



# COVID-19 ECONOMIC IMPACTS AND RECOVERY: DORSET\*

July 2020

\*'Dorset' in this report refers to the Dorset  
LEP area unless stated otherwise



**POLICY  
DEPARTMENT**

KNOWLEDGE | ANALYSIS | STRATEGY

# Contents

The impact of COVID-19 on Dorset's economy

Prospects for the recovery – the strategic and economic context, uncertainties and new dynamics

Assessing pre-crisis economic development priorities against 'new normals'

Challenges and opportunities of a changed economic context and future action-planning





# Executive summary



## **THE EVIDENCE BASE OF THE DRAFT 2019 LIS SHOWS HOW DORSET'S ECONOMY WAS POSITIONED BEFORE COVID-19**

Dorset LEP's strategic vision for the economy – its [draft Local Industrial Strategy](#) – was completed recently in 2019. The evidence base that underpins it gives an excellent and timely insight into the county's economy.

## **DORSET IS MORE EXPOSED THAN AVERAGE TO MANY OF THE PANDEMIC'S ECONOMIC IMPACTS**

Relative to the UK, going into the crisis Dorset had higher shares of employment, output and businesses across most high-exposure sectors, such as tourism. Its outsize share of self-employed workers was vulnerable to gaps in support.

## **BUT DORSET ALSO HAS FEATURES THAT MAKE IT MORE RESILIENT THAN ELSEWHERE**

It has a low population density. It is less reliant on transport services – among the hardest hit industries in this crisis. It has better than average coverage of superfast broadband (with some localised exceptions). It has fewer financially-fragile households with children in poverty.



# Executive summary



## **EARLY EVIDENCE SUGGESTS DORSET'S ECONOMY IS PERFORMING CLOSE TO THE UK AVERAGE**

Its labour market has taken a bigger hit, but output has likely fallen by less. This is due to lower exposure to hard-hit capital-intensive sectors like transport services.

## **AND EXPERIENCING AN ECONOMIC EVENT OF UNPRECEDENTED SCALE**

In Q2 2020, the county's output may have shrunk by around a third. The number of young people on some form of employment-related benefit increased by 190%. At the same time, the number of job vacancies halved.

## **POLICY INTERVENTIONS HAVE PARTIALLY OFFSET THE CASH IMPACT ON HOUSEHOLDS AND BUSINESSES**

Actions taken at the national level include direct support for household incomes and consumer spending. The scope of welfare packages increased. It introduced new transfers, loans and guarantees to underpin business cashflow and new tax and spending measures.



# Executive summary



## **THE SCOPE OF LOCAL ACTION HAS IMPROVED TARGETING OF SUPPORT**

Dorset LEP and its partners have invested in Dorset Gateway to pivot business support to the needs of the crisis. They accelerated spending in shovel-ready projects – such as the £5m enabling works for housing at Holes Bay. They gathered intelligence to improve the targeting of local schemes and supported the labour market with investments in careers advice and skills.

## **AS THE ECONOMY OPENS BACK UP DORSET LEP AND ITS PARTNERS MAY CONFRONT HIGH LEVELS OF ECONOMIC HARDSHIP UNANTICIPATED BY EXISTING STRATEGIES**

The level of support so far augurs well for the recovery. And early data for Bournemouth suggests that the number of job postings exceeds the number of local job seekers. But it is unclear how confidence, spending and employment will hold up as support measures are withdrawn. There may be adverse developments with the virus and new public health responses. Dorset must stay alert to any local gaps in support during this economic transition.

## **ECONOMISTS' UNDERSTANDING OF THE PANDEMIC IS EVOLVING AS NEW DATA EMERGE**

Assumptions have changed as new data casts doubt on first impressions. Sectors thought to be most exposed during the crisis, like hotels, may see the biggest rebound as social distancing is relaxed and tourists avoid international travel.



# Executive summary



## **ECONOMIC FORECASTS SHOULD BE TREATED WITH CAUTION**

As modellers grapple with new economic dynamics forecasts are subject to frequent revision and they should not be used as a guide to re-evaluating long-term strategic objectives.

## **DORSET'S DRAFT 2019 LIS REMAINS RELEVANT WITH LONG-TERM OBJECTIVES WELL-POSITIONED FOR THE POST-COVID ECONOMY**

Even before the pandemic, Dorset LEP's One Health approach to animal and human health featured strongly in the draft LIS. From re-imagining town centres to investment in digital collaboration and investing in 'skills for now', there are opportunities to match near-term actions that address post-COVID economic challenges to LIS objectives.

## **BUT NEAR-TERM DELIVERY WILL NEED TO FOCUS MORE ON EMPLOYMENT GROWTH AND THE BUILT ENVIRONMENT THAN EXPECTED**

Dorset LEP and its partners should explore further how they can speed up LIS implementation. They should determine which actions best support employment growth and pandemic resilience across the economy over the short to medium term.



# Executive summary



## **COVID-19 HAS CHANGED THE POLICY CONTEXT BY ACCELERATING TRENDS AND INTRODUCING NEW ONES**

The COVID-19 crisis accelerated some trends, like remote online collaboration and homeworking. It has introduced new drivers of policy, like public health and the need to secure domestic supplies of emergency-critical goods. It has surfaced some hidden challenges, like the viability of credit-driven speculative development. It has challenged assumptions about the limits of policy action – from furloughing staff to rapid construction and industrial conversions.

## **ACTION PLANS SHOULD TAKE ACCOUNT OF THESE NEW DRIVERS**

Dorset should take account of these new factors as it draws up its near-term action plans and responds to central government calls for projects to fund. For example, urban renewal programmes can incorporate pandemic resilience for the built environment. An accelerated programme to improve the digital connectivity of households and businesses would position Dorset to respond to new ways of working and consumer services.

# Know your crisis

## We will cover...

What we know about how COVID-19 and the public health response to it affects economies

The factors that make local economies more or less sensitive to impacts

Dorset's position going into the crisis

What the early evidence suggests about the impact of the pandemic on Dorset's economy



A photograph of two business professionals in a meeting. One person, wearing a white shirt and a blue watch, is holding a silver tablet. The other person, wearing a grey striped shirt, is pointing at the tablet. In the background, there are blurred documents and a yellow pencil on a desk.

# Business impacts

Official 'Lockdown' began in England on 23 March 2020. From this point, businesses were subject to wide-ranging restrictions on economic activity. These included the closure of workspaces and sales areas. There were 'stay-at-home' restrictions on employees and consumers and border closures. Firms faced new legal frameworks, fast-changing rules and industry guidelines. As restrictions ease, businesses now face the challenges of exit from transition arrangements.

# Business impacts



Loss of business continuity  
(fallen / absent markets)



Under-utilisation of spaces and  
capacity



Adverse cashflows – impaired  
ability to generate revenue and  
cut all costs



New compliance costs to put in  
place social distancing and  
safe operations



Impaired access to people,  
goods and services



Upstream and downstream  
impacts on customer demand



Faster uptake of labour-saving  
technologies and practices  
(e.g. order management in  
restaurants, stock  
management etc)

## Determinants of financial vulnerability to shutdown / social distancing:



Closure of workspaces and sales areas

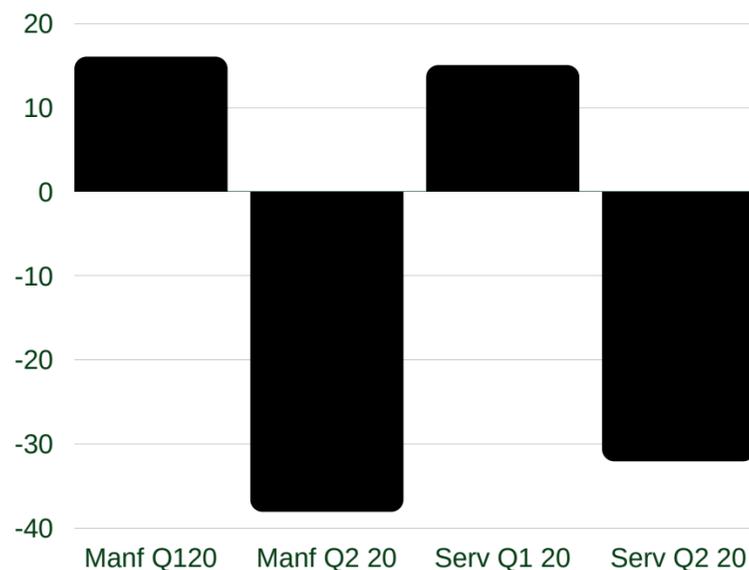


Inability to defer sales / build stocks



Sticky business models

## FINANCIAL DISTRESS & CASHFLOW



Balance of UK firms reporting improved cashflow, BCC QES Q2 2020

## SECTORS WITH THE HIGHEST SHARES OF UK FIRMS WITH LESS THAN 1 MONTH CASH RESERVES

- Accommodation and food services: 8%
- Arts, Entertainment and Recreation: 5%
- Construction: 5%
- All industries: 3%

ONS BICS Tracker for 15-31 May

## TAKE UP OF CASHFLOW SUPPORT INITIATIVES

854k

No of business grants for ratepayers paid (English properties)

921k

No of bounceback loans approved, UK

House of Commons Library, data as of 21 June 2020

## SECTORS WITH BIGGEST IMPACT ON SALES - UK FIRMS LOSING MORE THAN 50% RELATIVE TO BASELINE

- Accommodation and Food Services: 66%
- Arts, Entertainment and Recreation: 64%
- Construction: 38%

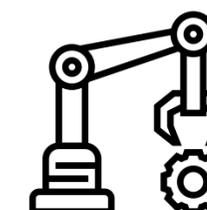
Percentages of respondents, ONS BICS Tracker for 15-31 May

## UK SECTORS WITH MOST ACUTE PROBLEMS OF ACCESS TO GOODS AND SERVICES

- Construction: 11%
- Wholesale and Retail Trade; Repair Of Motor Vehicles And Motorcycles: 9%
- Human Health And Social Work Activities 8%

ONS BICS Tracker for 15-31 May, (share of firms that could not address impacts by switching suppliers)

## UK SECTORS WITH MOST INTERRUPTIONS TO INTERNATIONAL TRADE



Based on shares of respondents citing difficulty with exporting and importing, ONS BICS Tracker for 15-31 May



# Consumer impacts

Restrictions on personal movement and the closure of commercial spaces prevented spending on some goods and services. Furloughing, redundancies, short-time working and pay cuts have depressed incomes. As the economy opens up the strength of recovery in jobs will influence consumer spending.

