Economic Strategy for Dorset

Evidence Base

Prepared for Dorset LEP

March 2016

Contents

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Executive Summary

Purpose and approach

This report is the evidence base that has informed the development of the strategic economic vision for Dorset and should inform plans and deals developed to achieve its objectives. It summarises existing research on the state of the Dorset economy, and this has been updated and enhanced where necessary.

The approach to developing this evidence base has comprised three main stages, which are set out in detail in Chapter 1 of this report. These are:

- A review of published reports and other information, including the extensive work done on Dorset's Local Economic Assessment in 2013
- Updating this where necessary, using latest data from the Office for National Statistics (ONS) and other Government sources, as well as using economic forecasting data commissioned by Dorset County Council
- Consultations with a wide range of stakeholders including the Dorset Leaders Growth Board, Dorset LEP Board, representatives of all local authorities in the Dorset LEP area, representatives of the business community and other stakeholders

Dorset Local Economic Assessment

The Local Economic Assessment for Dorset, undertaken in 2013, set out a number of challenges for the Dorset economy. These were:

- Improving growth, productivity and competitiveness
- Supporting new business formation and self-employment
- Building the knowledge economy, particularly in the face of public funding cuts
- Addressing the challenges of an ageing population, including both the demand for services, and the relative decline in the working-age percentage of the population
- Rebalancing the economy, which is very depending on public sector employment
- Addressing skills shortages and gaps, which are exacerbated by relatively low wages and high house prices
- Delivering affordable housing
- Tackling infrastructure constraints
- Delivering suitable employment land
- Tackling low productivity and low business start ups in rural areas

GVA, productivity and competitiveness

The Dorset LEP area generated £15 billion of Gross Value Added (GVA) in 2013. This is forecast to increase by 2.4% per annum to 2033. 51% of the area's GVA is generated in Dorset DCC, 26% in Bournemouth and 23% in Poole. Finance & Insurance and Retail Trade are the two largest sectors by GVA in the Dorset LEP area in 2033, and are forecast to be the largest two in 2033. The sectors with the largest forecast GVA growth over the period from 2013 to 2033 are Construction and Retail

Trade. The largest sectors judged by a combination of GVA and employment in 2013 are Retail Trade, Education and Construction. They are forecast to be the largest sectors in 2033.

GVA per worker in the Dorset LEP area is lower than in the South West and the UK. GVA per worker is forecast to grow at a higher rate than the UK over the period 2013 to 2033, but will still remain below the UK level. Poole has the highest level of GVA per worker within the Dorset LEP area.

According to the UK Competitiveness Index, Poole is the most competitive place in the Dorset LEP area, but only just meets average UK competitiveness. The Dorset LEP area is less competitive than the UK average, and ranks 18th out of 39 LEP areas.

The Dorset LEP area's performance against a bundle of innovation indicators shows that it rarely exceeds the England average, and is only in the top half of all LEP areas for a few indicators.

Workplace earnings for the Dorset LEP area are lower than for the UK, with the exception of part-time earnings in Poole. The same is true for residents of the Dorset LEP area.

Population

The Dorset LEP area has a population of 760,000; with a smaller proportion of the population aged 16 to 64 than England. Within the LEP area, Bournemouth is the only local authority with a greater proportion of the population aged 16 to 64 than England.

The population of the Dorset LEP area is forecast to grow from 2015 to 2033, to over 840,000 – an increase of 82,000 or 10.7%. However, the actual number of residents aged 16 to 64 remains about the same, and therefore the proportion of the population aged 16 to 64 is forecast to decline.

The relative ageing of the population has been noted in previous research, and is highlighted as a challenge for the Dorset LEP economy. However, some consultees have identified this as an opportunity for the Dorset LEP area to lead the UK in this part of the healthcare sector, providing scope for innovation and export.

Housing

The Dorset LEP area comprises two Strategic Housing Market Areas. Assessments have recently been carried out for these areas, identifying the Objectively Assessed Housing Need to 2033. This is for 2,900 dwellings per annum in Eastern Dorset and 775 dwellings per annum in Western Dorset.

Housing affordability is a significant issue in all parts of the Dorset LEP area, with higher housing affordability ratios than nationally. Dorset DCC has the highest ratio of lower quartile house price to lower quartile earnings of 9.44, compared to the England average of 6.45.

Business base

The Dorset LEP area has just over 30,000 business enterprises. Around 60% of these are located in Dorset DCC and around 20% each in Bournemouth and Poole. Just less than 89% of businesses are micro-businesses, which is the same proportion as for the South West and UK. The number of new business starts has been growing in the Dorset LEP area since 2009, but at a lower rate than in the

UK. Within the Dorset LEP area, the rate of new business starts in Bournemouth and Poole has increased at a much higher rate than in Dorset DCC.

Sectors

The largest sectors in the Dorset LEP economy are Public Admin, Education & Health, Financial & Other Business Services, and Wholesale & Retail. Dorset has higher than (national) average employment in Manufacturing, Construction, Wholesale & Retail, Accommodation & Other Food Services, Public Admin Education & Health and Other Services.

There are a number of key sectors in the Dorset LEP area. Work undertaken in 2013 identified Advanced Manufacturing, Adult Social Care, Construction, Creative, Environmental Goods & Services, Financial Services & Insurance and Tourism as the key sectors. Further work is required to confirm these as the key sectors (and perhaps revise this list), and understand their potential contribution to the future economic growth of the Dorset LEP area. The size and importance of these sectors is summarised in the Figure below.

Figure 1: Size and importance of Dorset's key sectors

Key Sector	Employment (2011)	Percentage of total employment in Dorset LEP area (2011)	Location Quotient
Advanced manufacturing	12,400	4.2	1.6
Adult social care	10,200	3.5	1.3
Construction	14,600	4.9	1.1
Creative	7,300	2.4	0.7
Environmental goods and services	5,000	1.3	0.7
Financial services and insurance	14,800	5.0	1.3
Food and drink	5,900	2.0	1.0
Retail	36,000	12.3	1.2
Tourism and education	22,000	7.5	1.3

N.b. Location Quotient>1.0 = greater concentration of employment than national average, and Location Quotient<1.0 = lesser concentration of employment than national average

The greatest forecast growth in the Dorset LEP area economy is in the Construction sector, with an additional 17,500 employees between 2013 and 2033.

