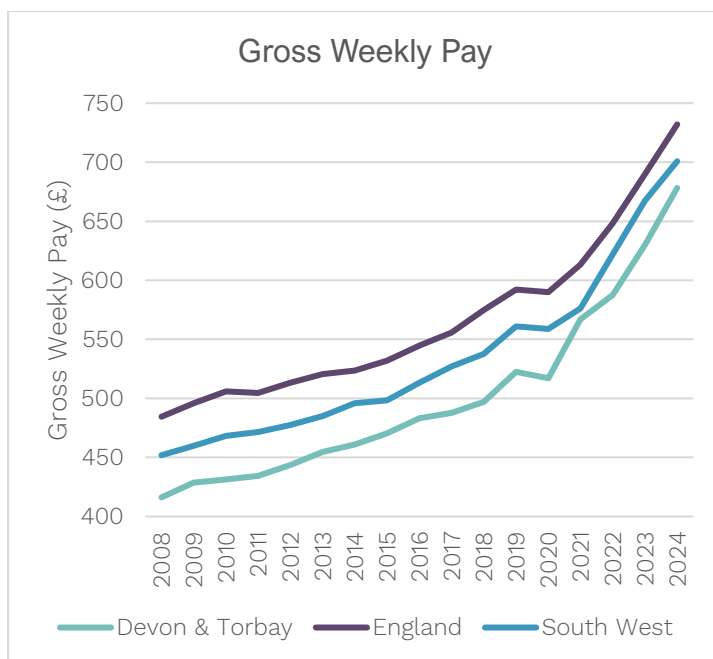


Despite this growth, Devon and Torbay is less productive than both the national average and its eastern neighbours in the South West. Productivity (as measured by GVA per hour worked) for Devon and Torbay in 2022 stood at £34, with Torbay experiencing lower productivity of £27.1 per hour; this means that an hour's worth of labour in the region is £7 less productivity than the England average, and £1 less than neighbouring Dorset and Somerset.

The productivity gap contributes to disparities in earnings, as in 2024, the median weekly pay in Devon and Torbay stood at £678, which is below both the national average of £732 and the South West average of £700, placing pay in Devon and Torbay in the middle relative to its peers across the wider South West.² Higher productivity leads to greater output per worker, which can drive higher wages, improve living standards, and support sustainable economic growth.

¹ ONS - Regional gross value added (balanced) by industry: all ITL regions

² Metro Dynamics Analysis of Regional gross value added and population statistics, 2024



Our competitive advantage and strengths

Devon and Torbay is widely regarded as a highly desirable place to live, with its quality of life and a balanced lifestyle that appeals to residents, workers, and visitors. This strong reputation for liveability plays a pivotal role in retaining and attracting people to the area, supporting a net migration inflow across all age demographics except for 20-24-year-olds.³ The region's natural assets, including its beaches, moorlands, and river valleys, contribute significantly to its appeal, offering a high standard of living that is deemed a key motivator for individuals and families to build their lives and careers in Devon and Torbay.

In 2019, the region topped the Thriving Places Index, which measures quality of life across multiple indicators.¹

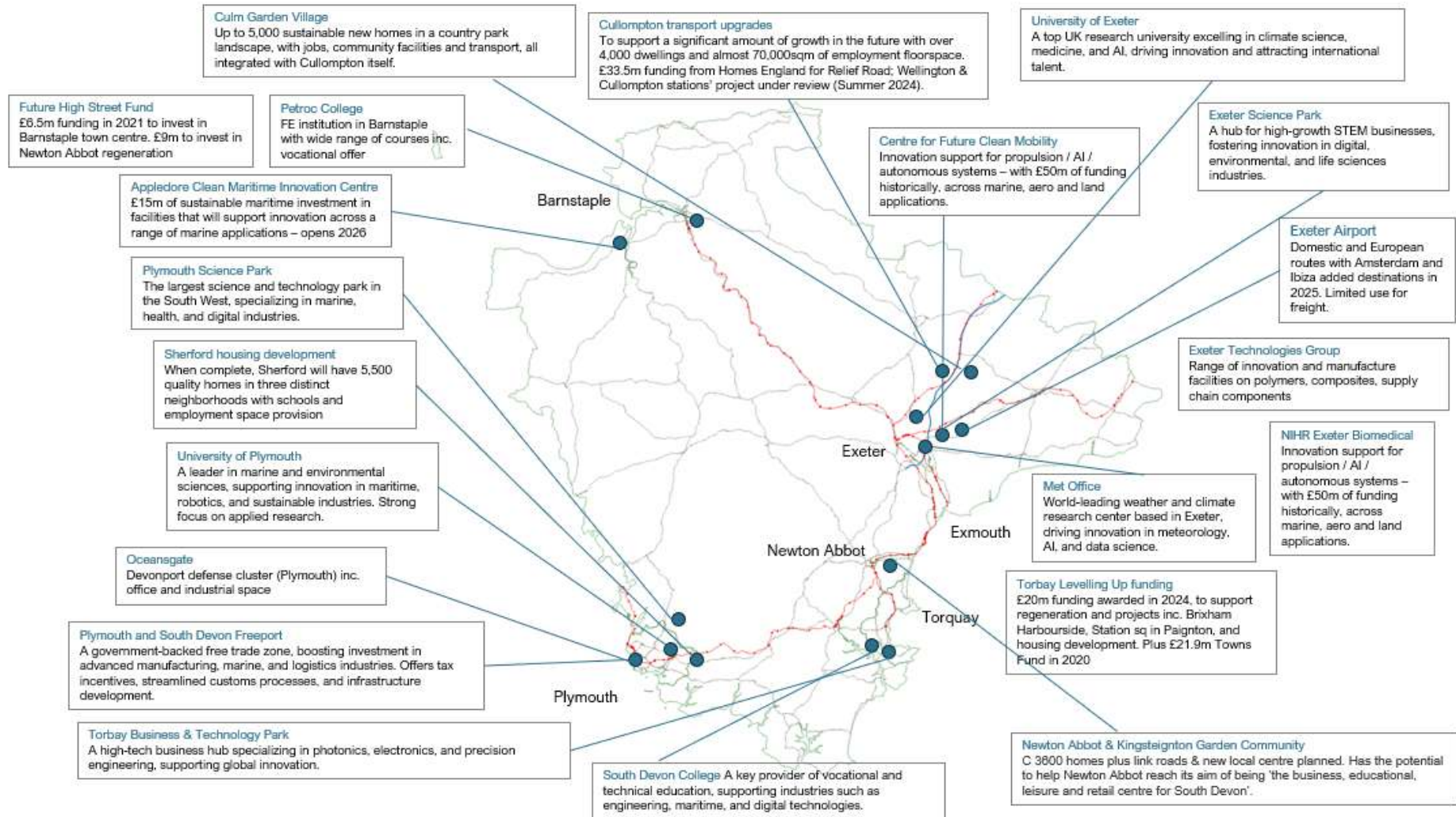
The region's natural endowments have shaped the development of its business base. Devon and Torbay's blue and green infrastructure significantly contributes to the region's thriving visitor economy, supporting nearly 33,000 local jobs in the sector.

In addition, the region's natural environment has created substantial opportunities in industries such as agriculture, maritime, defence, and energy. Devon's blue infrastructure supports a robust maritime sector, bolstered by coastal ports and strong connections with the Plymouth maritime and defence cluster, which are essential for supply chains and the SME manufacturers in the region. The synergy between land and sea also positions Devon and Torbay well to develop as a clean energy region.