# Consumer impacts



Loss of household income



Spending sanctions and movement restrictions



Diversionsary spending (e.g. takeaways vs restaurant meals; streaming services vs cinema and theatre)

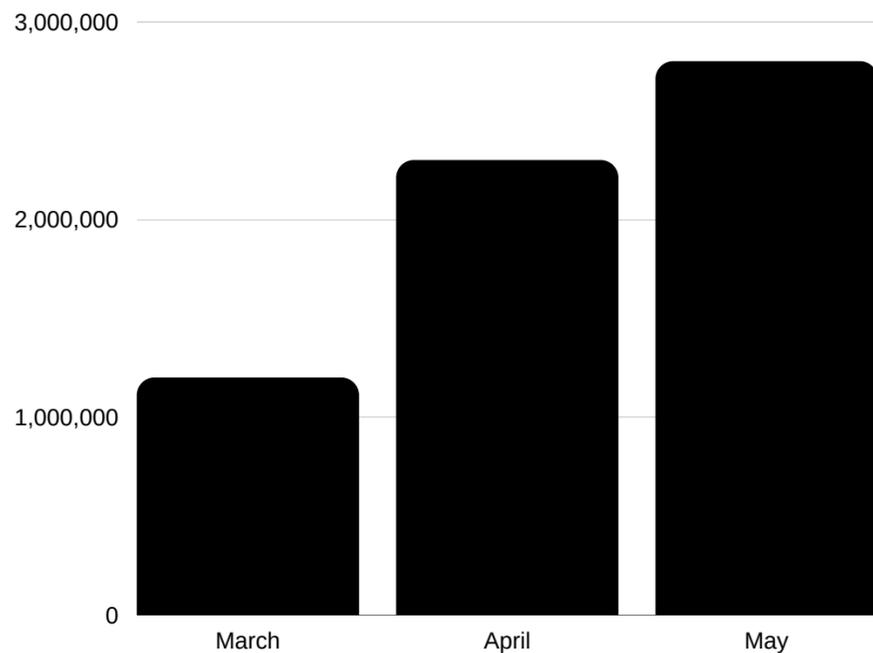


Changes to household savings



Accelerated changes to behaviour e.g. 'bricks vs clicks'; cashless payments

### UK CLAIMANT COUNT, 2020



ONS, seasonally adjusted

### SECTORS WITH LARGEST CHANGE IN AVERAGE HOURS WORKED

- Accommodation & Food Services: -6.85 hrs
  - Construction: -5.53 hrs
  - Manufacturing -4.20 hrs
- All industries: -9%

Average hours worked per employee for Feb-Apr 2020 compared to same period last year, ONS

### FURLOUGHED WORKERS



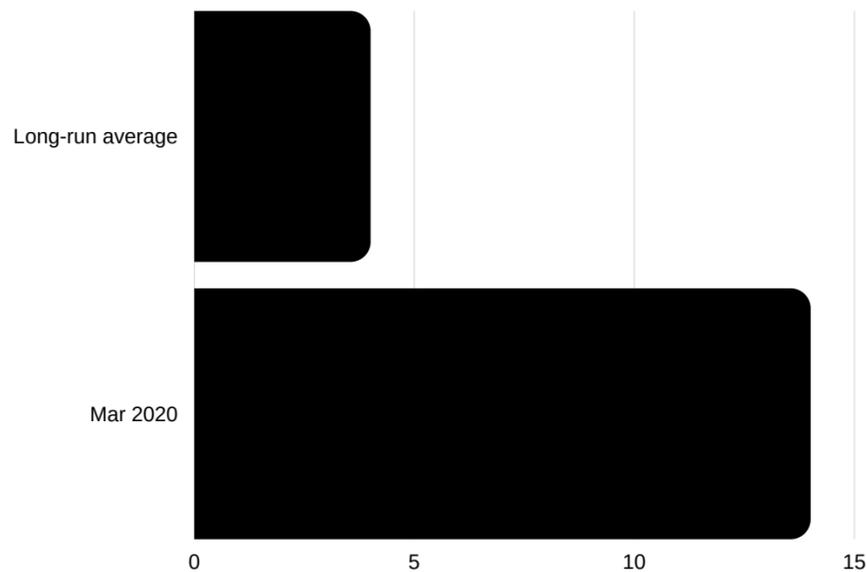
Share of UK workforce on furlough



Share of businesses topping up employee pay

ONS

### UK HOUSEHOLD SAVINGS RATE



(%) Bank of England, FT

### VISITS COMPARED TO BASELINE

- Retail and recreation -53%
- Supermarket and pharmacy -11%
- Public transport -52%
- Workplaces -50%
- Parks +20%

Google Mobility data for the UK (as of 19 June), Baseline period is 3 Jan - 6 Feb 2020

### RETAIL SPENDING



Change in value of UK retail sales May 2020-2019 (excluding fuel)



Online sales as a share of retail spending, May 2020

ONS



# Investor impacts

The Coronavirus crisis has increased the riskiness of many investments. It is now more difficult to know under what conditions an asset will earn revenue in the future. Vacancy rates for buildings, loading factors for transport, utilised capacity of capital equipment are more uncertain. Central banks have kept interest rates low, but lenders are reluctant to engage without strong guarantees.

