

March
2017

State of Dorset Economy



Dorset County Council

The UK has a productivity gap with output per hour below the average for the rest of the G7 major industrialised countries. But in Dorset productivity is below the UK average and for every hour worked we produce almost ten per cent less than the national average.

Big Numbers Box

22,000 businesses

159,900 employees

36% of workforce aged 50+

12,000 expected employment growth by 2024

£502

weekly pay for full-time employees living in Dorset

18% self-employed

Expected fall in the working age population over the next 10 years

30% workers in high productivity employment

2,800

Box 1: Businesses

- Although business survival is good, we have fewer than average business births: 45.8 to every 10,000 residents compared with 62.9 in England¹.

- And we have smaller business units: just 7.4 employees per business unit compared with 10 in England².

- Our businesses are less competitive than the national average, although North Dorset moved up 39 places in rank from 2013: the 4th highest climber nationally⁴.

Businesses by size



GVA per hour worked³



- Whilst we have above national average representation of advanced engineering and manufacturing as a whole, we have low representation of both businesses and employees in high productivity sectors² and also below average representation in high R&D spending sectors⁵.

- Self-employment is high in Dorset: about 18% of economically active residents compared with 14% in England⁶.

- Government spending cuts affect the wider economy through supply chains and reduced funding grants for the voluntary and community sector. Procurement from local firms keeps more money in our economy: on average, every £1 of local authority procurement spending with local firms generates an additional 51p in the local economy - even more if spend is with small and medium sized firms⁷.

Sources

- 1 Business Demography 2015, ONS
- 2 UK Businesses 2015 and BRES 2015, ONS
- 3 GVA per hour worked 2004-2014, ONS
- 4 UK Competitiveness Index 2016, Centre for International Competitiveness

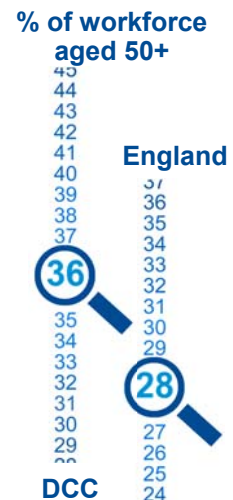
- 5 UK Gross domestic expenditure on research and development: 2014, ONS
- 6 Census of Population 2011, ONS
- 7 Local Procurement: Making the most of small business, one year on, Federation of Small Businesses

Box 2: People

- Employment is expected to grow by more than 12,000 in Dorset over 2016-26 - but about a quarter of this new employment will be part time.
- Manufacturing, health, retail, education and hospitality are all big employers in Dorset.
- 12 neighbourhoods in Dorset are in the most deprived 20% nationally for employment⁸ - nine of these are in Weymouth & Portland.



- Earnings are below average. Median gross weekly pay for full time employees was £502 for Dorset residents compared with £541 in Great Britain⁹.



- 36% of the Dorset workforce is aged over 50 compared with 28% in England¹⁰. Older workers have the benefit of experience and skills, but they will need replacements as they retire.
- Over the next decade, the population in Dorset aged 16-64 will shrink by 0.1% per annum. That's a net loss of 2,800 people in this age group¹¹.
- Only 107 local apprenticeships are currently advertised in Dorset¹². The National Audit Office estimates that the economic benefit of every £1 of government funding for Apprenticeships is £18¹³.

Why does it matter:

Innovative, dynamic economies offer better quality jobs making an area attractive to investing businesses and offering good opportunities to young people - as long as they have the right skills and work experience employers are looking for and the right support and infrastructure are in place to allow businesses to grow.

High productivity means employers can offer higher wages helping them to attract and retain staff – and making it easier for workers to afford housing.

Better pay and rewarding jobs improve quality of life, wellbeing and health - and higher wellbeing among workers leads to higher productivity, improved employee engagement and greater customer satisfaction.

By means of local procurement, the council can add to social and environmental wellbeing in the County as well as economic value, for example through contracts with firms that ensure sustainable working practices and those offering quality Apprenticeships.

Sources

8 English Indices of Deprivation (2015), DCLG
 9 Annual Survey of Hours and Earnings (2016), ONS
 10 Census of Population (2011), workplace statistics
 11 2015-based trend population projections, Dorset County Council

12 National Apprenticeship Service 26/01/2017, excluding nationwide vacancies
www.findapprenticeship.service.gov.uk
 13 Estimating economic benefits from apprenticeships, February 2012, National Audit Office