4.5 million people visit the English Riviera annually

³ Metro Dynamics analysis of Internal migration in England and Wales, ONS (June 2023)

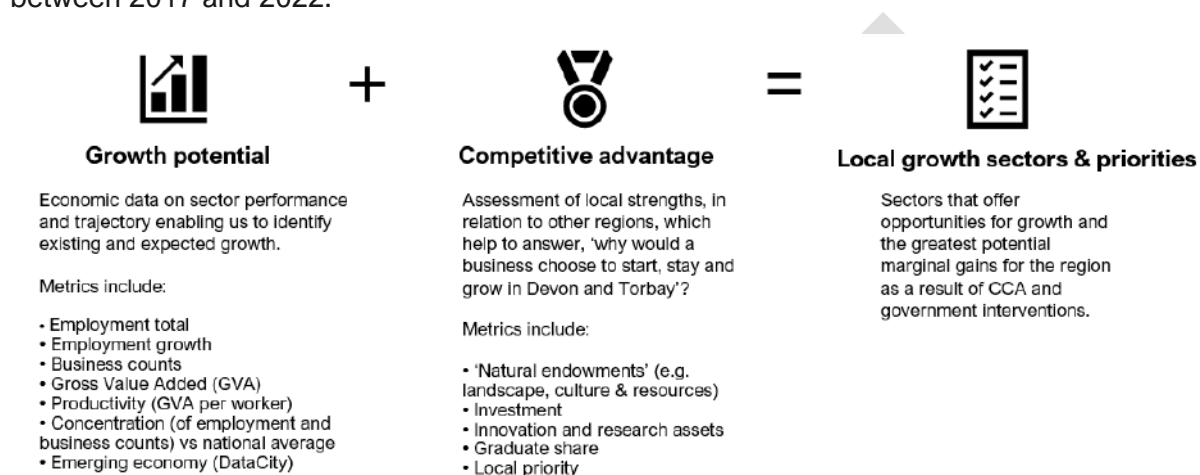
Devon and Torbay Assets



Devon and Torbay Local Growth Plan

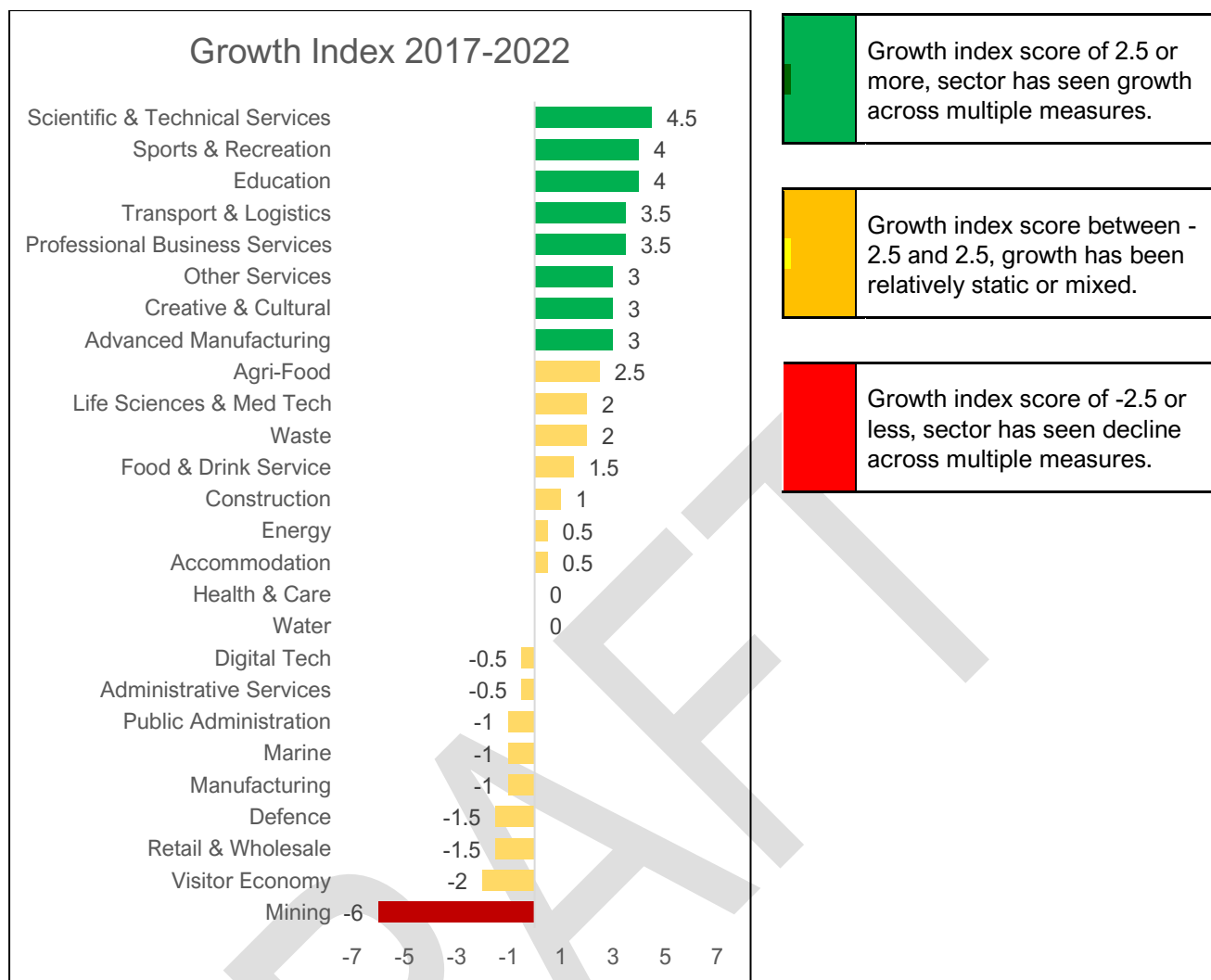
Using a Growth Index to identify sectoral competitive advantage

The Combined County Authority has used a Growth Index to combine various data sets to identify specific sectors where Devon and Torbay has a competitive advantage, rather than simply focusing on the highest-scoring industries. It takes into account factors such as changes and relative size in employment, business counts, GVA, productivity, and sector concentration (specialism), while considering both absolute and relative growth nationally between 2017 and 2022.⁴