Workforce and employment

The Dorset LEP area has more than 377,000 economically active residents. Jobs density is higher in Dorset than in Great Britain i.e. more jobs per working age resident. Economic activity rates (as a percentage of working age residents) are higher in Dorset LEP than in Great Britain. Dorset LEP area has a slightly lower proportion of its residents employed in higher occupations.

The Dorset LEP area is fairly self-contained, with around 90% of workers living in the area and 90% of residents working in the area. Unemployment is low. Employment in the Dorset LEP area was 348,100 in 2013, and is forecast to rise by 50,400 or 14.5% by 2033.

The Dorset LEP area has lower than average employment in knowledge-intensive activities. There is a relatively strong concentration of employment in the public sector, which is vulnerable to ongoing funding cuts.

Skills and qualifications

There is historic evidence of skills gaps across the Dorset LEP area, and a workforce that is less skilled than the national average. However, Dorset LEP residents are, in general, better qualified than the national average. However, there is still scope for improvement in skills and qualifications. The Dorset LEA in 2013 identified skills gaps and shortages across the area, including significant weaknesses in engineering skills. The demand for skills to replace those who are leaving the workforce (e.g. through retirement) is much greater than the demand for skills generated by projected growth in the economy.

School leavers' attainment levels are below average, with a particular problem in the Dorset DCC area. However, entries to GCSEs in STEM subjects are just above the national average.

Whilst the number of apprenticeships has grown in the Dorset LEP area over the last decade, the rate of growth has fallen behind the national rate of growth.

Accessibility and infrastructure

Transport connectivity is an issue, with congestion in the conurbation, poor links to the north, west and east, poor broadband coverage, and poor connectivity in parts of rural Dorset being major problems. Some strategic employment sites are severely constrained by severe highway infrastructural constraints. A roll-out of broadband to 97% of homes and businesses is underway, but the final 3% will still need to be completed.

There is a shortage of employment sites and premises in the Dorset LEP area which could constrain growth in the future.

The character of Dorset

The Dorset LEP area is often characterised as comprising two distinct areas: the conurbation, and the towns and rural area. These roughly equate to the east and the west of the area, and are seen in the Housing Market Areas and employment land and premises markets. More fine-grained distinctions are drawn in some evidence between the conurbation, Western Dorset Growth Corridor, rural Dorset and the coast. Dorset has large areas of environmental designations.

Economic development strategies

The County and each of the District Councils have published an economic development strategy. These are important in shaping future economic development. Some common strengths identified across the strategies include: growing and diverse economic sectors, two universities, high quality of life, the quality of natural environment, and high levels of employment. Some common weaknesses include: low employment in knowledge sectors, lack of employment sites and premises, housing affordability, congestion in the conurbation, lack of skills, and low wages.

There are fewer common opportunities and threats across all of the strategies, although the potential growth in the key sectors, broadband and business growth are well referenced.

Key sectors referenced in these strategies throughout the Dorset LEP area include: digital and creative, engineering, advanced manufacturing, marine and aerospace, tourism and health and social care. Finance and insurance are referenced in the conurbation. Agriculture and production is referenced in the rural parts of the LEP area.

Some of the common areas of activity to support growth include: support to businesses, support to key sectors, attracting inward investment, improving infrastructure including broadband, unlocking the delivery of sites and premises, and improving skills, particularly in engineering.

Central Government's priorities

Central Government's focus is on increasing prosperity. The main areas of activity to promote prosperity are: increasing skills; improving universities; improving transport; improving digital infrastructure; improving science and innovation; reforming the planning system to allow more house building; encouraging workforce participation; supporting the financial service sector; and supporting export trade and inward investment.

The Government's plan for the South West of England, set out before the recent general election, was to increase the size of the regional economy; create new jobs; invest in transport; support tourism; support defence and cyber security; and increase life and agricultural sciences.

Government has also set out a plan to improve national infrastructure and promote key sectors, with priority to advanced manufacturing, knowledge-intensive traded services, and enabling industries including construction.

High-level SWOT analysis

A high-level SWOT analysis is set out in the Figure below.

Strengths	Weaknesses
High quality of life A broad sector mix Some strong sectors, especially: Advanced Manufacturing, Banking & Finance, Care and Tourism Low unemployment Two Universities with particular strengths that support some of the key sectors, including Banking & Finance, Care, Creative Industries High economic activity rate High number of jobs per resident Levels of qualifications slightly higher than the national average A broad range of cultural heritage: music, visual arts and crafts, literature, film and entertainment, food and drink England's only natural World Heritage Site, high quality beaches, coast and countryside which benefit residents, businesses and visitors	Poor strategic accessibility Congestion in the conurbation and adjoining strategic employment sites Poor accessibility in some parts of the area Incomplete broadband coverage Poor housing affordability Lack of employment land and premises Skills gaps in the workforce GVA per worker below national average Most parts of the Dorset LEP area are less competitive than the national average Weaknesses in innovation infrastructure and performance Lower than average employment in knowledge intensive activities Workplace and resident earnings are mostly below the UK average The rate of new business starts is below the UK average The rate of growth in apprenticeships in recent years is below the UK average Lack of indoor attractions for visitors and residents during wet weather

Opportunities	Threats
GVA per worker is forecast to grow at a higher rate than the national average (but not catch up with the national average) The ageing population provides opportunities in the Care sector, for local businesses to be a the forefront of innovation There are a number of high growth potential sectors, including the Creative Industries A recognised Dorset brand with opportunities to strengthen further A high quality place to live and work Widespread recreation opportunities in a world-class environment	A projected lack of growth in the working-age population, despite an overall population growth to 10.7% to 2033 Housing delivery is unlikely to deliver enough dwellings to accommodate projected population increase Strong concentration of employment in the public sector, which is vulnerable to future funding cuts

1 Introduction

This document summarises existing research on the state of the Dorset economy, which has been updated and enhanced where necessary.

