

March
2025

State of Dorset Economy



The UK grapples with a productivity gap, trailing behind G7 counterparts in output per hour.¹⁴ In Dorset, our local productivity lags, producing 12.7% less per hour compared to the national average.³

Big Numbers Box

20,000 businesses

£1.3bn Value of Dorset's productivity gap³

145,000 employees

44% of workforce aged 50+

£616

weekly pay for full-time employees working in Dorset

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

-7,300

Box 1: Businesses

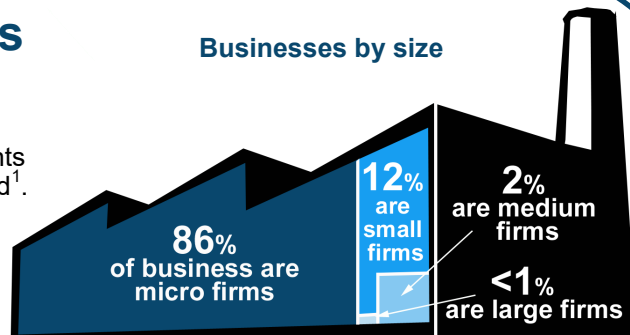
- Although business survival is good, we have fewer than average new business startups, with 73 to every 10,000 residents aged 16-64 compared with 84 in England¹.

- And we have smaller business units: just 7 employees per unit compared with 10 in England².

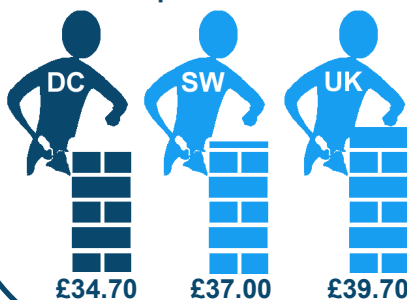
- Whilst large firms represent less than one per cent of Dorset's business stock, they employ about a fifth of the workforce. Ensuring the availability of suitable employment land, such as the Dorset Innovation Park with larger sites and units, provides a growth opportunity for local businesses. This not only prevents the outflow of existing firms but also attracts new businesses, creating additional job opportunities.

- Dorset's competitiveness, though improving, currently ranks 209 out of 362 local authorities. This marks an advance from 2019 when the ranking stood at 222.⁴

Businesses by size



GVA per hour worked³



- While Dorset boasts above-average representation in advanced engineering and manufacturing, it lags behind in businesses associated with high productivity⁵ and high R&D spending sectors.⁶

- Self-employment among economically active residents has risen to 20%, up from 13% in 2011, compared to 16% in England.⁷

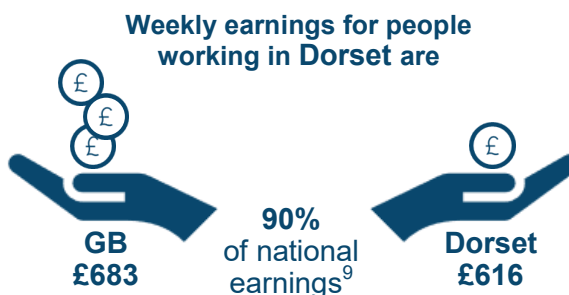
Sources

- 1 Business Demography 2022, ONS
- 2 UK Businesses 2023 and BRES 2022, ONS
- 3 Gross Value Added - GVA per hour worked (provisional) 2022, ONS
- 4 UK Competitiveness Index 2023, Centre for International Competitiveness

- 5 UK Businesses 2023
- 6 As defined in UK Gross domestic expenditure on research and development: 2017, ONS
- 7 Census 2011 & 2021, ONS

Box 2: People

- Manufacturing, health, retail, education and hospitality are all big employers in Dorset.¹⁰
- 14 neighbourhoods in Dorset are in the most deprived 20% nationally for employment⁸ - 10 of these are in the former borough of Weymouth & Portland.



- 44% of the Dorset workforce is aged over 50 compared with 34% in England.¹⁰ This is an increase of 22% in ten years. Older workers have experience and skills and, as more people retire, other workers need training to fill the gaps.



- Over the next decade, the population in Dorset aged 16-64 will shrink by -0.4% per annum. That's a net loss of over 7,300 people in this age group. The old age dependency ratio, is expected to increase from 570 per 1,000 in 2023 to 720 per 1,000 in 2033.¹¹
- Around 2,390 apprenticeships were started in Dorset in 2023/24.¹² It is estimated that for every £1 of public money spent on apprenticeships, an economic benefit of £21 is generated.¹³

Box 3: The national economy

- The economy experienced a modest growth of 0.5% in the three months leading up to July 2024, reflecting a gradual recovery.¹⁵
- Inflation rates have remained a concern, with consumer prices falling steadily. The annual inflation rate was recorded at 3.1% in the 12 months to August 2024.¹⁶
- The job market showed resilience, with employment levels remaining stable. The unemployment rate hovered around 4%, indicating a relatively healthy labour market.¹⁷
- The economy is estimated to have grown by 0.5% in the three months to June 2024, driven mainly by the service sector. In contrast, manufacturing output declined during this period.¹⁸

Sources

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| 8 English Indices of Deprivation (2019), DCLG | 13 The Economic Impact of Apprenticeships, 2014, Centre for Economic and Business Research |
| 9 Annual Survey of Hours and Earnings (2022), ONS | 14 International comparisons of UK productivity (ICP), final estimates: 2021 |
| 10 Census of Population (2021), workplace statistics | 15 GDP monthly estimate, UK: July 2024, ONS |
| 11 2020-based experimental continuity population projections, 2023-2033, Dorset Council | 16 Consumer price inflation, UK: August 2024, ONS |
| 12 Apprenticeship starts 2023-24, The Department for Education | 17 Labour market overview, UK: September 2024, ONS |
| | 18 GDP quarterly national accounts, April to June 2024 |