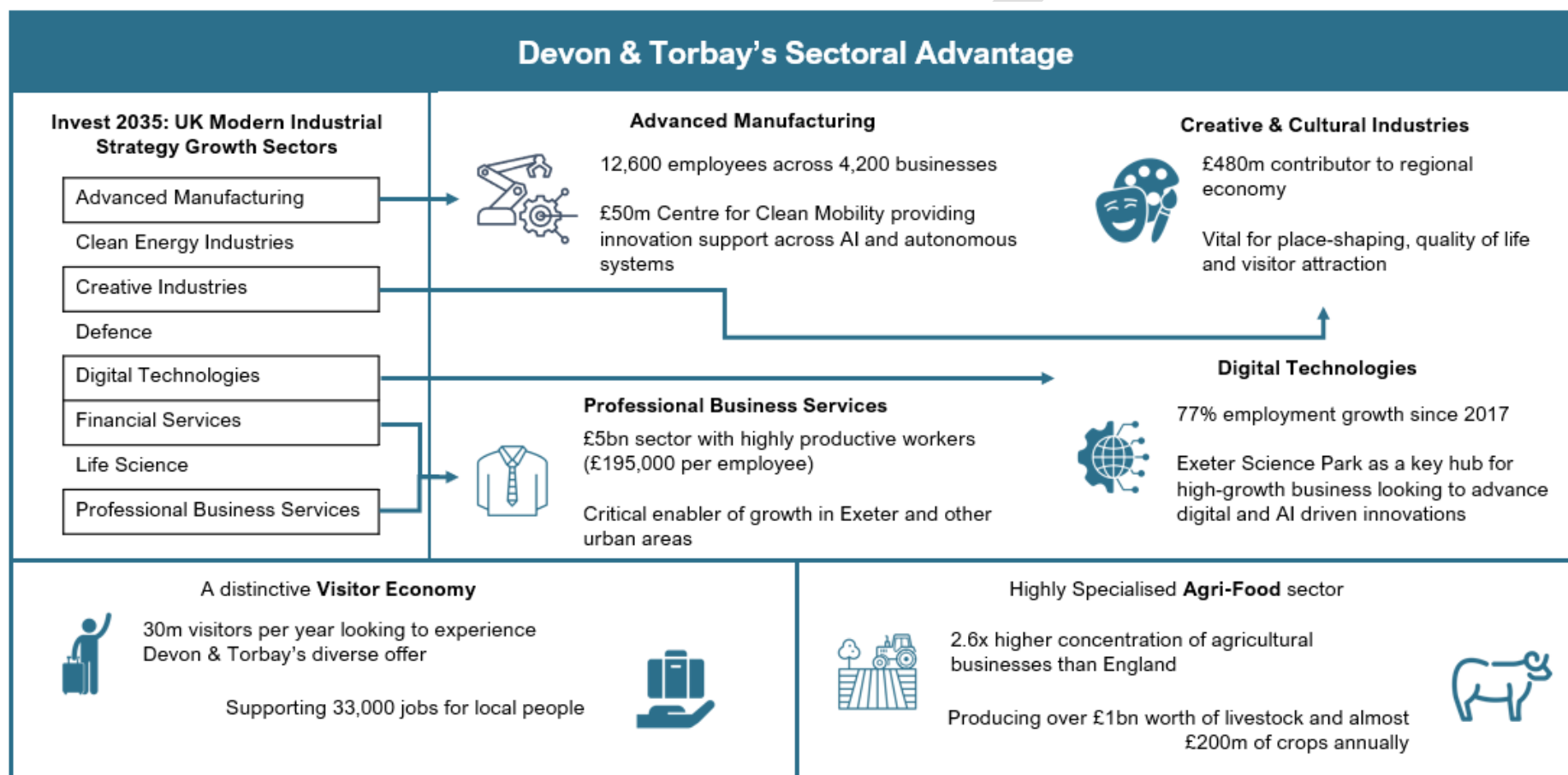


The Growth Index highlights that Devon and Torbay has clear strengths in the sectors that, as identified in the Invest 2035 national industrial strategy, will be vital for the UK's future economic growth. The region is home to a small but rapidly growing Scientific & Technical Services sector, which saw 38% GVA growth between 2017 and 2022. This signals its growing role as a driver of innovation across other key industries such as Advanced Manufacturing and Digital Technology, which also recorded strong GVA growth of 20% and 18% respectively over the same period. Together, these sectors position Devon and Torbay as nexus for innovation-led growth, with strengths in engineering, clean mobility and digital technologies. This innovation economy is underpinned by a highly productive Professional Business Services sector, which contributes over £5 billion in GVA, employs more than 25,000 people, and generates £195,000 in added value per employee, making it the most productive sector in the region. Its role as an enabler of business growth, investment, and export readiness makes it a critical asset not only for Devon and Torbay, but for the national economy.

⁴ Metro Dynamics analysis of Business Register and Employment Survey, UK Business Counts, Regional Gross Value Added (Balanced) by Industry, 2017-2022



Devon and Torbay's Sectoral Opportunities

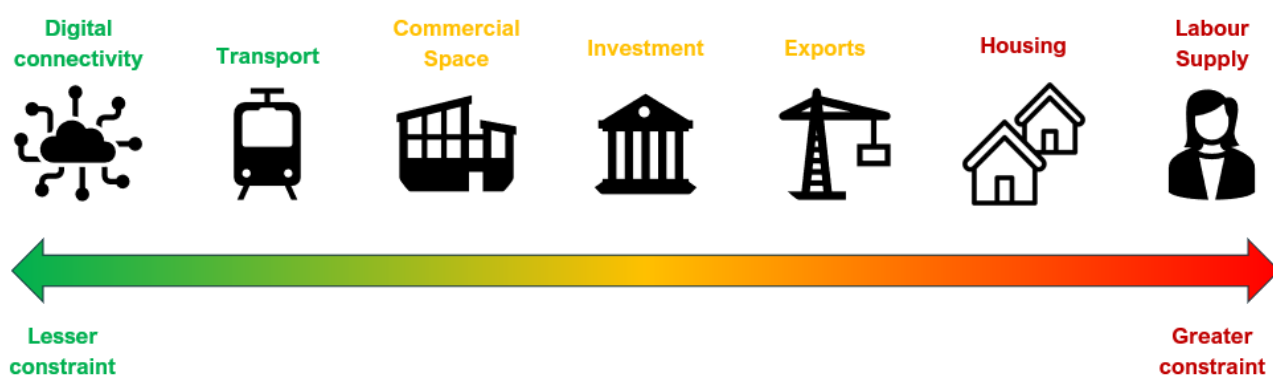


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Constraints on future growth

The constraints analysis, informed by a detailed reflection on the types of challenges faced by rural regions similar to Devon and Torbay, has highlighted significant bottlenecks in labour supply, linked to demographic shifts and housing supply challenges. It also points to the need for greater efforts to encourage business investment and expand the region's export potential, both internationally and beyond the wider regional area. These findings highlight that regional resource, and expertise should be prioritised to address the most pressing constraints around labour supply and housing, whilst seeking to stimulate export and investment. By tackling these issues, the region can maximise the economic benefit and unlock growth potential across other sectors. Addressing these critical constraints will create a more resilient and sustainable economy, providing the foundation for further investment and regional prosperity.

Figure 1. Key constraints



Labour Supply



Over 65s will become the largest population group in Devon & Torbay by 2033

Devon and Torbay's labour market is experiencing, and will continue to experience, growing constraints due to demographic shifts. While these changes are occurring nationwide, they are particularly pronounced in this region due to its unique local dynamics. The number of under 39 year olds in the region is currently stagnant, with minimal growth projected in future decades; however, residents 65+ will become the largest demographic by 2033, overtaking those aged 40-64.⁵ By 2043 the Old Age Dependency ratio for Devon will reach almost 530 over 65 year olds per 1,000 residents, and 585 over 65's for Torbay; this is significantly higher than the wider South West which is projected to reach 445 over 65's per 1,000 residents. This shift in

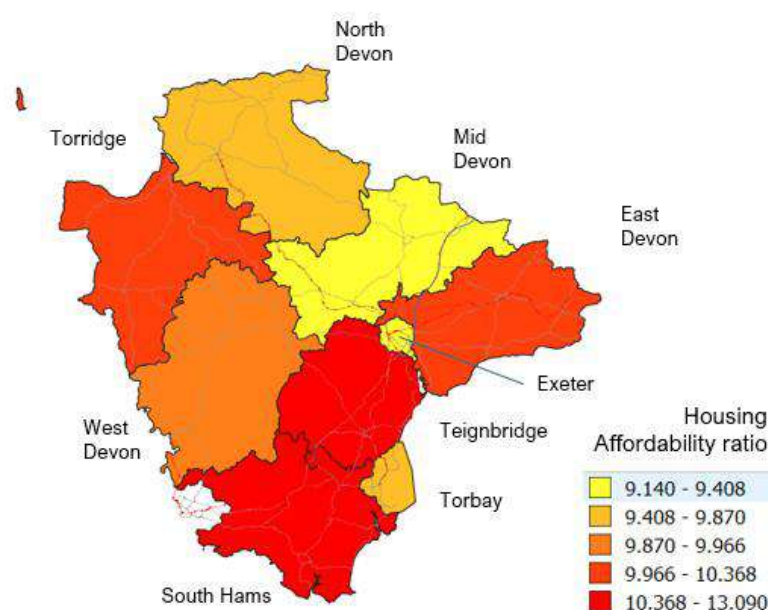
demographics presents a clear challenge for Devon and Torbay's economy, as a stagnating working-age population combined with a growing older population will place increasing strain

⁵ Population projections incorporating births, deaths and migration for regions and local authorities: Table 5, ONS, 2020

on public services, healthcare, and social care systems. As the number of working-age residents remains stable, while the older population increases, the region risks facing a diminished workforce to drive innovation, enhance productivity, and sustain economic growth. This imbalance threatens to limit the region's ability to adapt to evolving economic demands and could hinder its capacity to compete in increasingly dynamic and global markets. Without strategic investment in talent retention, housing, and skills development, issues around labour supply sustainability will become the primary binding constraint on Devon and Torbay's future growth.

Housing

Average house price to average earnings ratio 2023



The availability of affordable and desirable housing in key locations plays an important role in supporting talent retention and attracting skilled workers and safeguarding residents local spending power. However the limited supply of housing stock in the region has contributed to increased affordability challenges over time, with areas like South Hams and Teignbridge demonstrating particularly high disparities between income levels and the costs of housing.⁶ Under the updated National Planning Policy Framework the housing target for the region is set to be increased by 53%, reflecting the need to address this shortfall.⁷ Ensuring an



The affordability ratio in Devon & Torbay across all districts has grown between 90% up to 180% between 1997 and 2023

⁶ [Housing affordability in England and Wales: 2023](#), ONS, 2024

⁷ [Mapped: Housing targets for each council under proposed method](#), LGC, 2024

adequate supply of housing is critical for supporting business activity, improving living standards, and fostering broader economic development in the region.

