

December
2025

State of Dorset Economy



The UK grapples with a productivity gap, trailing behind G7 counterparts like the US, France and Germany in output per hour.¹⁴ In Dorset, our local productivity lags, producing 15.5% less per hour compared to the national average.³

Big Numbers Box

149,000 employees

£1.5bn Dorset's productivity gap³

21,000 businesses

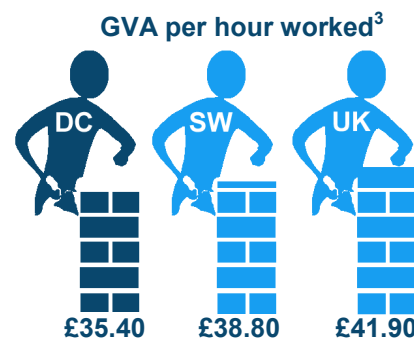
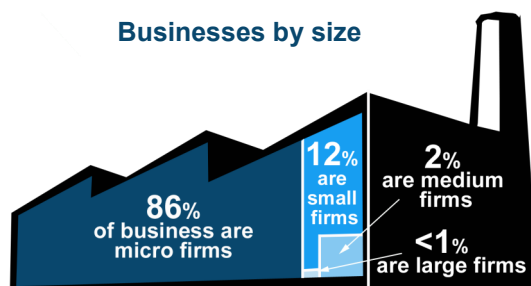
44% of workforce aged 50+

£709 weekly earnings

-1,400 Decline in working-age population by 2035

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 77 in England.¹
- And we have smaller business units: just 7 employees per unit compared with 10 in England.²
- Large firms make up less than 1% of Dorset's businesses but employ around 20% of the workforce. Providing sites like Dorset Innovation Park supports local business growth, helps retain firms, attracts new ones, and creates jobs.



- 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
- 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 2024, ONS
- 2 UK Businesses 2025 and BRES 2024, ONS
- 3 Gross Value Added - GVA per hour worked (provisional) 2023, ONS
- 4 UK Competitiveness Index 2023, Centre for International Competitiveness

- 5 UK Businesses 2024
- 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
- 12 neighbourhoods in Dorset rank among the 20% most deprived areas in England for employment - 8 of these are in the Weymouth & Portland area.⁸



- 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, Dorset's working-age population (16–64) is projected to decline by 1,400 people (1%), while the number of residents aged 65 and over is expected to grow by 23%. As a result, the old-age dependency ratio is set to rise from 580 to 710 per 1,000 between 2025 and 2035.¹¹
- Around 2,620 apprenticeships were started in Dorset in 2024/25.¹² Each £1 of public investment in apprenticeships generates £21 in economic benefit.¹³

Box 3: The national economy

- The economy experienced a modest growth of 1.3% in year-on-year to Q1 2025, driven by services and production.¹⁵
- Inflation increased to 3.8% in July 2025—well above the Bank of England's target of 2%. The Bank cut interest rates to 4.0%, aiming to support growth while managing inflation.¹⁶
- Employment rose to 75.3%, but unemployment also increased to 4.7%. Wage growth remains strong but is slowing.¹⁶
- Retail sales and house prices saw modest increases, while consumer confidence remains subdued.¹⁶

Sources

8 English Indices of Deprivation (2025), DCLG
 9 Annual Survey of Hours and Earnings (2025), ONS
 10 Census of Population (2021), workplace statistics
 11 2022-based experimental continuity population projections, 2025-2035, Dorset Council
 12 Apprenticeship starts 2024-25, The Department for Education

13 The Economic Impact of Apprenticeships, 2014, Centre for Economic and Business Research
 14 Productivity: Economic indicators, House of Commons Library, 14/08/25
 15 GDP quarterly national accounts, UK: January to March 2025, ONS
 16 Economic indicators: Key statistics for the UK economy, House of Commons Library, 27/08/25