To avoid confusion, the area covered by the Dorset LEP has been referred to as the *Dorset LEP area* throughout. The County of Dorset has been referred to as *Dorset DCC*.

1.1 Our approach

It draws on a number of published sources including:

- BIS (2012) Industrial Strategy: UK Sector Analysis
- BIS (2015) Mapping Local Comparative Advantages in Innovation
- Borough of Poole (2014) Economic Development Strategy and Action Plan 2014-2019
- Bournemouth Borough Council, Borough of Poole Council, Dorset County Council (2011) Bournemouth, Poole and Dorset Local Transport Plan 2011 to 2026: Summary Document
- Bournemouth, Poole & Dorset Local Transport Plan (LTP3) 2011 – 2026
- Civil Aviation Authority (November 2105) Provisional Airport Statistics
- Christchurch & East Dorset Partnership (2015) Economic Growth Strategy
- Dorset County Council (2015) Enabling Economic Growth: Forward Together, 2015-2020
- Dorset LEP (2014) Dorset European Structural and Investment Funds Strategy 2014-2020
- Dorset LEP (2014) Transforming Dorset: Strategic Economic Plan
- Dorset Local Nature Partnership (2014) Natural Value: The State of Dorset's Environment
- GL Hearn (2015) Eastern Dorset Strategic Housing Market Assessment: Executive Summary
- Gov.uk (27 January 2015) New story: Long-term economic plan for the South West unveiled and George Osborne Speech: Long-term economic plan for the South West
- HDH (2014) Weymouth & Portland and West Dorset Councils: Strategic Housing Market Assessment Part 2
- HM Treasury (2014) National Infrastructure Plan
- HM Treasury (2015) Fixing the Foundations: Creating a More Prosperous Nation
- Huggins, R and Thompson, P (2013) UK Competitiveness Index
- Martin Hamilton (October 2015) Economic Strategy and Western Dorset Growth Corridor: Update
- North Dorset District Council (2015) Economy Service Plan 2015-16
- North Dorset District Council (2012) North Dorset Economic Strategy for Action 2012-2015
- Peter Brett Associates (2014) Weymouth & Portland and West Dorset Councils: Objectively Assessed Housing Needs
- Purbeck District Council (2013) Economic Development Strategy 2013-2017
- The Tourism Company (2014) Dorset Destination Management Plan 2014-2018
- University of Exeter/SLIM (2013) Dorset LEP: Advanced Manufacturing
- University of Exeter/SLIM (2013) Dorset LEP: Adult Social Care
- University of Exeter/SLIM (2013) Bournemouth, Christchurch, Poole Conurbation: Economic Analysis Report
- University of Exeter/SLIM (2013) Dorset LEP: Construction

- University of Exeter/SLIM (2013) Dorset LEP: Creative Industries
- University of Exeter/SLIM (2013) Dorset LEP: Environmental Goods and Services
- University of Exeter/SLIM (2013) Dorset LEP: Financial Services and Insurance
- University of Exeter/SLIM (2013) Dorset LEP: Food and Drink
- University of Exeter/SLIM (2013) Local Economic Assessment for Dorset LEP
- University of Exeter/SLIM (2013) Dorset LEP: Retail
- University of Exeter/SLIM (2013) Dorset LEP: Tourism, Leisure, Hospitality and International Education
- University of Exeter/SLIM (2013) Dorset LEP Employment and Skills Strategy Evidence Base Report
- University of Exeter/SLIM (2013) Poole Economic Analysis Report
- University of Exeter/SLIM (2013) Rural Dorset Economic Analysis Report
- West Dorset District Council and Weymouth & Portland Borough Council (2014) Economic Priorities in West Dorset and Weymouth & Portland 2014-2020

Further data has been collected from sources which include:

- DCLG analysis based on data from ONS Annual Survey of Hours and Earnings and HM Land Registry
- Dorset County Council modelling based on LEFM, 2015, Baseline Scenario 4a
- DWP Benefits Claimants, May 2015
- ONS Workplace based GVA for NUTS 3 areas at current basic prices
- ONS (2015) Regional Economic Analysis, Sub-regional Productivity
- ONS Annual Survey of Hours and Earnings, 2015
- ONS Mid Year Population Estimates, 2014
- ONS (2015) 2012-based Subnational Population Projections
- ONS Inter Departmental Business Register, 2015
- ONS Business Demography, 2014
- ONS Business Register and Employment Survey, 2014
- ONS Jobs Density, 2013
- ONS Annual Population Survey Jul 2014 to Jun 2015
- ONS Jobseekers Allowance, October 2015
- ONS TTWA Map, 2015
- Skills Funding Agency and Department for Business, Innovation and Skills (2015) FE Data Library

This data has been enhanced through consultations with:

- Dorset Leaders' Growth Board
- Dorset LEP Board: together and in three smaller workshops and several one-to-one consultations
- All economic development officers in Dorset, including officers from:
  - Bournemouth Council
  - Christchurch Borough Council
  - Dorset County Council
  - Poole Council
  - Purbeck District Council
  - East Dorset District Council
  - North Dorset District Council
  - West Dorset District Council

  - Weymouth & Portland Borough Council
- Bournemouth University
- Dorset Chamber of Commerce and Industry
- Dorset Growth Hub
- Transport planning officers from:
  - Poole
  - Dorset County Council
  - Bournemouth
- 5 local property agents
- 8 advanced manufacturing businesses

1.2 Structure of this document

This document broadly follows the structure of the vision for the Dorset LEP area. The rest of this report considers the following subjects, broadly following the elements of the vision statement that are set out above:

- Chapter 2: GVA, productivity and competitiveness
- Chapter 3: Population
- Chapter 4: Housing
- Chapter 5: Business base
- Chapter 6: Sectors
- Chapter 7: Workforce and employment
- Chapter 8: Skills and qualifications
- Chapter 9: Accessibility and infrastructure
- Chapter 10: The character of Dorset
- Chapter 11: Economic development strategies
- Chapter 12: Central Government's priorities

2 GVA, Productivity and Competitiveness

Summary

Following strong growth in recent years, the Dorset LEP area generated £15 billion of Gross Value Added (GVA) in 2013. This is forecast to increase by 2.4% per annum to 2033. 51% of the area's GVA is generated in Dorset DCC, 26% in Bournemouth and 23% in Poole. Finance & Insurance and Retail Trade are the two largest sectors by GVA in the Dorset LEP area in 2033, and are forecast to be the largest two in 2033. The largest growing sectors by GVA over the period from 2013 to 2033 are forecast to be Construction and Retail Trade.