Exports



Exports in Devon and Torbay represent just over 7% of regional Gross Value Added (GVA), which is lower than both the national average and the performance of regional comparators like Dorset and Somerset.⁸ There is significant potential for growth in overseas trade, particularly given the region's strong port infrastructure. Increasing the share of export business could drive higher economic growth by expanding access to global markets, which in turn would stimulate productivity improvements through increased competition, innovation, and economies of scale.

Investment

Investment, as measured by Gross Fixed Capital Formation (GFCF) refers to the proportion of investment directed by businesses into assets such as equipment, machinery and facilities; high GFCF within the business base indicates a strong orientation towards growth, innovation, and productivity improvements. Whilst the Devon and Torbay business base exhibit higher levels of internal capital investment than seen nationally, it underinvests relative to its peers in the broader South West.⁹ Strong capital investment in the financial services industry has created the positive conditions for further growth in professional services, but low investment in sectors like manufacturing could be a constraint on the region's ability to improve productivity and dynamism within the advanced manufacturing industry. The investment picture highlights the need for businesses to be enabled to invest in internal capital through wider regional developments and programmes, which can help build business confidence and empower them to capitalise on visible opportunities for growth and innovation.



⁸ [International trade in UK nations, regions and cities: 2021](#), ONS, 2024

⁹ [Gross fixed capital formation supplementary tables](#), ONS, 2023

Commercial Space



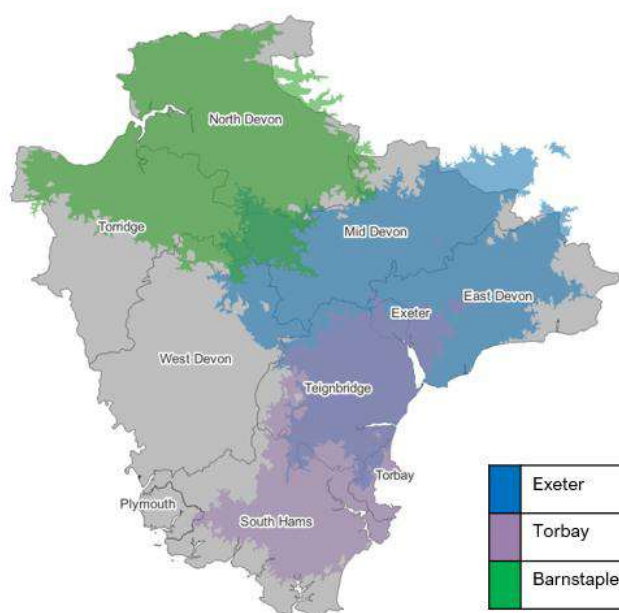
Vacancy rates for commercial space in the region has average at 3% over the last 10 years

Between 2015 and 2019 Devon and Torbay experienced strong demand for commercial space, with high net absorption and low vacancy rates indicating a tight market.¹⁰ However, since 2023, more space has been vacated than leased, with commercial space vacancies resting at a healthy 3%; industrial space demand has been stronger than office space in recent years. Whilst the commercial space market is stable, future spatial planning must be tailored to the evolving needs of key industries to sustain and drive growth.

Transport

Devon and Torbay compares well with other mixed-rural regions across the UK in terms of commuting times with travel times to key employment hubs generally within range of the national average and in line with neighbouring Dorset, Somerset, and Cornwall.¹¹ The region benefits from good car accessibility with Exeter and Torbay and the broader south of the

Travel coverage by car arriving by 9am to selected destinations within 45 mins



region being accessible within 30-45 minutes' drive, although parts of the region remain less well connected (as shown in the map here).¹²

Public transport is limited and its effectiveness as a viable alternative to commuting by car for residents outside of the catchment of urban areas continues to be a challenge. Improvements in public transport infrastructure to better service the rural geography over time will help widen the regional labour market creating the conditions for broader growth across the region.

¹⁰ Metro Dynamics analysis of CoStar data platform, 2025

¹¹ [Transport Statistics Great Britain 2022 Domestic Travel](#), Department for Transport, 2023

¹² Metro Dynamics analysis of local travel times, 2025

Digital Connectivity

The region sees high levels of gigabit broadband availability, with coverage close to the national average of 83%; which is significantly higher than the 52% average availability for rural areas in England.¹³ Similarly for 5G coverage Devon and Torbay as a whole outperform the national average coverage of 76% of the geography, with the more urban Exeter and Torbay experiencing 92% and 86% coverage respectively.¹⁴ However, rural North and West Devon experience pockets of low coverage highlighting that while digital connectivity is not an overall growth constraint, continued rollout of digital infrastructure will be necessary to ensure comprehensive coverage across the region.



82% of Devon and 85% of Torbay has gigabit broadband connectivity

¹³ [Gigabit capable broadband](#), Ofcom, 2024

¹⁴ Connected Nations update, Ofcom, 2024

Priority 1: Maximising the region's assets for sustainable growth

Devon and Torbay is synonymous with coastal landscapes, food and drink, and a quality of life that attracts millions of visitors a year. Yet alongside our history and culture, over 1 in 20 of the region's jobs support high-tech industries, addressing some of the UK's most complex problems; from national security and defence supply chain resilience to innovation in AI and digital technologies. Exeter University is at the core of our innovation ecosystem – a global leader in ecology and environmental technology.

The region's offer to businesses combines green and blue natural capital, alongside a mix of capability and skills aligned to mission-critical engineering, sustainable technologies. This is a solid foundation for productive growth, capitalising on our natural, business, and knowledge assets to shape the latest technologies for a range of industry, and the foundations of Devon and Torbay's innovation ecosystem.

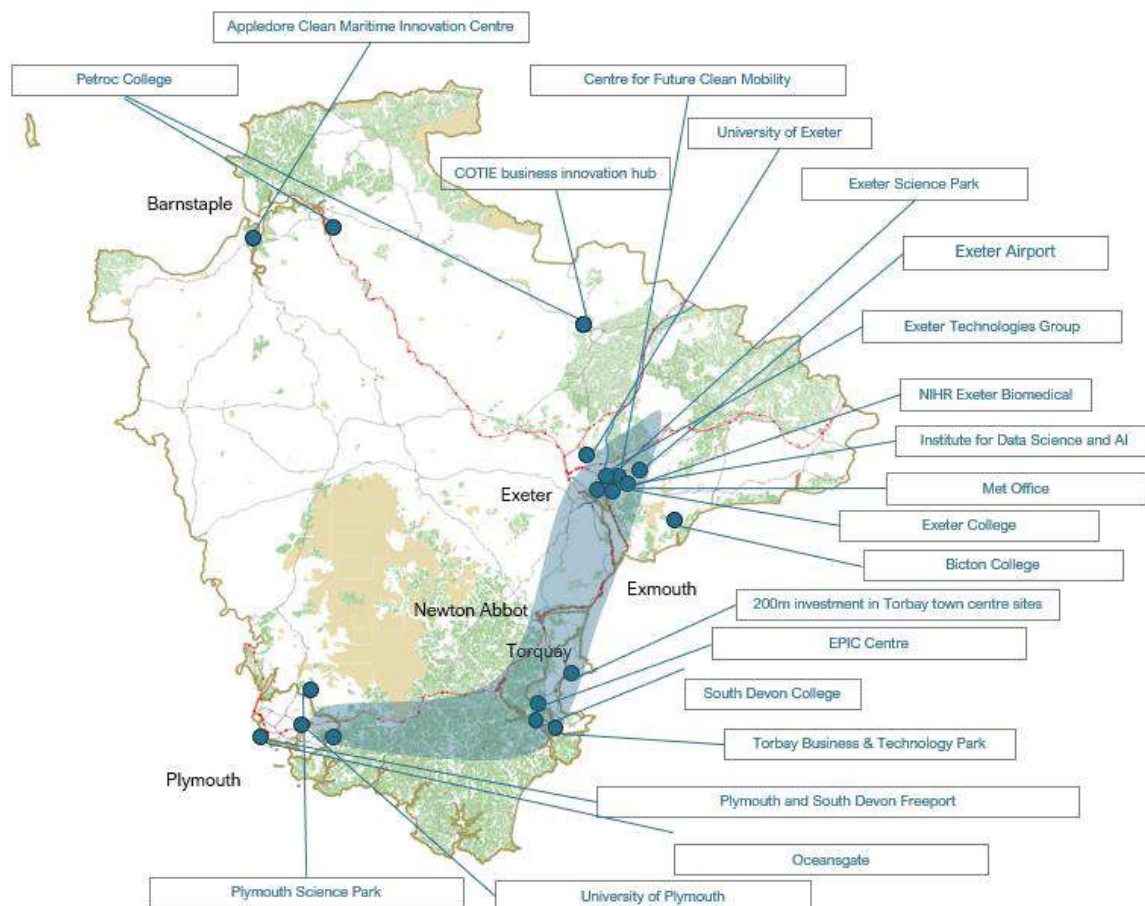
1. Promote South West Innovation Spine as a UK-leading capability for national resilience and sustainability