# Investor impacts



Extreme uncertainty around earnings from investments



Strong appetite for government debt as a safe haven of certainty



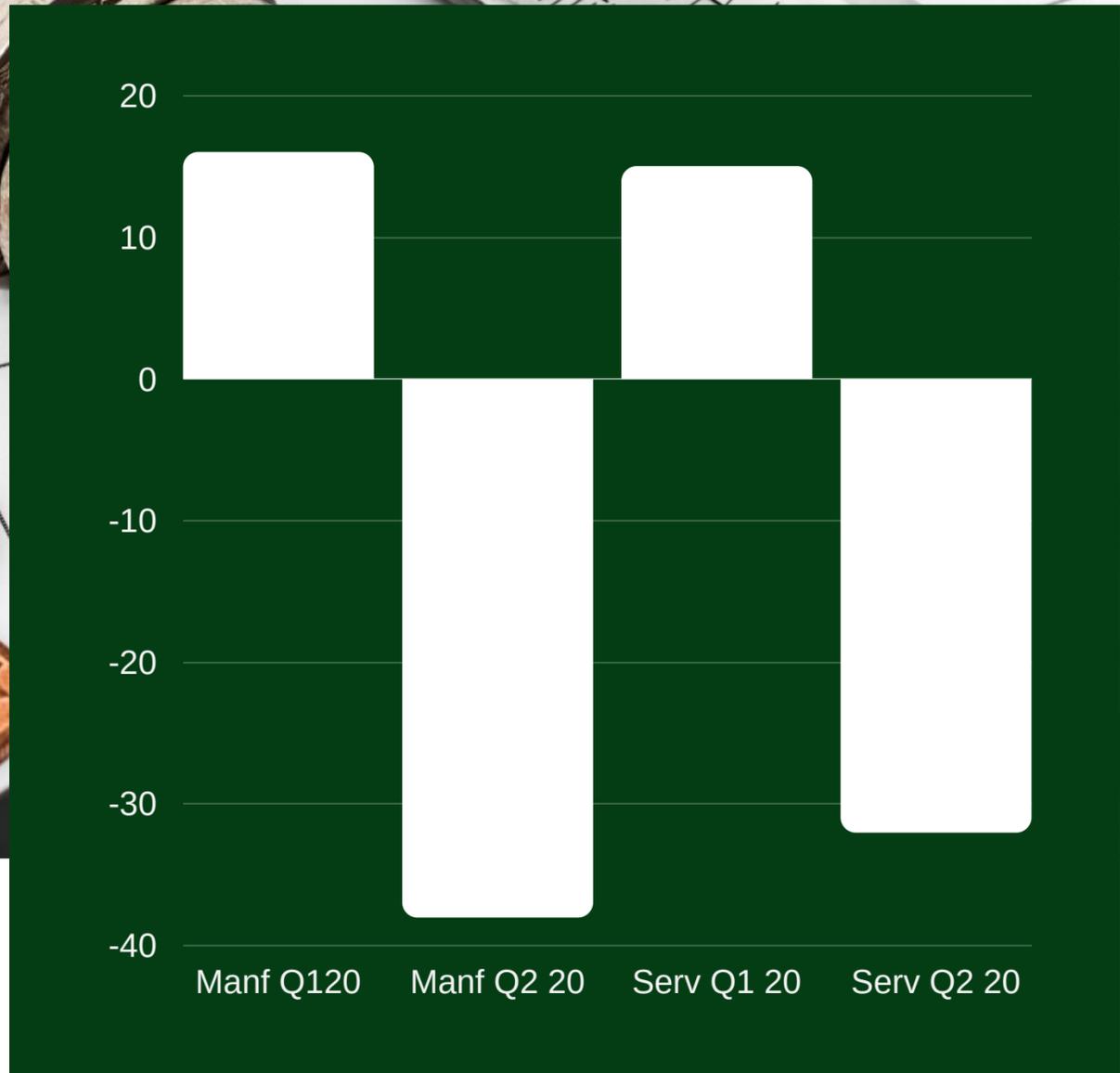
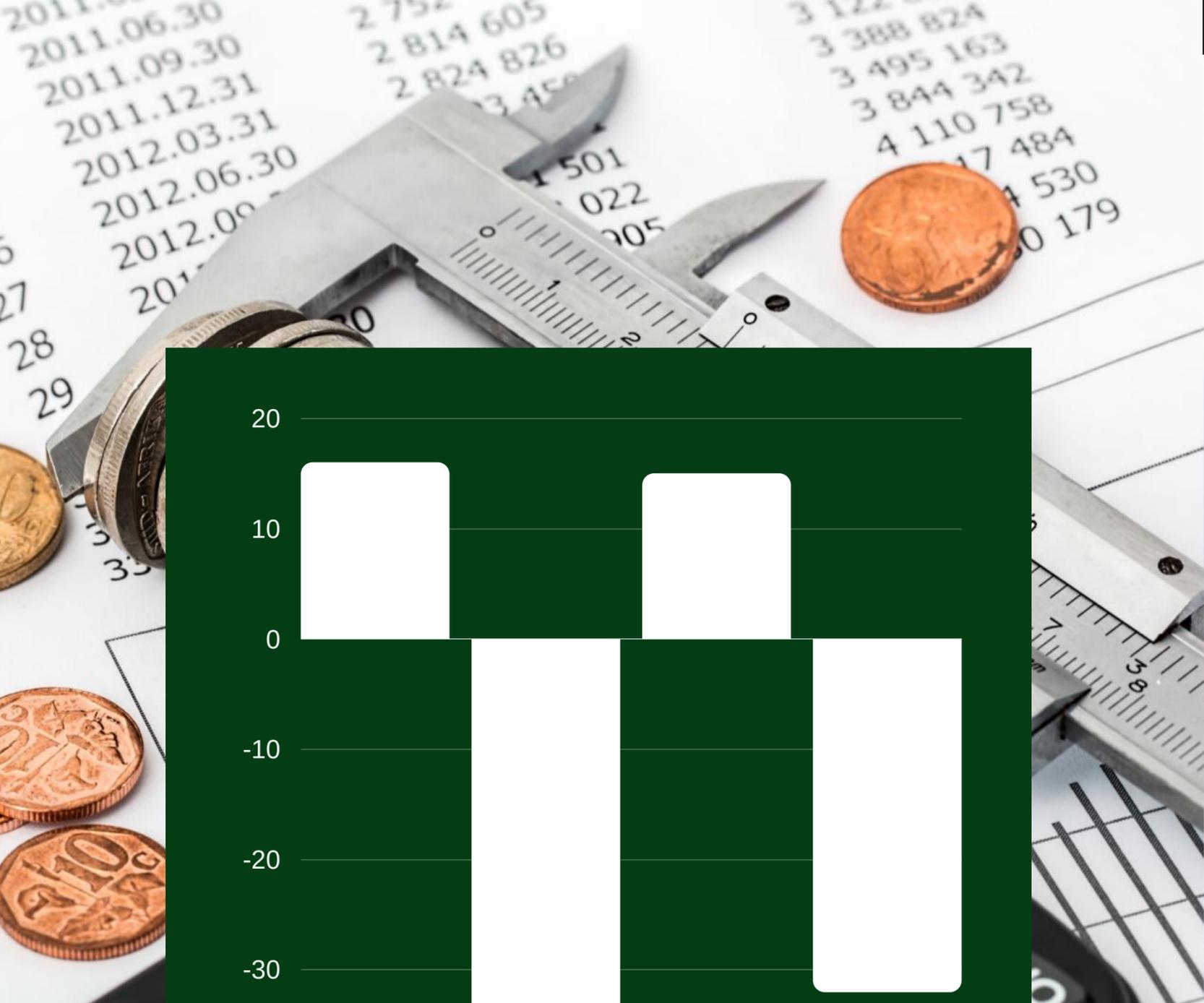
No direct evidence that differences in the performance of stock markets is driven by differences in national caseloads or measures taken to contain the virus



Research shows that market movements reflect analyst revisions to the financial prospects of the most exposed firms, and those expected to benefit from spending to underpin 'new normals'

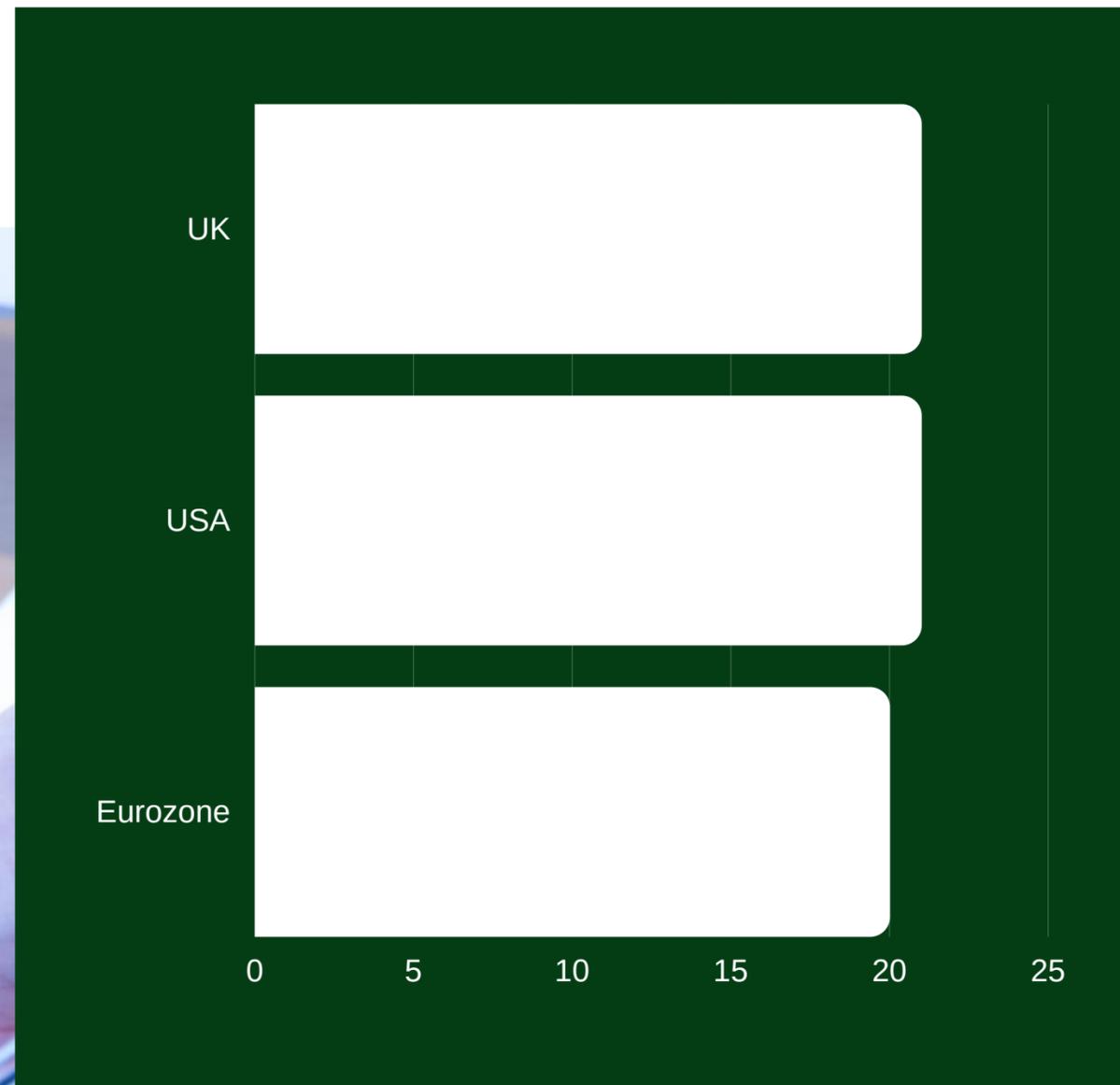


Some evidence that stock markets react to unanticipated changes in caseloads (although the effects are short-lived). Day to day, news related to Coronavirus does correlate with changes to headline indices



Balance of UK firms reporting increased investment in training, BCC QES Q2 2020

### Expansion in sovereign debts in year to May 2020 (percentage points)





# Job market impacts

As the economy shut down in late March 2020, the demand for labour fell. Fewer hours were worked, jobs were furloughed and lost. Job vacancies posted fell too. As restrictions eased from late May, job seekers directed their searches towards reopening sectors. But these have the highest take-up rates of CJRS furlough scheme. For firms meeting labour demands in these sectors, their priority will be to re-instate furloughed workers, not take on new ones.

# Job market impacts



Decline in the number of hours worked



Job furloughing under Coronavirus Jobs Retention Scheme (CJRS)



Increased redundancies



Fall in number of job vacancies



Job seekers re-directing search activity towards re-opening sectors



Spikes in demand for crisis-critical roles

## JOB VACANCIES

### Biggest annual declines Mar-May 2020:

- Accommodation & Food Services: 51%
- Construction: 38%
- Transport and Storage, and Other Services 36%

### Strengthening most 5-12 June 2020:

- Childcare: +6.2%
- Loading & Stocking: +2.6%
- Customer Service: +2.5%
- Beauty & Wellness: +2.5%
- Scientific R&D: +0.9%

### Weakening most 5-12 June 2020:

- Physicians & Surgeons: -3.0%
- Security & Public Safety: -3.4%
- Nursing: -3.7%
- Accounting: -4.1%
- Personal Care & Home Health: 4.4%

Indeed Hiring Lab

## JOB SEARCH

### Fastest-rising job search terms on Indeed UK

Top 20 by change in the share of searches, 6 - 20 June

Rank	Search term	Growth on previous two weeks (%)
1	Primark	102
2	Bar	68
3	Bar staff	65
4	Pets at Home	58
5	Waitress	52
6	Café	44
7	John Lewis	44
8	Hospitality	39
9	Waiter	38
10	Restaurant	35
11	Sales assistant part time	34
12	McDonalds	34
13	Sales advisor	32
14	Retail part time	32
15	Charity shop	32
16	Hairdressing	31
17	Beauty therapist	31
18	Front of house	30
19	Barista	29
20	Superdrug	29

Source: Indeed.