The largest sectors judged by a combination of GVA and employment in 2013 are Retail Trade, Education and Construction. They are forecast to be the largest sectors by GVA and employment in 2033.

GVA per worker in the Dorset LEP area is lower than in the South West and the UK. GVA per worker is forecast to grow at a higher rate than the UK over the period 2013 to 2033, but will still remain below the UK level. Poole has the highest level of GVA per worker within the Dorset LEP area.

According to the UK Competitiveness Index, Poole is the most competitive place in the Dorset LEP area, but only just meets average UK competitiveness. The Dorset LEP area is less competitive than the UK average, and ranks 18th out of 39 LEP areas.

The Dorset LEP area's performance against a bundle of innovation indicators shows that it rarely exceeds the England average, and is only in the top half of all LEP areas for a few indicators.

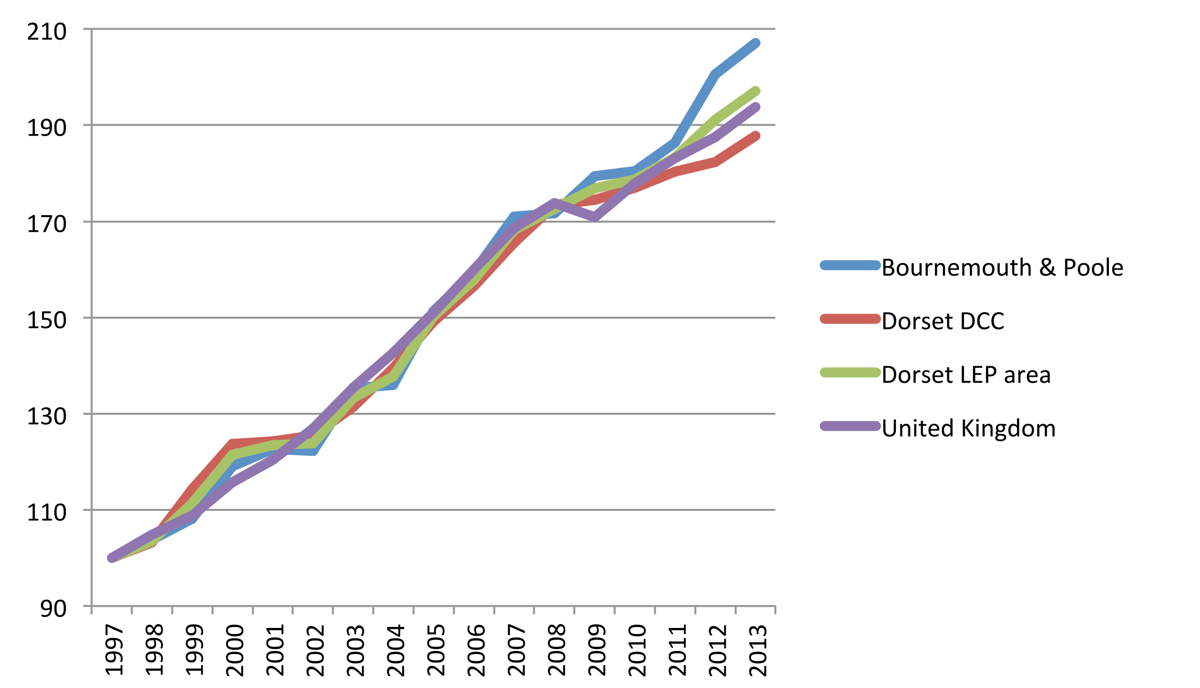
Workplace earnings for the Dorset LEP area are lower than for the UK, with the exception of part-time earnings in Poole. The same is true for residents of the Dorset LEP area.

2.1 Gross Value Added

2.1.1 GVA

In recent years the rate of growth in the GVA of the Dorset LEP area has been greater than that of the UK. This has been driven in particular by GVA growth in Bournemouth & Poole. This can be seen in the figure below.

Figure 2.1: GVA Growth in Recent Years (1997 = 100)



Source: ONS Workplace based GVA for NUTS 3 areas at current basic prices

Latest GVA data for Dorset has been modelled by Cambridge Econometrics, using their Local Economy Forecasting Model (LEFM) that is used by Dorset County Council and its partners[1]. Gross Value Added (GVA) in the Dorset LEP area was just over £13 billion in 2013. It is forecast to rise by 2.1% per annum to 2033. 51% of the area's GVA is generated in Dorset DCC, 25% in Bournemouth and 24% in Poole.

Figure 2.2: Gross Value Added

	2013 (£m)	2033 (£m)	Change (£m)
Bournemouth	3,312	5,123	1,811 (+2.2% p.a.)
Dorset DCC	6,616	10,009	3,393 (+2.1% p.a.)
Poole	3,095	4,686	1,590 (+2.1% p.a.)
Dorset LEP	13,022	19,818	6,795 (+2.1% p.a.)

Source: Dorset County Council based on LEFM, 2015

[1] Latest data provided by DCC is LEFM data to 2025 which has been extrapolated to 2033 by DCC

2.1.2 GVA by sector

Fifteen sectors in the Dorset LEP area have a GVA greater than £250 million per annum in 2013.