The South West Innovation Spine brings together a nationally-significant concentration of science and technology enterprises and assets along the southern road and rail corridor – connecting businesses, research institutes, leading technical facilities and science parks, including Exeter University, and infrastructure like Exeter's transport hub, 2 hours by rail from London. Sweeping south from the East Devon Growth Zone and west from Torbay and its digital cluster, towards the Plymouth and South Devon Freeport, the Arc contains significant expertise across environmental sustainability and net zero technologies, electronics and photonics, data and AI skills, and advanced manufacturing. It is supported by the strong business professional services sector, providing the financial, legal, and patent advice to bring ideas forward. Together, these sectors have grown by 8% year on year, with productivity increasing faster at 11%, unlocking new, well paid jobs in the region.

The South West Innovation Spine provides specific growth opportunities for the region, with a number of interconnected sector strengths supporting the UK's industrial strategy themes and more broadly a number of applications in energy, defence, and high-tech supply chains.

Early actions will include:

- Deliver a strategy for the Spine which focuses on ecosystem development via inter- and intra-region collaboration, including greater knowledge sharing between the triple helix of government, business and universities.
- Work with trade, regional and UK government bodies to promote inward investment and exporting opportunities supported by the Innovation Spine.



2. Capitalise on the South West's Defence strengths and the freeport to support local business growth

Devon and Torbay is a strategically important region for UK defence, situated at the centre of a ring of defence agencies and Prime manufacturers in the South West, and supplying a range of products of services that enable our national land, sea and air capability. The resilience and innovation of defence suppliers in the region is critical as the UK increases defence spending by £13.4bn by 2027, with the government spending £7bn in the South West in 2023/24 and £4.5bn earmarked for HM Devonport Naval Base in Plymouth. Industry is supported by Exeter University's leadership of the Defence Data Research Centre, welcoming new techniques and approaches, to the data-driven development of autonomous systems for land, sea and air.

Devon and Torbay's strengths in advanced materials and composites for demanding environments, scientific and technical services, and advanced manufacturing and digital are fundamental to national security and future defence technologies. These broad specialisms represent over £2bn of GVA for Devon and Torbay, with the region committed to defence as well as capitalising on civil applications of new technologies developed in the region.

Early actions include:

- Work with Defence Primes, businesses and the Freeport to deliver supply chain resilience and capability as UK defence capability grows

3. Accelerate investment in clean energy on land, air and sea

As a region, we have a track record of collaboration with government and the Department of Energy Security and Net Zero to bring forward new opportunities through funding and partnership. Industry expertise is networked across Devon and Torbay, with a cluster of knowledge intensive firms around Exeter complemented by the Met Office and Exeter University as a leader in environmental sciences. The Centre for Future Clean Mobility at Exeter University brings together diverse knowledge – from electrified powertrain design to optimization of fuel – and our concentration of marine sector businesses and advanced manufacturing provides both the local industry test cases and engineering expertise.

The Crown Estate's recent commitment to lease seabed space in the Celtic Sea for 4 gigawatts (GW) of floating offshore wind (FLOW) projects by 2035 presents a major opportunity for Devon. These large-scale floating wind farms, each around 1 GW in size, will be among the biggest in the world, delivering up to 8% of the UK's peak demand for electricity. Devon and Torbay will play a central role in the construction and servicing of these offshore wind farms, with Appledore on the North Devon coast ideally placed for access to the Celtic arrays. The Combined County Authority's own research identifies over 100 businesses already in the region that could support the FLOW supply chain, from testing to building and servicing. This will create skilled jobs in areas such as engineering, environmental science, operations and maintenance, logistics, supporting legal services, and project management. As developers establish long-term operational hubs, we will work to coordinate investment, infrastructure development, engineering and servicing, and training opportunities. to support our growing green economy.

Together, this mix is an attractive offer for new investment and innovation, with startups and new entrants being able to draw on a unique range of partners, research and technical capability.

Early actions include:

- Develop the region as a testbed for low carbon mobility testing, with manufacture capacity in the region that enables design and production of new systems and scale up of emerging technologies.
- Demonstrate early delivery of clean hydrogen at scale to decarbonise hard-to-abate sectors, working with the Exeter H2 Hub consortium and the Langage Green Hydrogen facility.
- Support scalable sustainable aviation and maritime initiatives, including Exeter Airport's pioneering decarbonised ground equipment for aviation, and the Clean Maritime Innovation Centre at Appledore which will establish research and development space and opportunities for collaboration on sustainable maritime initiatives including green propulsion.
- Support floating offshore wind in the Celtic Sea and clean energy infrastructure. Work with the Crown Estate on the next stages of FLOW, planning for deliver high energy behind-the-meter industrial applications where power is onshored creating a strong offer for inward investment and new entrants to the region
- Continue collaboration with South West Net Zero Hub and UK Infrastructure Bank to identify and scale local clean growth projects

Priority 2: Entrepreneurial networked region

Devon's businesses are over 99% SME and micro businesses. Devon and Torbay is home to numerous small, successful businesses across a wide breadth of sectors spread across the region. We attract successful entrepreneurs from outside the region, either to establish a new enterprise here, or to manage business interests from our well connected region. We are home to numerous business networks, where people share ideas and advice, alongside their passion for their local area.

Whilst much of this happens organically, it's an attribute of our economy that we want to support and grow. At present the region's business birth rate is less than half that of the UK average (36 vs 84 per 10,000 businesses) and exports fall below the South West as a whole. Both of these are measures which we need to drive to support growth across Devon and Torbay, and doing so starts with ensuring that our region has a profile of investment and opportunity that stretches beyond our borders. Achieving success on this priority will mean that we see a rise in business formation levels and investment, and at the business and individual level that Devon and Torbay is a supportive region in which to grow.

4. A startup and scale-up targeted strategy, prioritising employment space

Our region provides a canvas of knowledge intensive, high tech assets and expertise from which we can drive forward growth in bedrock industries and across our South West Innovation Spine. However, we know that we need new businesses and entrepreneurs to drive this growth, and the current lack of space and tailored support to establish and build a business is a challenge to our future potential.

Part of addressing this challenge is delivering affordable and flexible spaces for business growth across the region. That means both in Exeter, as Devon and Torbay's anchor city, but across our network of towns, coastal, and rural areas too, allowing links to be forged with established clusters in the region – such as advanced manufacturing and materials in Barnstaple, and creative and digital in Torbay – and providing visible opportunity across our communities. Employment space, in particular light industrial units, are in high demand and providing a pipeline of new spaces aimed across start and scale-up will enable greater business formation and mean that successful firms don't have to leave to continue their growth journey.

Alongside the Combined County Authority's work on skills, advice and guidance, and promotion of investment opportunities in the region, this work will combine to create a clear and compelling offer that meets the needs of innovative business across their lifecycle – from seeking support for funding and setup, to accessing space and embedding within local sector clusters. This progress will be reflected in a greater number of startups in the region, take up of new employment space, and funding secured for business growth.

