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JULY 2019

- This data pack contains some of the initial evidence that has been gathered to guide discussions for the development of the Dorset Local Industrial Strategy (LIS). It is not a comprehensive description of the Dorset economy, but data which outlines some of the key issues the area is facing.
- The pack aims to provide one of the starting points for wider discussions on local priorities, and begin to think how the LIS could improve local economic conditions.
- It is part of a wider evidence exercise undertaken to support the development of a Dorset LIS.
- It also aims to provide the baseline upon which progress against the Dorset LIS can subsequently be monitored.

@DorsetLEP

#LocalIndustryStrategy

#Dorset

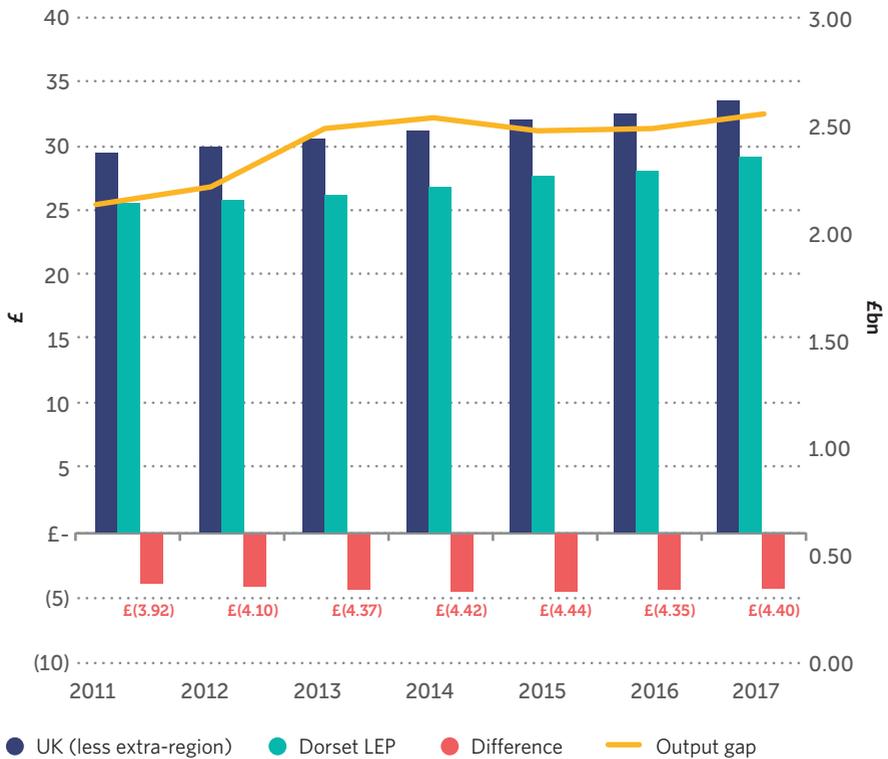
#IndustrialStrategy



The persistent output gap

Productivity - Gross value added (GVA) per hour worked and derived output gap (Dorset LEP)

Productivity (GVA per hour) is £4.40 less in Dorset LEP indicating an 'output gap' of £2.5bn compared to the national average.



Source: Sub-regional productivity - LEP - ONS





The persistent output gap

The (derived) output gap in Dorset LEP has widened over time, although on productivity measure (GVA per hour worked) the gap has remained consistent

This 'sticky' output gap is not unique to Dorset LEP – regional differentials have not narrowed over time

Relative improvements are difficult to narrow due to dominance of Greater South East's (incl. London's service sector) economy

Absolute productivity fell significantly during the recession period and has struggled to recover in subsequent years

Source: Sub-regional productivity - LEP - ONS



Dorset LEP demographics driving replacement demand

Replacement demand (replacing those who leave the workforce) could contribute **6x as many job opportunities** as net job growth over the next decade (2019-2029):



150,000
job openings

from retirements and occupational mobility



23,400
new jobs

created

Overall, looking at net demand:

44%

of jobs to be filled may require skills at Level 4+ - key policy issue - many of those projected to leave workforce have higher qualification levels

1/5th

Just under a fifth may require level 3 skills

1/5th

Just under a fifth may require level 2 skills

1/5th

Just under a fifth may require skills at level 1 or under

Source: Dorset Council Local Economic Forecasting Model - Cambridge Econometrics



How to drive activity higher at an aggregate level?

Business and Higher Education Spending

Higher Education Spending on R&D (HERD)



Business Enterprise Spending on R&D (BERD)



On most measurements of innovation spend, the Dorset LEP area lags behind the average LEP.