Figure 2.3: GVA per annum in 2013

	GVA per annum (£m)		GVA per annum (£m)
Financial & insurance	1,440	Wholesale trade	360
Retail trade	1,130	IT services	350
Construction	1,060	Business support services	350
Public Administration & Defence	960	Residential & social	340
Education	940	Pharmaceuticals	310
Health	700	Motor vehicles trade	300
Real estate	620	Mining & quarrying	270
Other services	370		

Source: Dorset County Council based on LEFM, 2015

It should be noted that the Dorset Destination Management Plan[2] claims that the tourism sector generates GVA of £450 million per annum, so could feature in this table. However, the Dorset County Council/LEFM data does not distinguish tourism as a distinct sector.

Twenty-one sectors in the Dorset LEP area are forecast to have a GVA greater than £250 million per annum in 2033.

Figure 2.4: GVA per annum in 2033

	GVA per annum (£m)		GVA per annum (£m)
Construction	2,310	Business support services	600
Financial & insurance	2,200	Motor vehicles trade	420
Retail trade	1,750	Wholesale trade	410
Education	1,260	Other manufacturing & repair	390
Public Administration & Defence	1,200	Pharmaceuticals	380
Health	1,050	Electronics	360
Real estate	970	Food & beverage services	350
Residential & social	900	Land transport	330
IT services	660	Food drink & tobacco	310
Other services	610		

Source: Dorset County Council based on LEFM, 2015

[2] The Tourism Company (2014) Dorset Destination Management Plan 2014-2018

Seventeen sectors are forecast to grow their GVA per annum by more than £100 million between 2013 and 2033.

Table 2.5: Increase in GVA by sector 2013 to 2033			
	Increase in GVA per annum (£m)		**Increase in GVA per annum (£m)**
Construction	1,250	Business support services	240
Financial & insurance	770	Public Administration & Defence	240
Retail trade	620	Other services	240
Residential & social	560	Motor vehicles trade	120
Real estate	350	Electronics	120
Health	350	Land transport	120
Education	320	Food drink & tobacco	110
IT services	300	Food & beverage services	110
Other manufacturing & repair	270		
Source: Dorset County Council based on LEFM, 2015			

2.1.3 Sectors with high GVA and high employment

The top ten sectors in the Dorset LEP area by both employment and GVA in 2013 are set out in the Figure below.

Figure 2.6: Top ten sectors by employment and GVA, 2013		
	Employment	**GVA (£m)**
Retail trade	40,800	1,130
Education	31,800	940
Construction	28,200	1,060
Health	24,200	700
Residential & social	23,900	340
Financial & insurance	20,000	1,440
Business support services	20,000	960
Public Administration & Defence	15,300	350
Other services	10,300	370
IT services	10,100	360
Source: Dorset County Council based on LEFM, 2015		

As mentioned above, the Dorset Destination Management Plan claims that the tourism sector generates GVA of £450 million per annum, so could feature in this table. However, the Dorset County Council/LEFM data does not distinguish tourism as a distinct sector.

The forecast top ten sectors by employment and GVA in 2033 are set out in the Figure below.

Figure 2.7: Top ten sectors by employment and GVA, 2033		
	Employment	**GVA (£m)**
Construction	45,700	2,300
Retail trade	39,600	1,700
Education	32,600	1,300

Figure 2.7: Top ten sectors by employment and GVA, 2033		
	Employment	**GVA (£m)**
Residential & social	32,200	900
Health	27,400	1,000
Financial & insurance	24,200	2,200
Business support services	22,200	600
Public Administration & Defence	19,100	1,200
Other services	12,100	600
IT services	8,800	700
Source: Dorset County Council based on LEFM, 2015		

2.1.4 Previous analysis

The Dorset LEP area Local Economic Assessment (LEA)[3] states:

In 2010, the Gross Value Added (GVA)[4] of the Dorset LEP economy was £13.07 billion. Despite the adverse economic conditions, GVA rose by 3% between 2008 and 2010 (2% for England). Growth in the Production; Real Estate and Agricultural sectors outstripped growth nationally during this time but GVA fell in three important sectors - Construction, Information and Communication and Business Services.

Looking at measures such as the GVA per resident, we find a sub-region of two halves. In 2011, Bournemouth-Poole had a GVA per resident of £21,218, just below the national average, whilst the Dorset CC figure was significantly worse, at £16,538. This gap has widened over the past decade and is accounted for, in part, by different population structures and commuting patterns, but in the main reflects the differing industrial structures of the local economies, with the Bournemouth-Poole area characterised by more higher value-added sectors. Productivity[5] is also lower than the UK average, and when compared with other parts of the South West and with comparators such as Southampton/Portsmouth and Hampshire.

Caution should be exercised when using GVA per resident, as GVA per worker or hour worked are better measures.

According to the Dorset LEA (p.24):