# Public sector impacts

The cost of funding support for the economy and the decline in tax revenues has pushed up government borrowing across the globe. In the UK, central government expenditure rose by 50% on the year in May 2020 while local government expenditure rose by around 85%.

# Public sector impacts



In the UK the extra borrowing covers immediate shortfalls in cash to meet spending obligations. But some of it is defensive - anticipating additional future demands on the public purse



The impact of COVID-19 on town hall budgets in England is significant. Across all geographies, councils report overspending against planned 2020/21 budgets, incurring the cost of borrowing to meet short-term cash needs the and loss of income from fees, charges and returns on investments.



On 2 July, the UK government announced a financial package for councils that included partial reimbursement for lost income from sales, charges and fees (above first 5% at a rate of 75p in the pound); un-ringfenced £500m; council and business rates tax deficits to be repaid over 3 years instead of one.



Change in UK public sector borrowing May 2020 vs May 2019

**+886%**

ONS, public sector net borrowing excluding public sector banks

Change in UK tax revenue  
May 2020 vs May 2019

**-32%**

ONS

# What makes local economies more / less at risk?

Risk and resilience factors

## COMPLEX IMPACT CHANNELS

Most analyses focus on the share of workers employed in sectors that are most affected by shutdown, like tourism, hospitality and non-essential retail. But the picture is more complex.

## MORE TIMELY DATA NEEDED

The economic vulnerability of regions depends on how the full range of impact channels play out spatially, and whether the area has a greater or lesser than average exposure to them. For most impact channels, timely information for local economies are unavailable.

## CATEGORIES OF RISK

Risk / resilience factors can be grouped into the three categories of business, people and place.

# Dorset's risk exposure: business



Above average



Below average



Output exposure to:

- Manufacturing
- Construction
- Wholesale & retail trade
- Accommodation & Food Service Activities
- Arts, entertainment & recreation (incl. some tourism)
- Real estate

Share of firms in cash-critical sectors:

- Construction
- Accommodation & Food
- Arts, entertainment & recreation



New registered enterprises as a share of active business population

Output exposure to:

- Transportation and Storage
- Professional, Scientific and tech

# Dorset's risk exposure: people



Above average



Below average



Share of population aged over 70

Share of workforce self- employed

Population density in BCP

Employment exposure to:

- Manufacturing
- Construction
- Wholesale & retail trade
- Accommodation & Food Service Activities
- Arts, entertainment & recreation (incl. some tourism)
- Real estate



Share of children living in low income households (as a proxy for financial fragility)

Population density in Dorset LA area

Employment exposure to:

- Transportation and Storage
- Professional, Scientific and tech

# Dorset's risk exposure: place



Above average



Below average



Built environment – distance to amenities (Proxied by minutes' walk to nearest food shop), from Hatch Dashboard

Highest quality digital connectivity - 'Ultrafast' broadband (over 100 mbps)

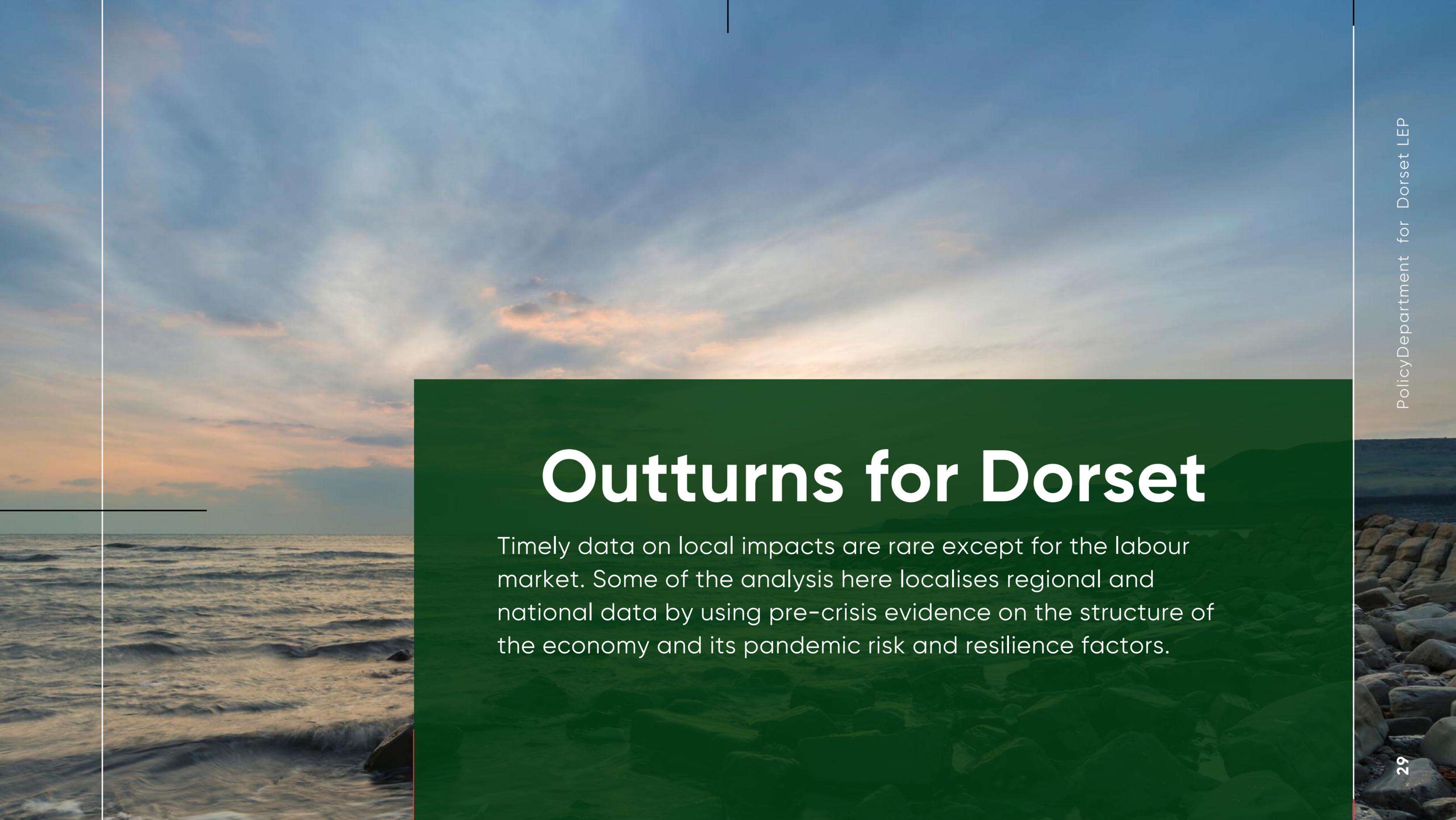


Good quality digital connectivity - 'Superfast' broadband (over 30 mbps)

# Other factors

There are other factors important to the long-term prospects of the local economy, based on what we have learned about the economic, technological, environmental and societal trends accelerated, started, or curtailed by this crisis:

- ✓ Quality of place offer for those able to work remotely
- ✓ Clear and distinctive place marketing and comms strategy
- ✓ Ability to capitalise on import-substituting spending (e.g. shortening supply chains, tourism)
- ✓ Repurposed town and city centres



# Outturns for Dorset

Timely data on local impacts are rare except for the labour market. Some of the analysis here localises regional and national data by using pre-crisis evidence on the structure of the economy and its pandemic risk and resilience factors.

# Clinical outcomes

To date (1 July), Dorset's exposure to the virus itself is far below the UK's. Infections per head of population are running at less than half the national average.

Cumulative cases per 100,000 people (as of 1 July 2020)