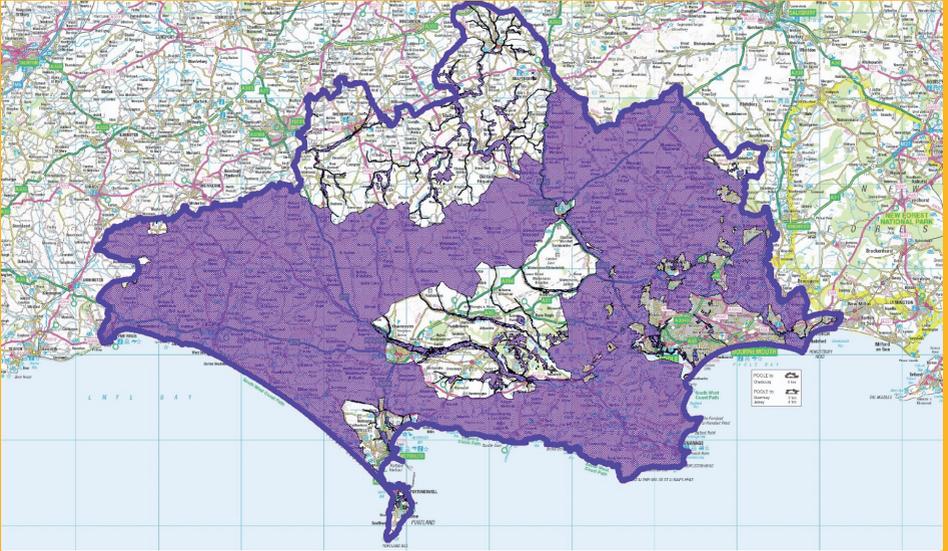
The relative weakness at an aggregate level in the Higher Education sector has been highlighted.

Overall, statistics suggest that the area is not meeting the national target of **2.4%** R&D spend (as proportion of output).

Source: Specialisation Hub - Dorset Profile



How to improve within environmental limits?



Environmental designations (AONB's, Sites of Special Scientific Interest, etc.) and Flood Zone 3 covers **66.39%** of the Dorset LEP area – equivalent to **1,790sqkm**

Green belt protection

surrounding most of the urban conurbation

How can key infrastructure improvements

be made in context of high environmental quality (and the desire to protect and enhance it)

Source: Dorset Council



What support can best influence competitiveness?

UK Competitiveness Index 2019 - Dorset LEP

	UKCI Overall	UKCI Input	UKCI Outputs	UKCI Outcomes
Ranking (out of 44)	25th	24th	29th	23rd
Score (UK = 100)	91.6	90.9	87.0	97.2

Local Authority Area	Rank (out of 379)	Score (UK=100)
East Dorset	179	92.7
West Dorset	190	92.3
North Dorset	240	88.4
East Dorset	179	92.7
Bournemouth	175	93.4
Poole	135	97.3
Purbeck	235	88.7
Christchurch	209	90.6
Weymouth & Portland	372	77.9

Source: UK Competitiveness Index 2019



What support can best influence competitiveness?

- Ranking of the Dorset LEP area out of 44 areas in England, Wales & Scotland
- Ranking at local authority level out of 379 LAs
- Composite measure based on below factors

Input Factors

Economic Activity Rates

Business start-ups per 1,000 inhabitants

Number of businesses per 1,000 inhabitants

Proportion of Working Age population with National Vocational Qualification Level 4

Proportion of Knowledge-Based Businesses

Output Factors

GVA per head at current basic prices

Productivity - output per hour worked

Employment rates

Outcome Factors

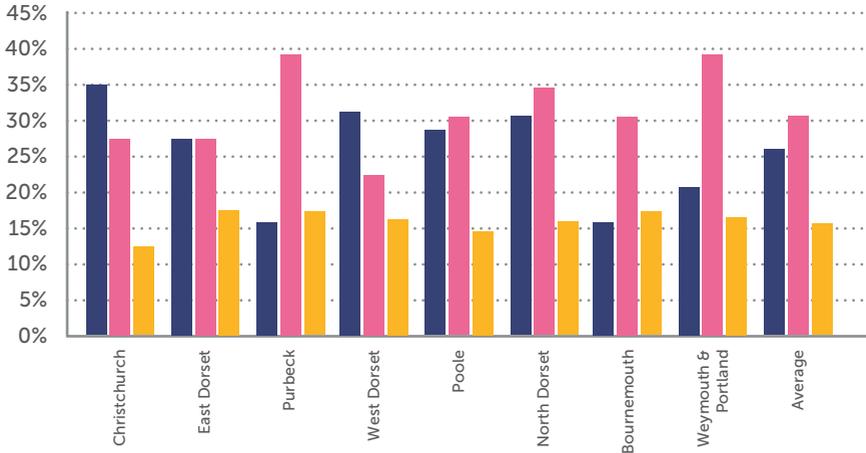
Gross weekly pay

Unemployment rates

Source: UK Competitiveness Index 2019



How can improving social mobility have positive impact on productivity?