Early actions include:

- Support the development of affordable and flexible spaces to enable businesses to grow

- Review existing business support offer to ensure it is easy for businesses to access the information, advice and support they need to thrive
- Use part of the devolution capital funding programme to back green business transition activity, helping local firms decarbonise and modernise operations

5. Showcase regional potential to investors, prioritising high value scale-ups & pipeline

The Combined County Authority – drawing on this Plan and other investment-aligned strategies – will use its platform and convening powers to attract new businesses and funding into the region. We will play a role in understanding and surfacing the many investment opportunities in Devon and Torbay, from seed funding for high value businesses to capital investment in new regeneration and place-based strategies. This includes promotion of established success stories such as the East Devon enterprise zone, Torbay's Hi-Tech Cluster, and links to the new Plymouth and South Devon Freeport, where there is opportunity to expand and build on these successes through new investment and/or development.

As champions of innovation-led growth, the Combined County Authority will engage and advocate for high value scale-up businesses in the region, which have an opportunity to attract investment and speed up their development. We will work to create this investment opportunity pipeline, working with partners and interfacing with institutional and angel investors at regional and national level. This will help us to achieve scale and visibility, as well as linking the region's business base to national funding opportunities and support from government aligned to the national industrial strategy.

Early actions include:

- Coordination with our local business groups, national government, agencies, sectoral organisations and pan-regional bodies like the Great South West and South West Business Council will bring Devon and Torbay on to the national and international map for innovation, as a place where global challenges are addressed in partnership
- Work with local businesses to build an investment portfolio of scale up opportunities and success stories
- Explore opportunities with the Scale Up Institute to understand how best to address the barriers to growth for the local scale ups and pipeline identified in their 2024 report
- Promote entrepreneurial scale ups both regionally and nationally to gain interest from institutional capital and investors

6. Amplifying business networks and the role of universities through collaboration

Working across the large geography that makes up Devon and Torbay requires solid networks, allowing businesses to interact, innovate, and support each other. Working alongside the region's education and research institutions, the Combined County Authority's Business Advisory Group, and learning from successful scaleups and venture capital deployment in the region - such as Additive Earth, which is pioneering a range of projects for aquaculture, environmental monitoring, and sustainable energy – we will proactively connect a network of our knowledge engine, established businesses, and entrepreneurs.

These networks will share learning, ideas and related technologies across the region and South West Innovation Spine, moving from a collection of effective assets to an innovation ecosystem with distributed leadership and a greater capacity to generate and grow new ventures and products. The Combined County Authority will encourage this directly by developing business support and mentoring that reflects the unique needs of high growth sectors and businesses.

Exeter University's participation in the SETSquared partnership, which has supported 5,000 entrepreneurs to raise £5bn investment since 2002, provides a strong base from which we can build collaborative networks with university research and facilities, matching these with real business challenge and growth opportunities right across our region.

Early actions include:

- Work with DBT on support for businesses, and with DSIT and UKRI to explore opportunities for collaboration in strengthening research and innovation capacity. The priority areas of focus for this are to support regional research and innovation strengths in the environmental intelligence and clean marine sectors
- Build a strong independent local business voice to work with the Combined County Authority.

Priority 3: Thriving bedrock sectors

Whilst the national Industrial Strategy highlights eight growth sectors these only represent part of the economy. Our region's economy is built on the bedrock sectors – they support a large number of jobs and provide some of the key services needed to underpin our growth opportunities. We have identified four bedrock sectors which require specific interventions in this plan: farming, visitor economy, health, and construction. These are set out below.

7. Regenerative agriculture and innovation in farming

Home to around 30% of the UK's dairy industry, and one of England's largest fishing ports at Brixham (by value of catch), the sector is growing output by 3.6% year on year (GVA), with key businesses including Arla, Danone, Dunbia, and Mole Valley Farmers. The landscapes across Devon and Torbay – from Dartmoor's nearly 1000km² of grazed moorland, to the UNESCO North Devon Biosphere and its unique dunes and ecosystem – present a range of environmental stewardship challenges and opportunities to learn and trial new regenerative and sustainable agricultural techniques.

The deep knowledge within the region – amongst producers and researchers – from new Agri-Tech to approaches to regenerative agriculture and new forms of low-carbon production, provides a platform to continue to support the food security of the UK from future shocks. By working together to develop and promote high productivity, we can deliver for workers in the sector via their pay packets, as well as putting quality produce on shelves all year round.

With established and innovative networks of smaller farms and food producers complementing multi-national firms in the region, we provide a test bed for these new approaches and are ready to develop this offer alongside producers and in partnership with DEFRA and central government. Our region already hosts a wide range of active collaborative groups, working towards a shared goal of farm management in synergy with nature and the national goals on aspects like nature recovery and carbon reduction. Groups like the Central Dartmoor Farm Cluster, with a history of working alongside DEFRA and the Duchy of Cornwall on issues like landscape recovery and natural flood management.

Early actions include:

- Work in enhanced partnership with Defra to grow agritech, aquaculture, and regenerative farming - raising sector productivity while also supporting the adoption of local regenerative farming, net zero land management and aquaculture, and approaches to climate health and resilience.
- Maintain the strong supply of land-based skills and training centred around Bicton College.
- Raise awareness of the UK's first Agritech Advanced Engineering Centre, a state-of-the-art training facility at Bicton, highlights our region's leadership on new technologies and techniques in the sector.
- Continue the annual South West Agri-Tech Showcase, providing a rallying point for the sector across the broader region to meet and to drive innovation.

8. Construction skills pipeline

Construction employs over 25,000 workers in the region. Worth £1.7bn annually, it is vitally important for jobs and productivity, but also to relieving the growth constraint that is the higher costs of construction in the peninsula, with costs rising over 30% for projects in the region, and access to specialist skills posing challenges to specific development.

The region is home to key multinational operators like Norbord Europe, providing flooring and roofing, and regional bases for large developers like Kier Group, alongside a rich network of SME contractors. With over 8,000 homes due to be built annually across the region and with the complexity regeneration projects driven by the local topology, the Combined County Authority will play a key role in exploring and bringing forward new models of development and financing, in partnership with government and Homes England, recognising the vital role of housing and employment space if Devon and Torbay is to continue its growth.

Our region has excellent further education and vocational provision for construction, with over 3,000 students trained each year. However, the unique pressures on the sector in the region – including the competition for skilled and specialist labour – often adds complexity, cost and time lag to development, as expertise needs to be sourced from around the UK. The Chancellor of the Exchequer has committed to train up to 60,000 more construction workers by 2029 – and supported by national investment and our excellent local skills provision will address shortages and cost premiums for labour, and crucially encourage greater confidence and investment into local and regional construction and regeneration.

Early actions include:

- Design a construction ‘technical excellence college’ for Devon and Torbay focusing on sector skill shortages and specialisms and creating a focal point for the sectors ongoing growth.
- Ensure the region is proactive in its green construction skills offer, including short courses for existing workers who wish to upskill

9. A resilient and sustainable visitor economy

We want to protect and grow the visitor economy in Devon and Torbay, showcasing the best that the region has to offer and adopting new strategies to manage the demand on our regional infrastructure and local communities at peak times, bridge the gaps of low season that impact people’s livelihoods, and creating a sustainable tourism that meets the changing expectations of visitors.

As we continue to invest in some of the key locations across the region – including the English Riviera across the Torbay coastline – we must work with the sector to make the most of the assets at the heart of Devon and Torbay’s visitor offer, understanding the network of businesses and SMEs that operate and how we can raise productivity above the current level (around £23,000 per employee). We know that many businesses are keen to adopt new techniques, from digitising their business and customer experience to taking on new skills and staff that can help evolve their offer.

The recent award of LVEP status further underlines the importance of the visitor economy and provides us more strategic tools and partnerships to grow. Through collaboration

between VisitEngland and both the Combined County Authority and operators in the region, we will provide strong local leadership and governance as our historic destination evolves. This means greater ability to support and advocate for those within the visitor sector, understanding and addressing their priorities, while positioning for greater visibility with national and international visitors.

Early actions include:

- Collaboration with VisitEngland and Local Visitor Economy Partnership to enhance the visitor economy and grow domestic and international visitor spend via sustainable tourism and our regional visitor economy strategy.
- Use the region's skills strategy to establish a pathway into a range of employment for young people – both those not in education or employment, and those keen to build employability and life skills.
- A focus on measurement and impact will be delivered through these strategic partnerships and our LVEP action plan, enabling us to pinpoint where investment should be prioritised.