**285.6**

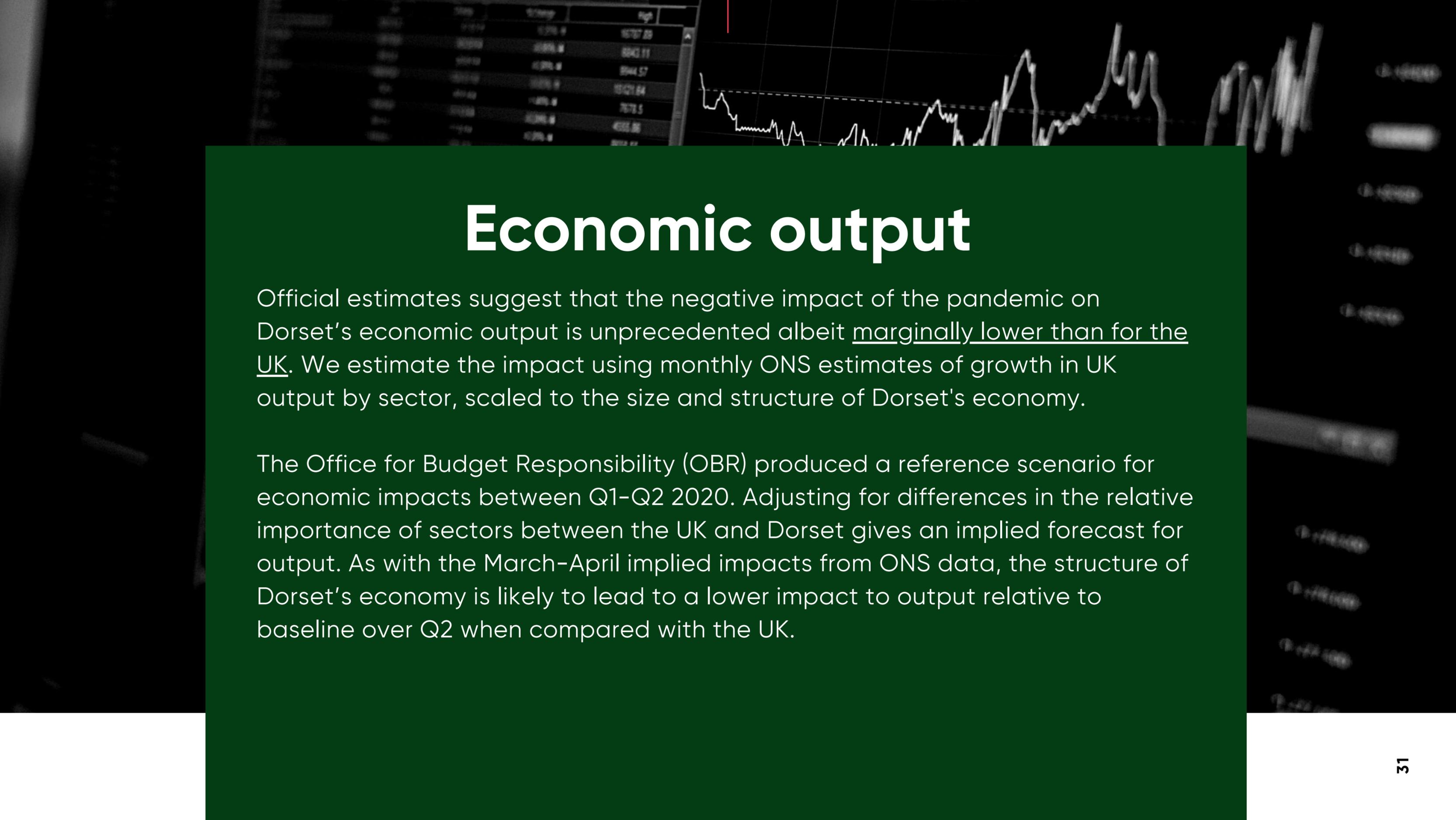
England

**124.7**

BCP

**98.5**

Dorset LA

The background of the slide features a dark-themed financial dashboard. On the left, there is a table with columns for 'Date', 'Value', and 'High'. The table contains several rows of data, with values ranging from approximately 10,000 to 15,000. On the right, there is a line chart showing a fluctuating trend over time, with a dashed horizontal line indicating a baseline or average value. The overall aesthetic is professional and data-oriented.

# Economic output

Official estimates suggest that the negative impact of the pandemic on Dorset's economic output is unprecedented albeit marginally lower than for the UK. We estimate the impact using monthly ONS estimates of growth in UK output by sector, scaled to the size and structure of Dorset's economy.

The Office for Budget Responsibility (OBR) produced a reference scenario for economic impacts between Q1-Q2 2020. Adjusting for differences in the relative importance of sectors between the UK and Dorset gives an implied forecast for output. As with the March-April implied impacts from ONS data, the structure of Dorset's economy is likely to lead to a lower impact to output relative to baseline over Q2 when compared with the UK.

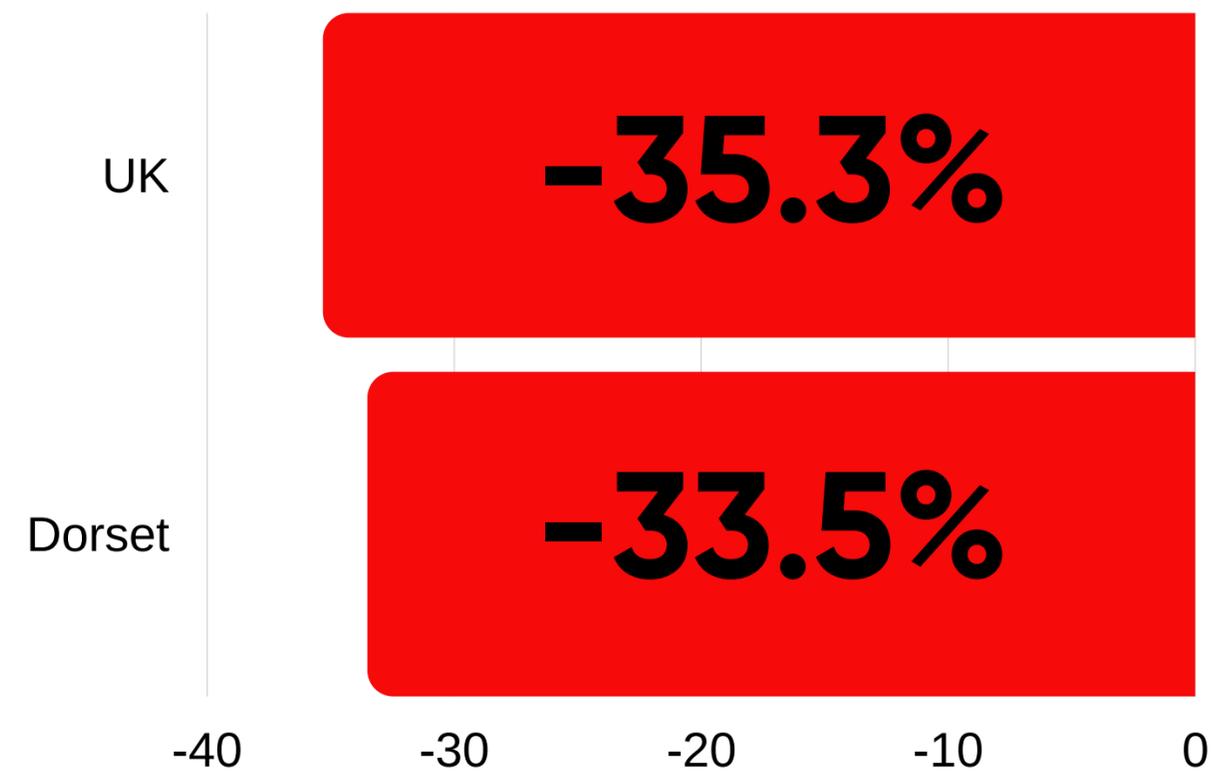
## ONS data: Feb-April 2020

Rolling three-month growth in GVA compared to the previous period (Feb-April 2020):



## OBR reference scenario:

Growth relative to baseline for the period Q1-Q2 2020:



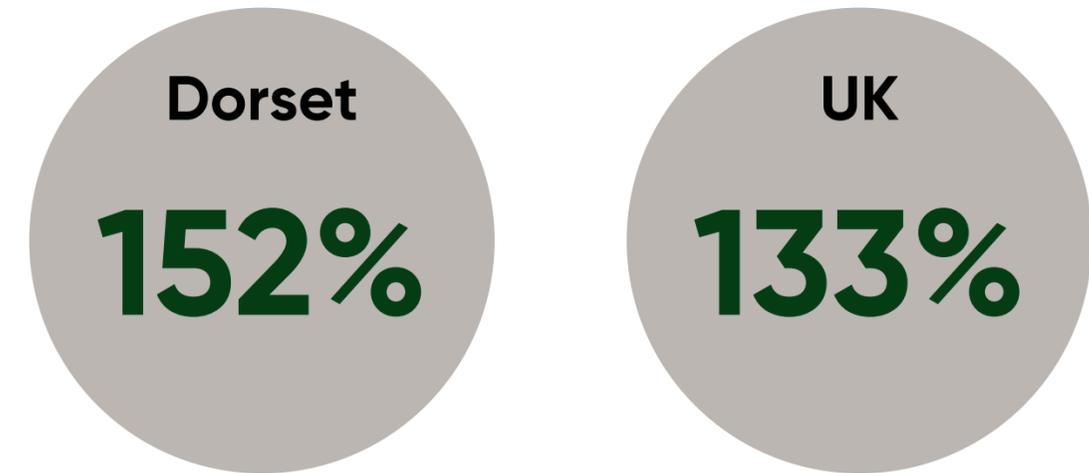
Dorset will likely see a bigger impact from declines in accommodation, food services and construction, offset by lesser than average impacts in transport and storage, ICT and administrative and support activities.

# Labour market

While the impact on Dorset's output is estimated to be slightly lower than average, this is because the LEP area is less exposed to some high-sensitivity-high-capital-intensity sectors like transport and storage.

It has higher than average employment shares across most high-exposure sectors. This shows in the outturns for employment-related income support where Dorset has underperformed national averages.

Increase in Claimant Count\* (Mar-May 2020)



Dorset LEP young people Claimant Count (16-24) jumped 190% between Jan (1.7k) and May (4.6k).

\*Need to exercise caution over CC statistics: this is actually a composite statistic that includes people accessing different forms of unemployment-related income support. This includes Universal Credit (UC): you can be eligible for UC and still be employed. The data reflect people wholly unemployed, but also some who's financial position has changed while in work. Enhancements to eligibility for UC (e.g. for self-employed) will therefore account for some of this movement.