- % eligible for free school meals achieving expected level in reading, writing and maths at the end of Key Stage 2
- % eligible for free school meals (aged 15) achieving 2 or more A-levels or equivalent
- % eligible for free school meals (aged 15) entering higher education by age 18

Local Authority Area	Rank (out of 324)
Christchurch	127
East Dorset	147
Purbeck	175
West Dorset	187
Poole	198
North Dorset	216
Bournemouth	245
Weymouth & Portland	322

- Weymouth and Portland clearly identified as one of the worst areas of the UK for social mobility
- Only one-third of children eligible for free school meals reach the expected level of achievement at KS2
- Only 1 in 6 of children eligible for free school meals (aged 15) enter higher education
- Can improving social mobility provide both social and economic benefits - with links to the LIS

Source: Social Mobility Index 2017



Natural Capital and Environment – improving long-term economic growth and productivity



75%

of Dorset's land area is farmed, of which one-third is arable



47%

Provision of ecosystem services is important to local businesses. Overall, 47% of Dorset businesses surveyed stated that they were at least somewhat dependent on service flows

Recent research focusing on Dorset's natural capital estimates that over the past 80 years there has been a 97% loss in neutral grassland. The area of heath land patches has declined by 29% since 1978

Research detected a number of ecological thresholds in relation to the status of natural capital assets – suggesting that future environmental degradation could lead to relatively abrupt changes in provision of ecosystem services. This could have significant impact on economy

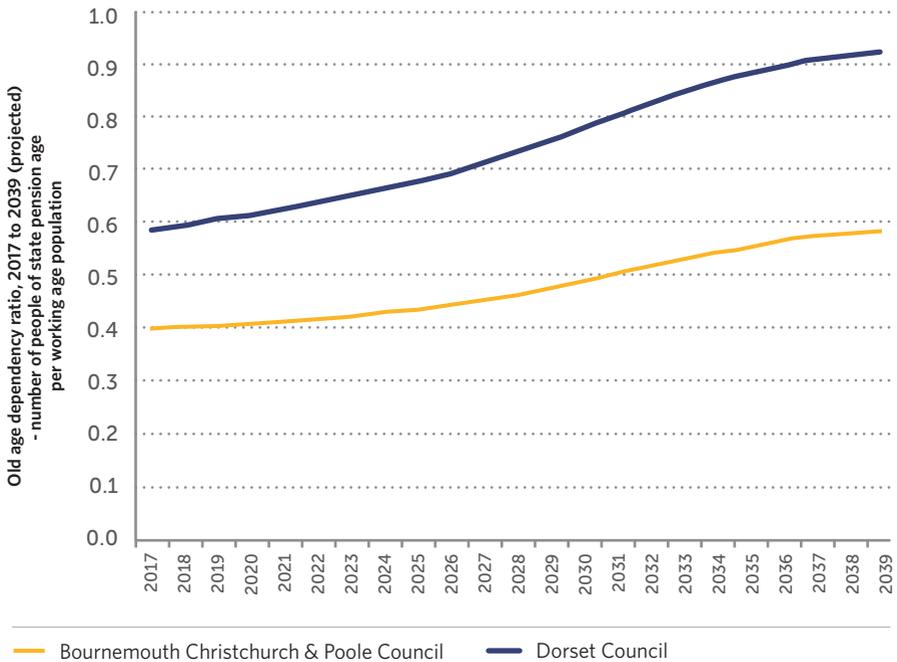
Investment in natural capital could help mitigate these risks

Source: Trends in Natural Capital, ecosystem services and economic development in Dorset – University of Bournemouth, University of Cambridge and Centre for Ecology & Hydrology - 2019



Increasing productivity will be key factor where fewer workers are available

Old age dependency ratio, 2017 to 2039 (projected) - number of people of state pension age per working age population



As the Dorset LEP population ages, the proportion of those aged 65+ will increase against those of working age

In 20 years the demographic trends suggest that in Dorset Council there will nearly be 1 person of state pension age per working age person

Raises questions about dependency on fewer workers e.g. taxation

Producing 'more with less' e.g. increasing productivity will be important

Source: 2017 based Trend led population projections - ONS