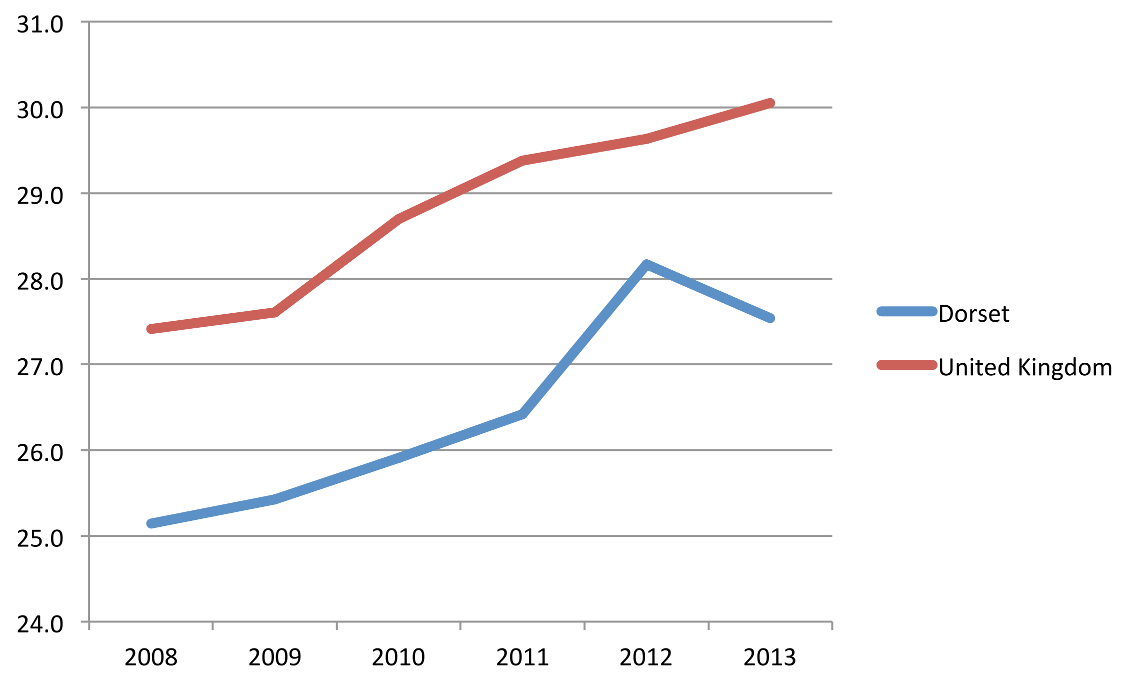
The sub-region has below-average productivity, both in terms of output per hour worked and GVA per resident. There is considerable variation within the sub-region, with Bournemouth/Poole recording a higher figure than the Dorset CC area, and with the gap widening. The structure of the local economy (particularly the employment sectors), demographics and commuting patterns all have an impact on productivity levels. The challenge is to raise the sub-region's productivity by supporting and investing in high growth sectors and addressing issues of competitiveness, particularly in those parts of the sub-region that are lagging behind, such as Weymouth and Portland.

[3] University of Exeter/SLIM (2013) Local Economic Assessment for Dorset LEP
[4] Gross Value Added is the value of all goods and services produced less the cost of raw materials and other inputs used in production
[5] As measured by Output per Hour Worked

2.2 Productivity

Various measures of productivity can be used. Historic data for the Dorset LEP area is available for both GVA per hour worked and GVA per job filled. Looking at the former, the trend in the Dorset LEP area is upwards from 2008 to 2012, but then a decline to 2013. GVA per hour worked in the Dorset LEP area remains constantly below that in the UK. Whilst the gap between the two had been falling to 2012, it widened again from 2012 to 2013.

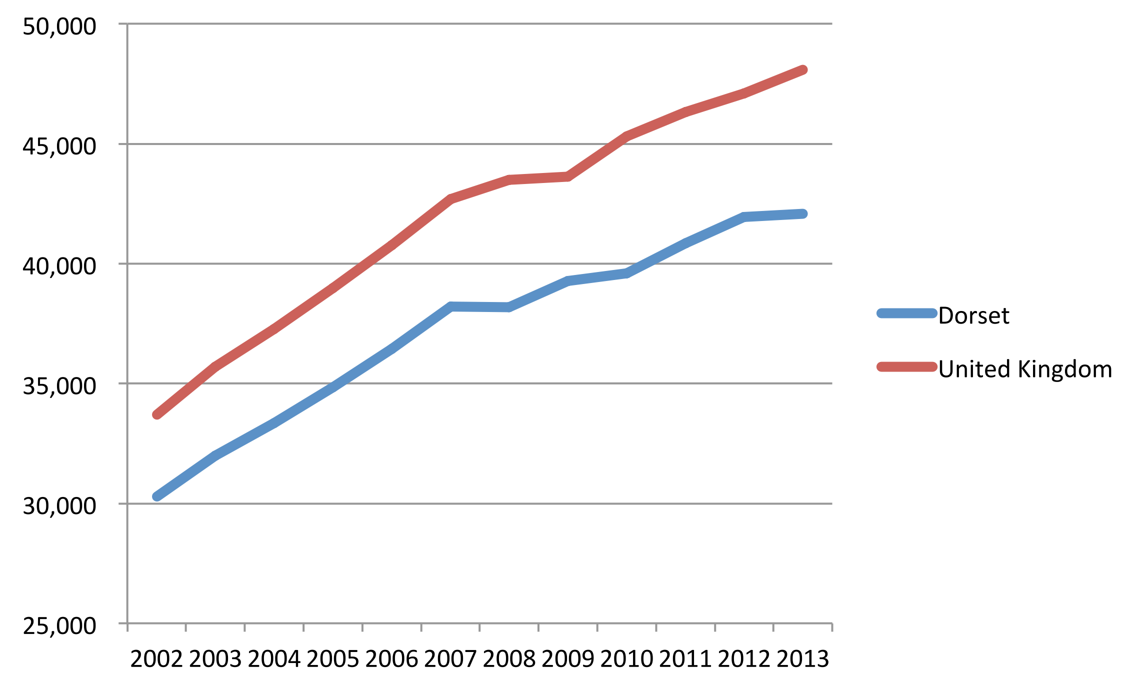
Figure 2.8: Productivity Measured as GVA per Hour Worked (£)



Source: ONS (2015) Regional Economic Analysis, Sub-regional Productivity

Productivity measured as GVA per job filled shows a similar pattern. Data is available over a longer time-period, and the gradual divergence of the Dorset LEP area and the UK can be seen since 2007.

Figure 2.9: Productivity Measured as GVA per Job Filled (£)



Source: ONS (2015) Regional Economic Analysis, Sub-regional Productivity

According to the work undertaken by Dorset County Council based on the LEFM, GVA per worker in the Dorset LEP area was £42,300 in 2013. This is lower than in the South West (£43,100) and the UK (£48,700). Dorset's GVA per worker is 87% of that of the UK.