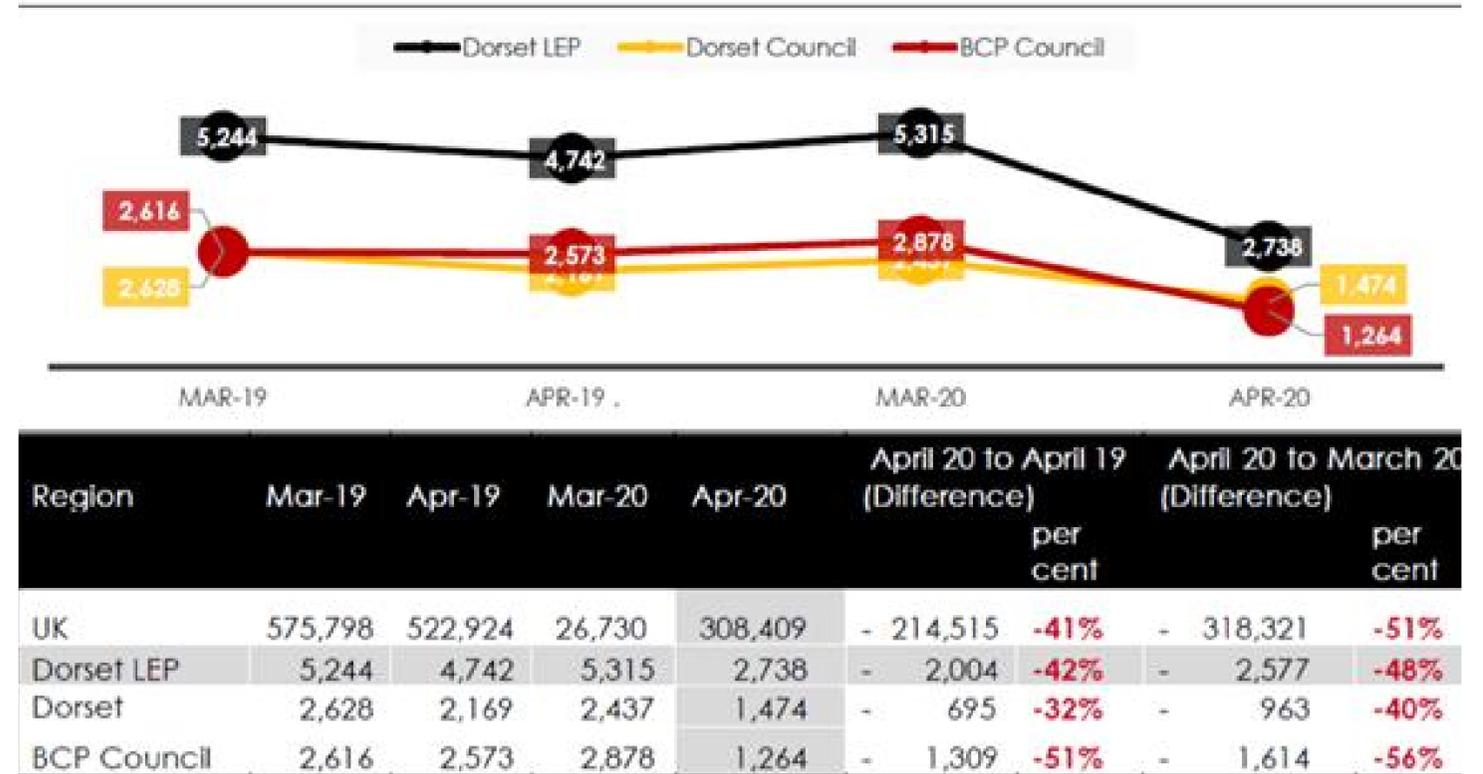
Share of workforce furloughed (as of 31 May)



This lower share together with the greater increase in the Claimant Count suggests that compared to the UK, less of the labour market adjustment in Dorset has come through employee furloughing, and more through job losses and income support for the self-employed.

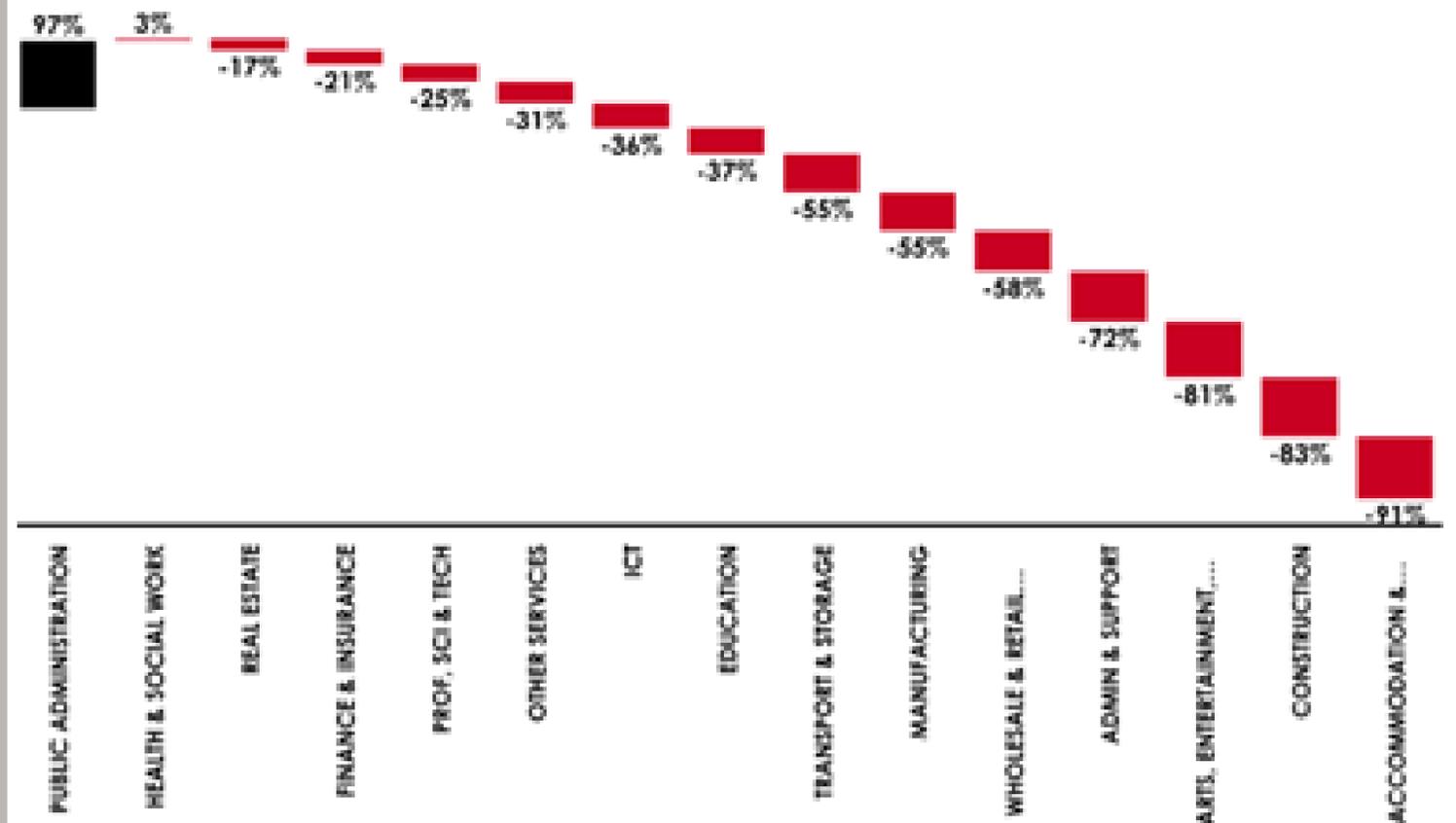
## RECRUITMENT AND VACANCIES

As in the rest of the UK, advertised job vacancies in Dorset are down following the COVID-19 crisis – running at around half of what could be expected at the beginning of the year. Over March-April 2020, vacancies fell 48% across the LEP area compared to 51% for the UK.



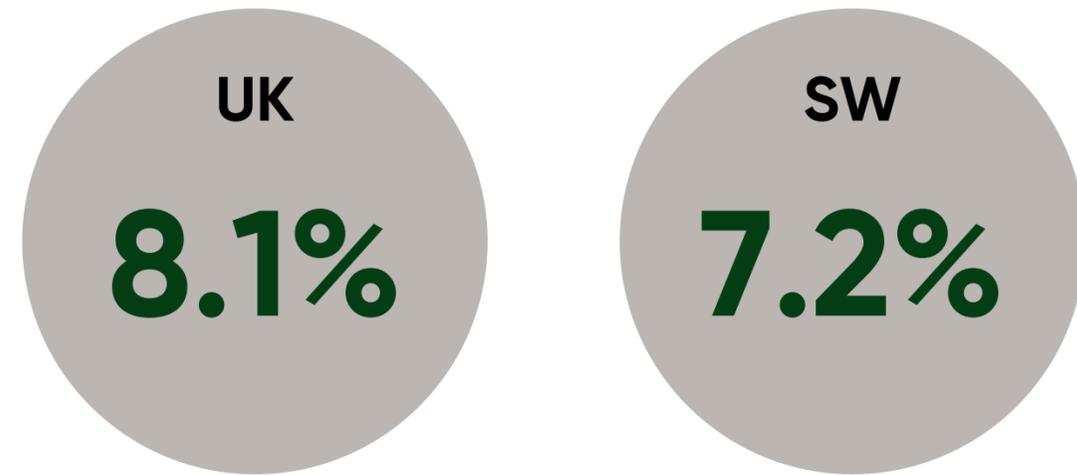
## SECTOR DIFFERENCES

Compared to the same period a year before, vacancies in April were down across most sectors of the Dorset's economy, with the biggest changes to accommodation and food services; construction and arts, entertainment and recreation.



# Business cashflow

Timely local data are unavailable for the impact of COVID-19 on business cashflow. The latest regional figures from the ONS suggests that South West England has a lower than average share of businesses with acute cashflow problems. But Dorset is likely under-performing the South West: more of its businesses operate in the most cash-critical sectors.



