

May
2022

State of Dorset Economy



The UK has a productivity gap with output per hour below the average for the rest of the G7 major industrialised countries. In Dorset, for every hour worked we produce almost 19% less than the UK average.³

Big Numbers Box

20,000 businesses

£1.8bn Value of Dorset's productivity gap³

142,000 employees

11,000 expected employment growth by 2029

36% of workforce aged 50+

33% workers in high productivity employment

£546

weekly pay for full-time employees working in Dorset

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

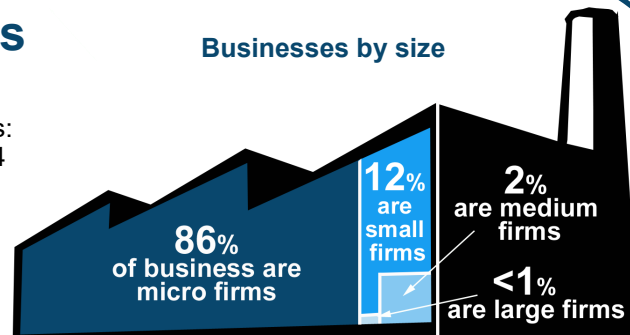
3,600

Box 1: Businesses

Businesses by size

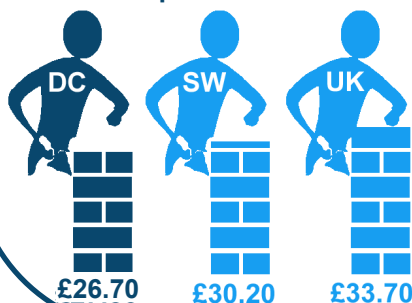
- Although business survival is good, we have fewer than average business births: 71 to every 10,000 residents aged 16-64 compared with 91 in England¹.

- And we have smaller business units: just 7.0 employees per business unit compared with 9.3 in England².



- Whilst large firms represent less than one per cent of Dorset's business stock, they employ about a fifth of the workforce. Ensuring the availability of suitable employment land like the Dorset Innovation Park to offer larger sites and units gives local firms the chance to expand and relocate here, rather than leave the area. It also offers choice to new businesses considering a move to Dorset, bringing new jobs with them.
- Dorset is less competitive than the national average. In recent years competitiveness has worsened, with Dorset's ranking falling two places between 2018 and 2021. The further reduction in our ranking maybe due to the twin shocks of the Covid-19 Pandemic and Brexit which have had a greater impact on areas with significant tourism sectors, like Dorset.

GVA per hour worked³



- Whilst we have above national average representation of advanced engineering and of manufacturing as a whole, we have low representation of businesses in high productivity sectors² and half the average representation in high R&D spending sectors⁵.
- Self-employment is 10% of economically active residents compared with 7% in England, however, this has fallen significantly which may be an impact of the pandemic creating economic instability⁶.

Sources

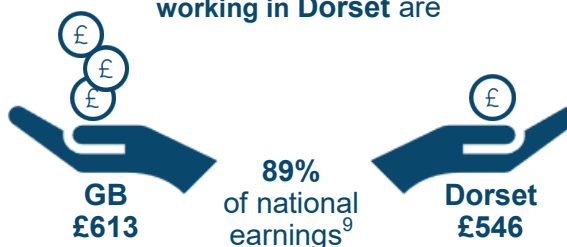
- 1 Business Demography 2021, ONS
- 2 UK Businesses 2021 and BRES 2020, ONS
- 3 Gross Value Added - GVA per hour worked (provisional) 2021, ONS
- 4 UK Competitiveness Index 2021, Centre for International Competitiveness

- 5 As defined in UK Gross domestic expenditure on research and development: 2017, ONS
- 6 Census of Population 2011, ONS

Box 2: People

- Employment is expected to grow by more than 11,000 in Dorset over 2019-29⁷ - but most of this new employment will be part time.
- Manufacturing, health, retail, education and hospitality are all big employers in Dorset.
- 45% of skills required by employers over the next decade are for level 4 and above⁷.
- 14 neighbourhoods in Dorset are in the most deprived 20% nationally for employment⁸ - 10 of these are in the former borough of Weymouth & Portland.
- 36% of the Dorset workforce is aged over 50 compared with 28% in England¹⁰. Older workers have experience and skills and, as more people retire, other workers need training to fill the gaps.

Weekly earnings for people working in Dorset are



- Over the next decade, the population in Dorset aged 16-64 will shrink by 0.2% per annum. That's a net loss of over 3,600 people in this age group. The old age dependency ratio, is expected to increase from 537 per 1,000 in 2020 to 655 per 1,000 in 2029¹¹.
- Around 3,100 apprenticeships were started in Dorset in 2020/2021¹². It is estimated that for every £1 of public monies spent on apprenticeships, an economic benefit of £21 is created¹³.

Box 3: The impact of Covid-19¹⁴

- The first COVID-19 lockdown in March 2020 transformed working patterns, with almost half of all people in employment in the UK doing some work from home in April 2020. The service sector, which accounts for approximately 80% of UK GDP saw nearly four out of five employees working from home.
- Price, Waterhouse and Cooper have concluded that universal, mandatory working from home could lead to £15.3bn reduction in gross domestic product (GDP). In Dorset, 88% of businesses surveyed said that the outbreak caused significant disruption. 55% say they have furloughed staff, and 9% have laid off workers permanently¹⁵.
- However, flexible working including the ability to work from home also has the potential to increase productivity, support the 'levelling up' of rural versus urban areas by bringing diverse economic activity to rural areas and improved work-life balance.
- Employers with a flexible approach to home working will support those employees who favour working from home as well as those who have struggled with the increased isolation created by the pandemic. Lower operating costs, reduced commuting and digital inclusion are additional benefits.

Sources

- 7 LEFM 2019/Dorset County Council
- 8 English Indices of Deprivation (2019), DCLG
- 9 Annual Survey of Hours and Earnings (2020), ONS
- 10 Census of Population (2011), workplace statistics
- 11 2019-based experimental continuity population projections, 2019-2029, Dorset Council

- 12 Apprenticeship starts 2020-21, The Department for Education
- 13 The Economic Impact of Apprenticeships, 26/11/2014, Centre for Economic and Business Research
- 14 The economic impact of returning to the office, PWC, 2020
- 15 Business impact Survey, Dorset LEP