Using the GVA growth forecast set out above and the growth in workers, from the same source, we can see that Dorset GVA per worker is forecast to grow to £58,800 by 2033 (a 39% growth), whilst the UK is forecast to grow to £63,600 (a 31% growth). However, despite the higher growth rate in Dorset, it does not fully catch up with the UK productivity rate.

Figure 2.10: GVA Per Worker Projections

	GVA/worker, 2013 (£)	GVA/worker, 2033 (£)
Bournemouth	42,800	59,300
Dorset DCC	41,700	57,500
Poole	43,100	61,400
Dorset LEP area	42,300	58,800
South West	43,100	56,100
UK	48,700	63,600

Source: Dorset County Council based on LEFM, 2015

2.3 Competitiveness

Work was undertaken in 2013 on the relative competitiveness of the regions and localities in the UK[6]. This work measured the competitiveness of places in the UK according to a number of factors, which are summarised in the Figure below. These factors are combined to produce a score of 100 for the UK. A score below 100 indicates a less competitive place than average, and a score above 100 suggests a more competitive place.

Figure 2.11: The Factors of Competitiveness
Input Factors
Economic activity rate Business start-up rate Number of businesses Proportion of working-age population qualified to NVQ4 Proportion of knowledge-based businesses
Output Factors
GVA per head Productivity (output per hour worked) Employment rate
Outcome Factors
Gross weekly pay Unemployment rate
Source: Huggins & Thompson, 2013

Competitiveness scores were calculated for each of England's 39 LEPs in 2010 and 2013. In 2010, Dorset LEP ranked 19th out of 39, with a score of 97.6. In 2013 it ranked 18th out of 39, with a competitiveness score of 96.2. Despite ranking higher in 2013 the LEP's overall competitiveness had declined. This suggests that some LEP areas at the top of the table had become more competitive than before.

The Districts and Unitary Authorities are also scored, with a total of 379 local authority areas being considered. The results for the local authority areas within the Dorset LEP area are set out in the Figure below. This shows that only Poole had a competitiveness score in 2013 that was not below the UK average. Over the period between 2010 and 2013 Poole, West Dorset, East Dorset and Weymouth & Portland increased in the UK ranking, whilst all other places declined.

Figure 2.12: Competitiveness Scores

Key: Areas ranked out of 379. Rank 1 = most competitive place in the UK. Score of 100 = UK average competitiveness

	Score 2013	Ranking 2013	Ranking 2010
Poole	100.0	122	140
West Dorset	99.0	133	146
East Dorset	98.1	145	165
Bournemouth	96.3	165	131
North Dorset	93.6	212	169
Purbeck	93.5	213	147

[6] Huggins, R and Thompson, P (2013) UK Competitiveness Index

Figure 2.12: Competitiveness Scores			
Key: Areas ranked out of 379. Rank 1 = most competitive place in the UK. Score of 100 = UK average competitiveness			
	Score 2013	Ranking 2013	Ranking 2010
Christchurch	93.0	224	202
Weymouth & Portland	87.0	308	361
Source: Huggins & Thompson, 2013			

2.4 Innovation

In 2015 BIS published a review of the comparative advantages of each LEP area with regard to the drivers of innovation[7]. This reviewed the innovation strengths of all 39 LEP areas in England. This helps each LEP area to understand its strengths and weaknesses in terms of innovation, and consider how these can be addressed. The report uses the standard BIS definition of innovation, i.e.

> *Activity that is new in its context, such as implementation of a new or significantly improved product, service or process, a new marketing method or new organisational methods*

The report states that "*there is overwhelming evidence to suggest that innovation is crucial to long term economic growth*" (p.6), hence the importance of the review. The authors develop a framework of 23 indicators which influence an area's innovation capacity. These indicators are set out in the Figure below.

[7] BIS (2015) Mapping Local Comparative Advantages in Innovation

Figure 2.13: Innovation framework: Elements and headline indicators	
Element	**Headline indicators**
Money	• R&D expenditure • Investments by British venture capital and private equity association members • Innovate UK investment in innovation
Talent	• Residents employed as science, research, engineering & technology professionals & associate professionals • Participation in Higher Education • Percentage of working age with NVQ 4+/ 3/2/1/ Other qualifications / No qualifications • Graduate retention rates
Knowledge assets	• Intellectual Property protection: Patents • Output and quality of scientific research: publications and h-index impact measure • Knowledge exchange/ collaboration - interactions between HE Institutions and business & the wider community • Science & Technology intermediary institutions
Structures and incentives	• Industrial structure & cluster development: Industrial Strategy Sectors • Key sectors - ONS Science and Technology definitions • LEP innovation approach and governance
Broader environment	• Business demography • Quality of place/ life • Broadband infrastructure • Employment rate • Earnings • Average travel to work times
Innovation outputs	• Productivity • UK Community Innovation Survey: % of firms engaged in product or process innovation
Source: BIS (2015) Mapping Local Comparative Advantages in Innovation	

The performance of the Dorset LEP area against some, but not all, of these indicators is shown in the Figure below.

Figure 2.14: Performance of the Dorset LEP area against innovation indicators				
Indicator	**Dorset LEP area performance**	**Performance compared to England**	**Ranking within 39 LEPs**	**Comments**
Money				
Business enterprise R&D expenditure	£397 per person employed (FTE), 2013	49% of England average	26	
Innovate UK investment	£32.88 per person employed (FTE), 2010-2014	38% of England average	26	
Talent				

Figure 2.14: Performance of the Dorset LEP area against innovation indicators				
Indicator	**Dorset LEP area performance**	**Performance compared to England**	**Ranking within 39 LEPs**	**Comments**
% of all in employment who are in 'science, research, engineering and technology' professions and associated professions	6.6% Jul 2013 - Jun 2014	92% of England average	21	
% with NVQ4+ - aged 16-64	34.5%	99% of England average	16	
Students achieving first degrees with honours from HEIs in the LEP area	3,924 in 2013/14	1.3% of England total	24	
Students achieving doctorates from HEIs in the LEP area	38 in 2013/14	0.2% of England total	27	
Graduate retention in home region – South West (prior to study)	62%	n/a	29	
Knowledge assets				
Knowledge exchange/ collaboration - interactions between HE Institutions and business & the wider community	£7 million	0.3% of England total	31	Contract & collaborative research, consultancy income 2010/11-2012/13
Structure and incentives				
Location Quotient of employment in Industrial Strategy key sectors	Aerospace: 1.34 Automotive: 0.25 Life sciences: 0.4 Agri tech: 1.29 Education: 1.10 Information economy: 0.63 Professional and business services:	Dorset LEP area has a greater concentration of employment in Aerospace, Agri tech, Education and Construction than the national average	n/a	