Share of respondents with less than one month cash in reserve (ONS BICS Tracker, 1-14 June)

% of business units	Dorset	SW	UK
Construction	15.6%	13.6%	12.6%
Accommodation and food	6.6%	6.5%	5.8%
Arts, entertainment and recreation	6.4%	6.2%	6.4%

Business units registered for VAT and/or PAYE, ONS



Take up of business grant scheme for ratepayers. Number of properties eligible for a grant vs number paid:

BCP: 7139 / 5979 (84%)

Dorset LA: 10192 / 8630 (85%)

England: 955k / 854 (89%)

As of 22 June 2020

Take up rate of Self Employed Income Support Scheme (SEISS)

BCP: 72%

Dorset LA: 69%

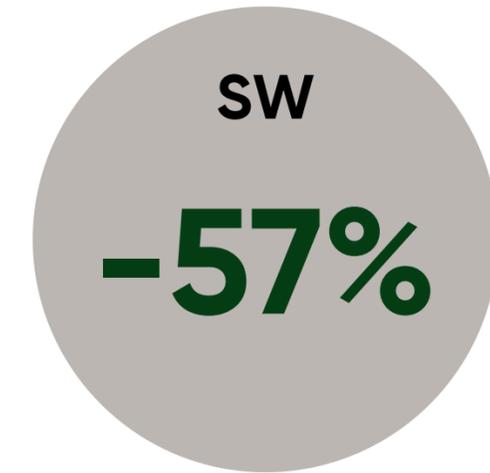
SW: 71%

UK: 70%

To 31 May 2020

# Business sentiment

Business surveys paint a mixed picture about how the South West economy is faring compared to the UK. But all polls agree that the impact on regional economies is unprecedented in scale.



Balance of firms reporting increased domestic sales in between Q1 and Q2 2020 (BCC, QES)



Regional Purchasing Managers Index in May 2020 compared to previous month (a number above 50 indicates expansion)

# Mobility

Google mobility data for Dorset is mostly in line with the UK average for impacts on visits to communal spaces. Public transport use was less impacted overall, which is to be expected from its lower average population density. But visits to parks, beaches and marinas increased by more in Dorset than for the UK as a whole.

Changes in visits to locations from baseline

	Dorset	UK
		
Retail and recreation	-54%	-53%
Supermarkets and pharmacy	-10%	-11%
Public transport	-37%	-52%
Workplaces	-48%	-50%
Parks, beaches and marinas	+39%	+20%

Google Mobility data (as of 19 June), Baseline period is 3 Jan - 6 Feb 2020

# Know your recovery

## We will cover...

Looking ahead – what economic forecasts suggest about the trajectory of Dorset's economy over the short and medium term

Known unknowns – economic, societal, epidemiological, technological

Policy measures – interventions so far by the UK government, Dorset LEP and its local partners

Strategic context for further measures

Vision – assessing pre-crisis priorities against 'new normals'



# Looking ahead

## Near-term forecasts for the economic recovery

### OXFORD ECONOMICS - ICAEW

Predicts a strong bounce back for the South West economy over 2021-2022, but slightly weaker than the UK due to its exposure to tourism and self-employed workers. It predicts most of the lost employment in 2020 to be made back up in 2021, with employment ending slightly lower than in 2019 (2.99m vs 3.04m).

### OBR FORECAST FOR THE UK

Compared to its 14 April analysis, in the central scenario of the OBR's latest economic forecast (14 July) activity recovers more slowly and incorporates some 'scarring' to potential GDP.

<i>FSR 2020 scenarios (14 July)</i>	Upside scenario	Central scenario	Downside scenario
Real GDP in 2020 (percentage change on previous period)	-10.6	-12.4	-14.3
Peak unemployment rate (per cent)	9.7 (Q3 2020)	11.9 (Q4 2020)	13.2 (Q1 2021)
PSNB in 2020-21 (£ billion)	263.4	322.0	391.2
PSND in 2020-21 (Per cent of GDP)	94.8	104.1	113.2

# Known unknowns

01

## Economy

Duration and nature of social distancing measures?  
Pathways for transition out of support measures?  
Path of government spending, investment and borrowing?

02

## Epidemiology

New waves of the virus?  
Localised flare-ups?  
Breakthroughs in understanding how the virus is transmitted?

03

## Technology

Vaccines?  
Therapeutics?  
PPE?

# Longer-term uncertainties

-  Reversion vs reset in economic and social behaviours?
-  Extent to which post-COVID conditions drive labour-saving automation?
-  Structural unemployment left after output recovers and labour market stabilises?
-  Demand for, and design of employment spaces? (By 2025, most working-age employees will be 'Millennials' and 'Gen Z' will demand more flexible forms of working from employers)
-  Post-pandemic fear of contagion – will this drive location of office-based work (and its associated spending) outside town and city centres?
-  Impact on inequalities (BAME, regional incomes etc)?
-  Impact on self-employment as a favoured choice of work mode
-  Reliance on contingent labour (freelancers, ZHCs etc) as firms rebuild or change business models

# UK Government economic interventions

## JOB-RELATED WAGE / INCOME SUPPORT

- Coronavirus Job Retention Scheme (CJRS)
- Self-Employed Income Support Scheme (SEISS)
- Statutory sick pay support
- Tax credits automatic renewal and relaxation of hours rules

## WELFARE

- Universal credit - minimum income floor
- Weekly Universal Credit increased by £20
- Weekly tax credit increased by £20
- Employment and support allowance: removing 7 day wait
- Local Housing Allowance measures
- Stopping all health assessments and job centre appointments
- stopping conditionality reassessments

## BUSINESS SPENDING MEASURES

- Small business grant schemes
- Business rates package
- Job Retention Bonus – for employers of furloughed staff brought back to work
- Temporary VAT cut from 20% to 5% for hospitality and tourism sectors

# UK Government economic interventions

## BUSINESS LOANS AND GUARANTEES

- Coronavirus business interruption loan scheme (CBILs)
- Coronavirus large business interruption loan scheme (CLBILS)
- Bounce Back Loan Scheme (BBLS)
- COVID Corporate Financing Facility (CCFF)
- Support for start-ups (Future Fund and Innovate UK) Trade credit insurance

## TAX

- VAT deferral
- Temporary reduced rate of VAT for hospitality, holiday accommodation and attractions
- Self-assessed income tax deferral
- HMRC Time To Pay (TTP) arrangements
- Import duty exemptions for medical products
- Zero rate of VAT on PPE
- Domestic VAT reverse charge for construction services – delay
- Off-payroll working: delay extension of IR35 to private sector by 1 year

## OTHER MEASURES

- 'Eat Out To Help Out' vouchers to support consumer spending
- Apprenticeship Recovery Package – wage subsidies for apprentices

# Interventions by Dorset LEP and Partners

## INVESTMENT IN PROJECTS - FOCUSING ON THE SHOVEL-READY

- £2.28m allocated to secure future healthcare provision for all Dorset residents through a new Histopathology Diagnostic Hub for Dorset at The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust
- £750k additional skills investment at Weymouth College
- £5m allocated for enabling works at Holes Bay to provide much needed housing
- £380k allocated to BCP Council as part of the Smart Place development to roll out 5G
- £194k additional skills infrastructure investment at Kingston Maurward
- £102k additional digital skills investment at Bournemouth & Poole College
- £3.17m allocated to improve transport in the BCP Council area £1.5m allocated to Dorset Council to develop an innovation hub

# Interventions by Dorset LEP and Partners

## ADVOCACY, PLACE LEADERSHIP AND DATA

- Hosted Ministerial engagement with regional businesses
- Promoting national initiatives and supporting local access to maximise take up
- Dorset COVID-19 impact survey
- Each week Dorset LEP provides local intelligence to the Department for Business, Energy & Industrial Strategy

## ACTION THROUGH DORSET GATEWAY AND CAREERS HUB

- Revamping online presence to reflect new focus on COVID-19 impacts
- Processing greater numbers of queries (processed in a single day in March 150% more enquiries than would usually be handled in a month)
- Helping businesses to access national support schemes and understand fast-changing rules
- Investing in and facilitating access to local support measures, including investment in Crowdfund Dorset, expanding grant bid writing service, raise awareness of support available from both local councils
- Scaling up and adapting offer for COVID-19 impacts and recovery



# Out-of-area strategies: what to watch

## UK-LEVEL

Intention to reform planning rules announced on 30 June ('build, build, build')

Devolution White Paper

Brexit settlement and emerging trade policy

# Strategic vision

Pre-COVID long-term priorities remain valid

## **OBJECTIVES TESTED IN 2019**

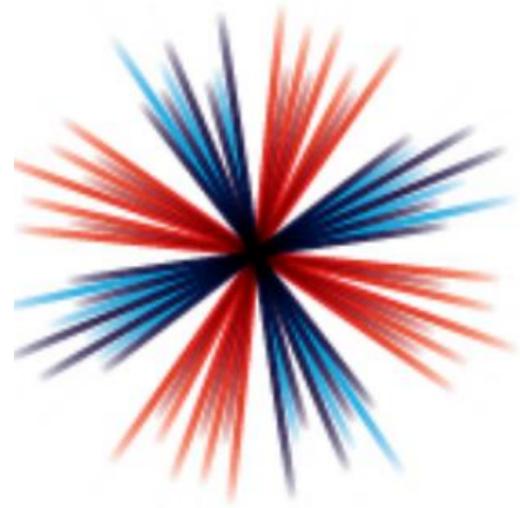
Dorset headed into the pandemic with a comprehensive, strategic vision for the long-term growth of its economy. This is described in Dorset Horizon 2038; the 2019 draft Local Industrial Strategy and earlier Strategic Economic Plans.

## **NEAR-TERM IMPLEMENTATION MUST ACCOUNT FOR ABRUPT CHANGES TO DORSET'S LABOUR MARKET**

Dorset was close to full employment in 2019 but may see a large, unanticipated rise in unemployment in the near term as a result of the pandemic.

## **BUT THE AMBITIONS OF THE DRAFT LIS ARE WELL-SUITED TO THE POST-COVID AGE**

Dorset's long-term plans were designed to account for a wide range of future unknowns with the option of flexing action plans in response to new developments.



# INDUSTRIAL STRATEGY

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## DORSET

Even before the pandemic, at the core of the LIS were ambitions to capitalise on opportunities for business growth in addressing urgent global health problems.