10. Innovating health and care delivery

Devon and Torbay is a knowledge centre for the UK in health and social care, delivering a supply of talent into health professions from the University of Exeter and advancing research on resource-intensive practices and treatments in the NHS, such as musculoskeletal health, ageing, and mental health and wellbeing. Over 17,000 health-related graduates leave higher education and further education in the region every year, making Devon and Torbay a critical node in the UK's ability to drive healthcare productivity and effectiveness.

Over 55,000 people are employed in Devon and Torbay in health and care, many facing the same national challenges of supporting an ageing population – particularly in areas with older populations within our region, such as Budleigh Salterton, where 45% are over 65 – and delivering new clinical and management approaches to meet the demands of the population.

Our region has a strong record of delivering health innovation and drawing in funding and support for new research and clinical collaboration, such as the recent funding for ADHD engagement and treatment, and for the recent £6.5m award to tackle the carbon footprint of the health service and reduce costs.

The Combined County Authority will work with our local trusts and Integrated Care Boards to deepen this collaboration between health and care providers, government and research and innovation assets, to help address the long-term sustainability of the bedrock sector.

Early actions include:

- Establish strong partnership working between the Combined County Authority and the NHS Devon Integrated Care Board, ensuring that we can raise the profile of key healthcare challenges and support required in the region
- Deliver a skills strategy that addresses persistent recruitment and skills gaps in health and care in the region, working in collaboration with education providers
- Work with Health Innovation South West to champion Devon and Torbay existing businesses and strengths, and as a testbed for health and care innovation, advocating for

further funding and support, including to deliver pilot programmes that address challenges relating to rural health and wellbeing and to healthy ageing

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Priority 4: Place promotion and identity

Alongside this local growth plan Devon and Torbay is creating a new place narrative that describes the region's economic success story and repositions the area in the eyes of Government, private sector investors, businesses, talent, relocators and visitors. That work is ongoing, engaging with over 70 stakeholders to date and 9 focus groups. Our region has a unique combination of innovation, natural environment and mission-critical sectors – and will play a critical role in the future development of food security, defence, clean energy and environmental technologies. The economic story and opportunity in Devon and Torbay is arguably less well-known than our rich cultural heritage, and building profile with investors, government and business is crucial.

11. The role of regional culture

This investment opportunity in Devon and Torbay sits alongside our singular creative and cultural strengths which make the region a unique place to live. In 2019, Devon topped the Thriving Places Index – a measure of quality of life across 60 indices, incorporating all 149 local authorities – and, with National Landscapes covering 20% of the region, providing hundreds of square miles of diverse landscape, beaches and coastal areas, moorland and river valleys. This is part of our competitive advantage for new investment and growth, with many strong advocates for the region within our business community and local business groups. Our cultural strength should be directly linked to our growth plans and opportunities for future investment, by capturing cultural value in investment opportunities, regeneration and place-based offers – such as the exemplar public realm and mixed use development in Torbay across Paignton and Torquay, bringing food and drink and maritime heritage to the fore.

In return, the impact of delivering growth in our bedrock sectors and tech-led opportunities, should be felt by communities across the region, through re-investment into local infrastructure and facilities, alongside the benefits of job creation and higher wages.

Early actions include:

- Develop a place narrative for Devon and Torbay which aligns to our Local Growth Plan
- Exploratory partnerships with the Department for Culture, Media and Sport's Arm's Length Bodies over six months.
- Explore the establishment of an advisory group for culture and innovation, to build the links that exist between both and ensure they are promoted widely

12. Young entrepreneurs

In addition to our place narrative, we will promote the opportunity to start and grow business in the region with young people and entrepreneurs. Latest migration figures (2023) show over 7,000 net inflow, however young people leave the region with net outflows in graduate age groups outnumbering net inflows from university entry. Like many rural and polycentric regions, we see younger populations growing more slowly than older demographics, as many move away for study or work. Labour supply is our biggest binding constraint on growth.

As noted in priority five – Strong Talent Pipeline – part of addressing this challenge is ensuring that young people have the right advice and guidance on the opportunities that existing within our region. More broadly than this, we must directly address young entrepreneurs and build the profile of their successes, as well as the many benefits of building a career in Devon and Torbay. The strong track record and performance of colleges and Exeter University in developing talent provides a starting point for this work, but we must coordinate our offer to young people looking to start and grow businesses.

Early actions include:

- Work with the University of Exeter, our region’s colleges, and through relevant regional strategies (e.g. skills; place narrative; spatial development), to build a coordinated and compelling offer for young entrepreneurs to stay and grow in the region.

13. Vibrant city and towns

The population across Devon and Torbay outnumbers cities like Liverpool and Sheffield, with a highly productive professional business services sectors worth over £5bn reflecting the collective vibrancy across Exeter and the network of towns from Barnstaple and Bideford in the north to the English Riviera and Paignton and Torquay in the south. Exeter, as an anchor city for the region, will continue to develop within a wide functional economic area, alongside its university and investment zone to the east, adding more residential in the centre and growing as a dynamic city with a buzz outside of the 9-5. The airport acts as a national and international gateway to the region, as well as a centre for innovation in sustainable aviation.

It is critical for the region that we continue to develop the offer in our towns and cities, providing incentives for young people as well as families to move to, stay in and grow their lives here. Expansion of employment space and residential – such as the new town at Cranbrook and the growing Enterprise Zone in Exeter and East Devon – is vital, alongside regeneration of our culturally significant centres.

The ability to support new investment models in the region - working together with institutional investors, the region’s planners, government and industry – to create real incentives for new development, particularly in locations challenged by higher costs and lower yields (without government support). Partnerships such as that in Torbay, where Wilmott Dixon and Milligan are delivering over £200 million of development including new healthcare facilities on the high street, residential, and high quality public spaces.

The Combined County Authority will use its convening powers and its ability to coordinate spatial development strategy across Devon and Torbay with partner authorities, to provide confidence to investors and partners. This proactive, regional approach to developing a pipeline of investable propositions will result in greater investment in communities, high streets and the amenities and infrastructure which support growth.

Early actions include:

- Begin the process of establishing a regional spatial development plan, working with Local Planning Authorities and building on the findings of the Devon Housing Commission.
- Consider the roles of towns and the city as places to live, work, study, and visit to ensure that each has a clear purpose, growth & regeneration plans.

- Undertake an employment land study, to ensure that businesses have access to grow-on space in the places they need it.

Priority 5: Strong talent pipeline

Devon and Torbay must retain and grow its talented, working age population. Devon's population is ageing significantly, with the number of people aged 65 and over projected to increase steadily from 2018 to 2043, surpassing the working-age population (40-64) by the early 2030s. The region's economic activity rate is just under 80%, with a claimant count around half the national average at 2.1%. This suggests a tight labour market.

Future workforce, equipped with the skills businesses need is vital for a resilient economy and will provide the next generation of business leaders and innovators. Despite the high standard and range of education provision across the region, the cost of housing reduces our ability to compete for talent, coupled with the urban offer that young people can get in terms of jobs, transport connectivity, and leisure & cultural offer in destinations like Bristol, Manchester, and London.

14. Deliver new homes that meet current and future need

The Devon Housing Commission has already made strides in identifying the mix of challenges that are pricing young people and other residents out. Local need must be prioritised over open market demand, as identified by the Commission, and the delivery of housing across the region must be coordinated with national government and developers to bring forward the right mix of schemes, including rental and affordable homes.

The Combined County Authority will use its strategic position and convening powers to unlock housing sites and investment, and coordinate a regional strategy that serves our communities and the talent pipeline we must retain in Devon and Torbay.

We will take up the role identified by the Housing Commission, with the Combined County Authority representing an important opportunity to coordinate Local Plans across the County, covering transport and infrastructure alongside housing provision. These arrangements would facilitate enhanced working relationships with central government and with its agency, Homes England.

Early actions include:

- Build and deliver the joint strategic housing pipeline with Homes England, using Combined County Authority access to land assembly and compulsory purchase powers as necessary
- Deliver the Green Homes investment programme

15. Technical and digital education

Aligning technical and digital skills provision to the needs of local industry will help to realise the growth opportunities identified in this plan. We know from the region's current development of an integrated skills strategy, that manufacturing employers are more likely to report skills gaps within their workforce (21%) than any other sector apart from health and care.

Engagement in STEM subjects in schools and colleges needs to be improved, emphasising the importance of these subjects which underpin growth sector employment across the region. Amongst the 19 year olds in the region who do achieve level 3 qualifications and above (81.6% vs national average of 86.1%), there are proportionately fewer entering for STEM subjects than the national average.

Related to STEM is the demand for foundational digital skills, equipping the next generation with key workplace knowledge that can support the region's productivity push, and specific technologies and roles, such as Torbay's Hi-Tech Cluster and the advanced manufacturing supply chain.

The Combined County Authority will work to support local providers and employers to ensure that flexible and vocational training is funded and available, responding to the needs of growing sectors and the matching the aspirations of the region's young people. There is already a template for this provision with the region, but more needs to be done to scale and ensure that we react to increasing demand.

Early actions include:

- Publication of a skills strategy for the region and establishing Combined County Authority partnerships for skills delivery that responds to local business and industry needs
- Devolution of core Adult Skills Funding from 2026/27, the Combined County Authority will be responsible for making allocations to providers in accordance with the conditions imposed on them

16. Advice and guidance

Like many regions in the UK, we know that access to skills and qualification attainment varies across our geography. For example, the proportion of those without any qualifications is over 5% higher in Torbay (19.8%) and in Torridge (18.8%), than it is in Exeter (13.5%). To improve outcomes for individuals and to strengthen the talent pipeline in the region, it is important that we target support to those groups at risk of leaving or not entering employment, education or training. This means delivering effective advice and guidance across the region, so that those in more rural areas or greater distance from education and training providers have as good access as those based close to the centre of Exeter.

In addition to focusing on development opportunities that can provide the skills employers need, advice and guidance should also communicate the range of opportunities in the region to develop a career, whether than be via technical or higher education, or in-work training.

Next steps include:

- Deliver place-based careers education aligned with adult education budget activities, working through our regional skills strategy, and in partnership with providers across Devon and Torbay.
- Development of a Get Britain Working Plan, bringing together health and employment support and working closely with the Department of Work and Pensions to ensure the Combined County Authority has the powers and flexibility needed to deliver change.

Measuring success and ways of working

We have identified three outcomes which have guided the priorities and areas of focus in this Plan. They have been informed by the evidence, taking this highest binding constraint, and informed by the growth index and engagement across the region to support our evidence base.

Faster productive growth

Productivity – measured by hour worked – is lower than comparator areas such as Dorset and Somerset, and higher than Cornwall. Devon and Torbay's productivity (measured by GVA per job) varies by sector with large employers such as Health and Care, Agri-Food and the Visitor Economy less productive than professional services and knowledge-intensive technology.

Driving productive growth is one of the ways we can focus on increasing living standards. Compared to neighbouring areas, Devon's 2024 earnings (£678.30) are higher than Cornwall (£669.30), but remain lower than Dorset (£693.00) and Somerset (£675.90).

Our ambition is to raise productivity through: innovation and targeted support for sectors; and attraction of more high value, productive businesses in our target sectors and innovation spine.

More innovation and business start-ups

The share of businesses reporting they are innovation active is above the national average. However, their research and development investment is lower than national averages, when weighted to the number of businesses in the region. Business expenditure on R&D was £159.5m in 2019, equating to 0.61% of national total. Devon and Torbay has 1.6% of total businesses in England.

Devon and Torbay has a lower level of business start-ups (36 births per 10,000) than England (84 births). This is exacerbated by the constraint of employment space and room for new businesses to start and grow.

Our ambition is to see the number of new businesses formed in the region moving closer to the national average, with a linked rise in investment in R&D. We will do this by supporting new existing businesses to connect with the innovation assets across Devon and Torbay, and by providing a clear support system for start-up and scale-up, including attracting new funding and angel investment into the region.

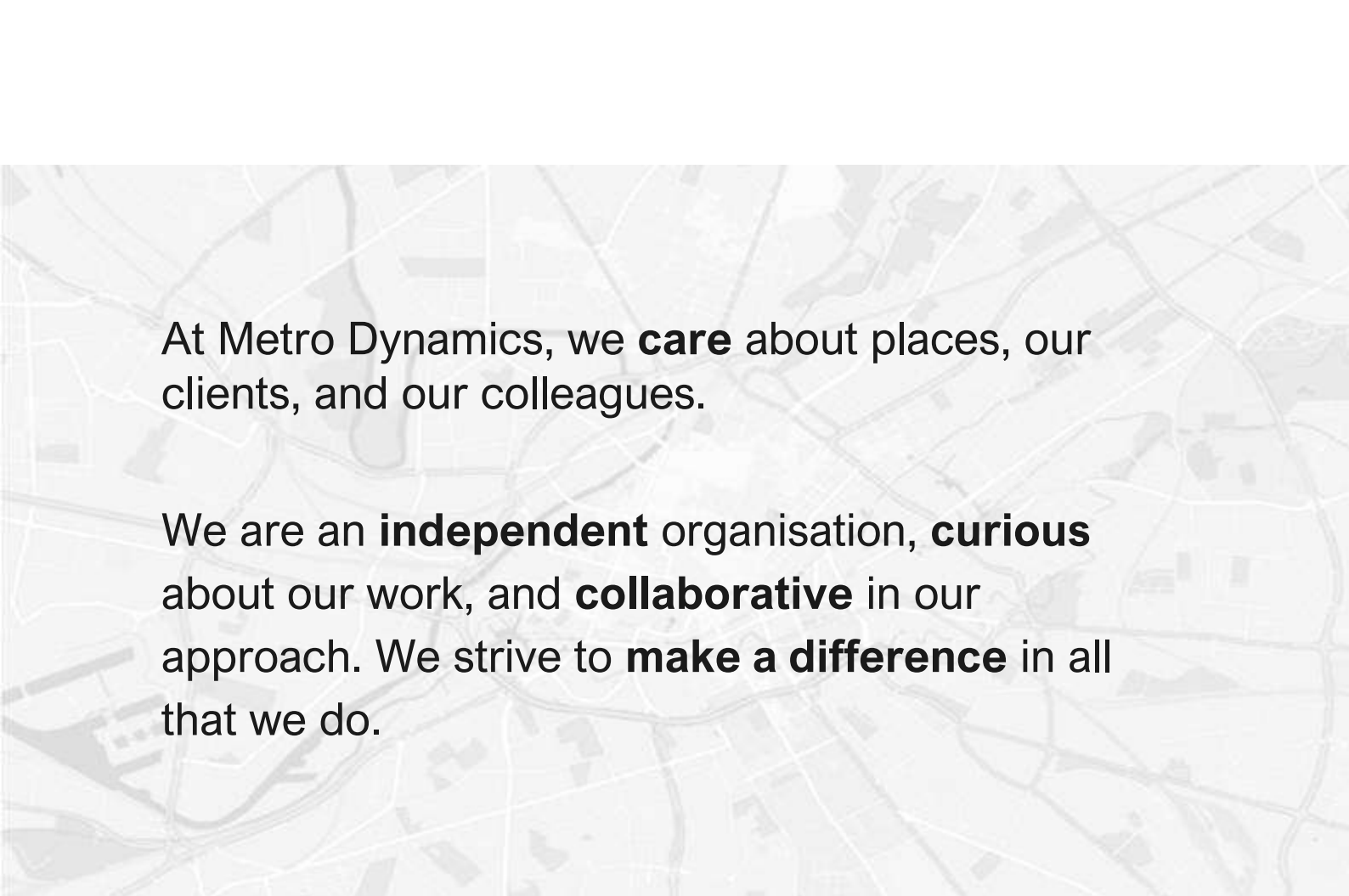
Rising working age population

Devon and Torbay's working age population is currently static, no growth predicted until 2035. This must begin to change if our region's businesses and communities are to have access to the talent that will drive economic growth and ensure that we can further invest in supporting services and vibrant places for residents of all ages.

The affordability of availability and cost of housing, with affordability ratios above 9.5 in most areas of the region, is a constraint on population growth in the short to medium-term. Our goal is address this with a strong housing pipeline forming alongside new opportunities for employment driven by our growth plan.

Taken together, we aim to see modest growth in the working age population in Devon and Torbay by 2030, indicating that the region is on the right trajectory.

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