Dorset LEP's One Health Approach to the interconnectedness of human and animal welfare and the many initiatives that have flowed from it – the Dorset-Gateway-based Accelerator, OH20: Aquaculture Expo, the 2019 inaugural OH conference – now look more relevant than ever.



'A national leader for One Health and aquaculture, adopting a holistic approach that ensures our population ages well and lives sensitively in the environment'



'Leading a digital and cultural transformation across all communities'



'A key defence hub for the UK, and a leader in defence technology and commercialisation, embracing new technologies and leading a revolution in defence innovation and security'

# LIS long-term priorities remain valid

## Ideas



- **Enhancing the current innovation eco-system:** Promoting Dorset as a centre of innovation with the expertise, infrastructure, environment and culture for all businesses to develop ideas and solve challenges such as ageing and achieving clean growth
- **Boosting innovation through the Dorset Collaborative Cluster:** Driving activity, cooperation, employment, investment and support to cement Dorset's leading position.
- **Inspiring and enabling innovation:** Connecting academia, industry and support making innovation relevant and achievable to all businesses.

## Infrastructure



- **Supporting the Dorset Collaborative Cluster and scale-up businesses:** Supporting the expansion and connectivity of existing accelerator, research and innovation centres alongside the creation of new premises, collaboration spaces and transport networks
- **Accelerate strategic growth projects:** Securing additional investment to drive significant road, rail, port or air connectivity to strengthen opportunities for new and growing businesses
- **Inclusive approach to regional challenges:** Innovative solutions that address barriers to employee and learner travel, housing and mobility to support business productivity across the region
- **Infrastructure for the future:** Ensuring a 'future now' approach by maximising SMART digital, health, environmental and cross-regional opportunities which supports quality of life for all ages, a net gain for biodiversity and Dorset's natural capital.

## Business Environment



- **Accelerating growth opportunities for Dorset's Collaborative Cluster and scale-up businesses:** Creating the support and infrastructure to make Dorset an exceptional and attractive business environment
- **Increasing productivity across the region:** Making productivity relevant and possible through new support models and collaboration opportunities that will ensure all of Dorset businesses can access the techniques, capacity and capability to increase core competitiveness
- **Building links to global markets, innovation and eco opportunities:** Promoting and celebrating businesses which have been guided into internationalisation, inspiring others and establishing "Brand Dorset" to improve business productivity.

## People



- **Creating a total skills solution:** Developing solutions across public sector, business, education and learning providers that will help unlock talent across Dorset and exploit technology to make training and jobs accessible across the region
- **Boosting talent attraction and retention:** Providing an exciting proposition to work and live well to attract, retain and progress new talent within, and into, the region
- **Skills for now:** Building a pipeline of skills at leadership, management and workforce levels to strengthen the productivity and sustainability of our core businesses
- **Skills for future growth:** Working with strategic bodies and academia (including schools), new growth businesses, accelerator support networks and supply chains to build training programmes and talent attraction tailored to future growth needs.

## Place



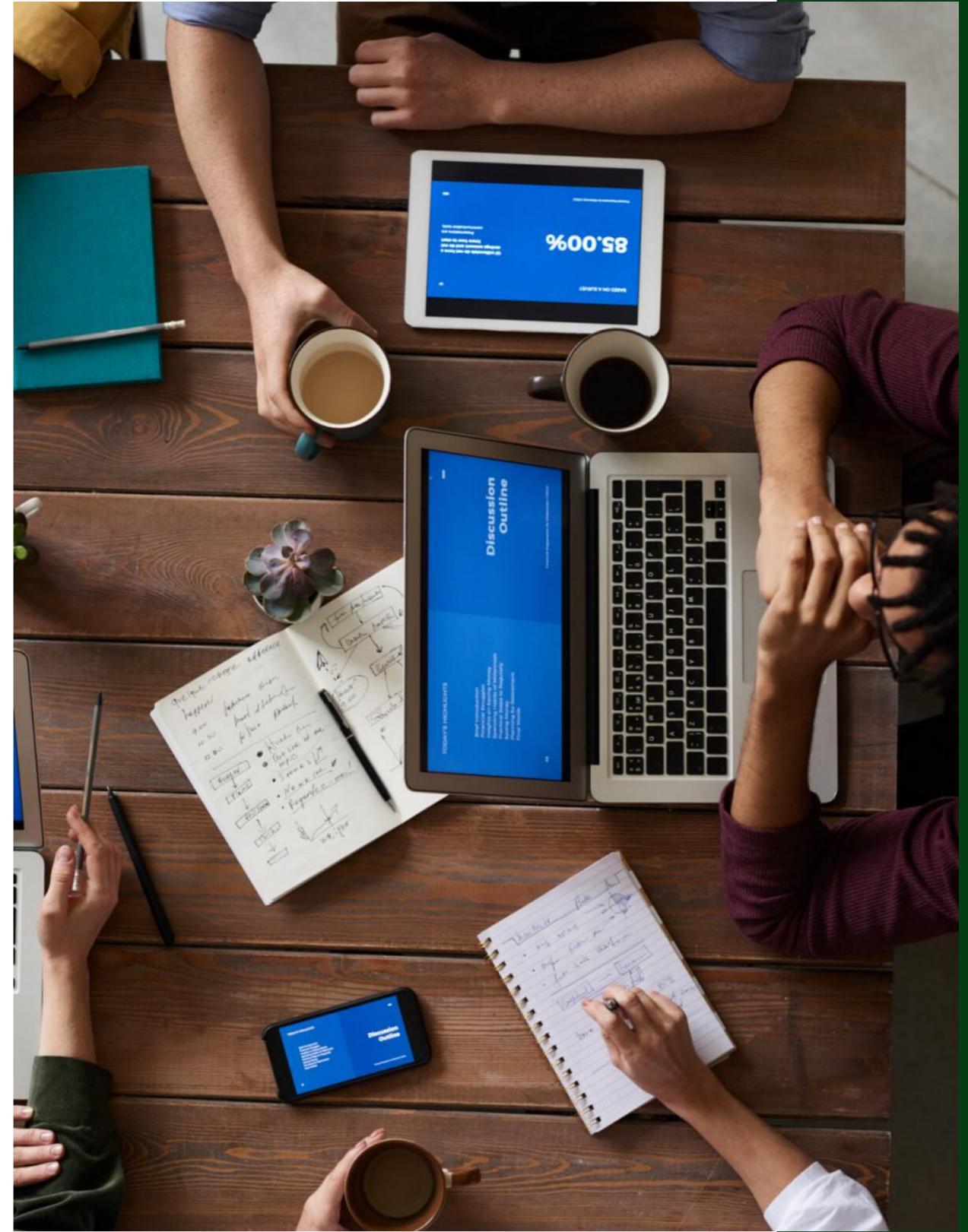
- **Supporting 21st Century coastal communities:** Newest emerging city region in the UK, as an integrated regional centre
- **Making Dorset a place of creative and cultural excellence:** Celebrating Dorset's cultural assets and the creativity of its people, representing this with a strong brand for Dorset which reflects the ambition and opportunity within the region
- **Realising the value of natural capital:** Unlocking additional economic value of over £2bn per year through utilisation of natural assets across Dorset
- **Spreading the benefits of projected growth:** Promoting inclusive growth to ensure more disadvantaged individuals and communities are supported
- **Re-imagining town centres and communities:** Developing sustainable and digitally connected work and living opportunities for the high street, market and seaside towns
- **Pursuing models of 'better living for all':** Identifying and enabling a better balance of 'quality of life' with 'quality of work' and addressing fundamental challenges, such as affordable housing, to make it happen.

# Discussion points

We will cover...

Challenges and opportunities of a changed economic landscape for Dorset

Designing action plans for the post-COVID age



# Delivering the LIS in a new context



In mid-2020, post-COVID long-term economic forecasts should not be used as a guide to re-assessing strategic priorities. Forecasters are updating assumptions often and the plausible range of scenarios is large.



LIS action plans for the near and medium terms should account for new information – especially on jobs and employment where the context has changed most – and local gaps in support.

## LIS priorities delivered in the post-COVID economy: some possibilities for action:



People – 'Skills for Now': targeted support for those facing job losses in hard-hit sectors and recruitment pathways/skills match to LIS priority sectors.



Place – 'Reimagining Town Centres and Communities': incorporating pandemic resilience in the built environment into urban transformation schemes.



Business Environment – 'Building Links to Global Markets, Innovation and Eco Opportunities': finding new champions for Brand Dorset based on business adaptation to crisis.



Infrastructure – 'Infrastructure For The Future': accelerating rollout of digital infrastructure (especially ultrafast broadband and 5G) to meet greater demands for connectivity as ways of working, business practices and consumer services change rapidly. And Dorset is likely to benefit economically from any new 'flight to quality of life' from large urban centres.



# Drivers and trends

The COVID-19 crisis has accelerated some trends and introduced new dynamics. It has surfaced some hidden tensions and challenged assumptions about the limits of policy action and economic development strategy.

**In designing near-term action plans, how can Dorset take account of them?**

# Accelerated trends

Home working and learning  
Digital collaboration platforms  
AI and robotics  
Contactless payments  
Disintermediation of services (especially in retail and hospitality)  
Online retail and access to services  
Reduced / greener travel

# New drivers of policy

Public health  
Rapid return to work  
Securing domestic sources of supply  
Personal space regulations  
Support for key workers  
Support for emergency-critical sectors  
Digital connectivity and green travel options  
Pandemic resilience in the built environment

# New challenges

Structural unemployment  
New communities and sectors left behind after recovery  
Big government vs big central government  
Feasibility of credit-fuelled speculative property developments

# New opportunities

On-shoring and shortening of supply chains  
Rapid constructions and conversions  
(Nightingale hospitals)  
Scale, speed and scope of interventions to support livelihoods, businesses and the labour market

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