Figure 2.14: Performance of the Dorset LEP area against innovation indicators				
Indicator	**Dorset LEP area performance**	**Performance compared to England**	**Ranking within 39 LEPs**	**Comments**
	0.72 Oil and gas: 0.35 Construction: 1.09			
% of FTE employment in five key science and technology sectors	19.9%	95% of England average	21	Digital technologies Life sciences and healthcare Other science and tech manufacture Other science and tech services Tech publishing and broadcasting
Employment rate	75.3% Oct 2013 – Sept 2014	104% of England average	14	
Average travel to work time	25.7 minutes	n/a	16	16th shortest travel to work time
Availability of broadband to & of premises	69.5%	n/a	28	
Broader environment				
Net business demography	-0.6%	England average is +0.8%	33	Birth rate less death rate
Average annual full-time pay by workplace	£29,674 in 2014	87% of England average	20	
Innovation outputs				
Productivity as GVA per hour worked	£27.54 in 2013	90% of England average	19	
% of firms engaged in product or process innovation	25.8%, 2008-10	109% of England average	10	Weighted survey data
Source: BIS (2015) Mapping Local Comparative Advantages in Innovation, with analysis by Hardisty Jones Associates				

The Figure above shows that for many innovation indicators, the Dorset LEP area is performing below the England average. It only ranks in the top half of all LEP areas for a few indicators (i.e. % of population with NVQ4+, employment rate, average travel to work time, productivity and percentage of firms engaged in product or process innovation). Particularly poor performance can be seen in business enterprise R&D expenditure and investment by Innovate UK. Indicators for which the

Dorset LEP area is performing above the England average are the employment rate and the percentage of firms engaged in product or process innovation. The Dorset LEP area has a greater concentration of employment in the Aerospace, Agri tech, Education and Construction sectors than the national average.

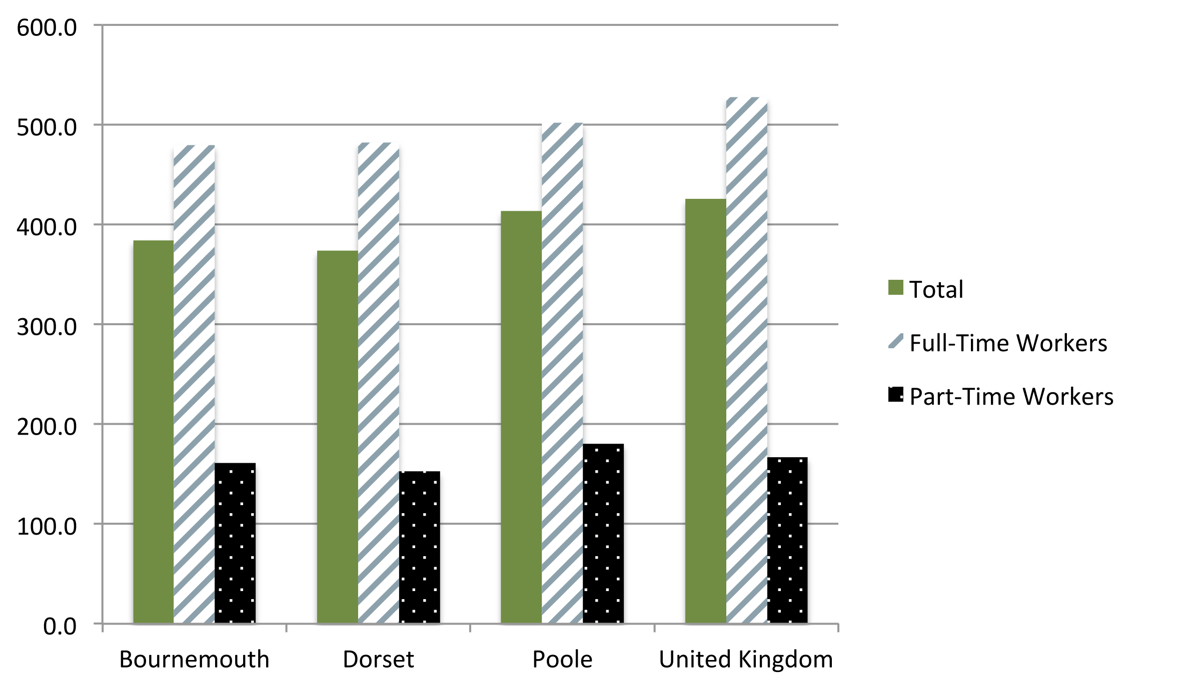
2.5 Earnings

According to the Dorset Local Economic Assessment (LEA)[3] (p.15), earnings are lower in Dorset than in England.

Workplace-based earnings are the wages paid by employers in an area, i.e. this does not necessarily equate to the earnings of those people who are resident in those areas. The median workplace-based earnings in Dorset are lower than the national average, although weekly earnings in Bournemouth (£479) and Poole (£486) are only around 7% below the England average (£512) At £459 a week, average earnings in the Dorset CC area are more than 10% below the England average. Earnings in North Dorset appear particularly low at just 74% of the England average (£380), with Weymouth and Portland at 85% (£438). Other than Poole, Purbeck has the highest level of weekly earnings (£485), which is partly due to high skilled employment being offered at sites such as Dorset Green Technology Park at Winfrith, Perenco and the Ministry of Defence establishments, all of which attract workers from outside Purbeck.

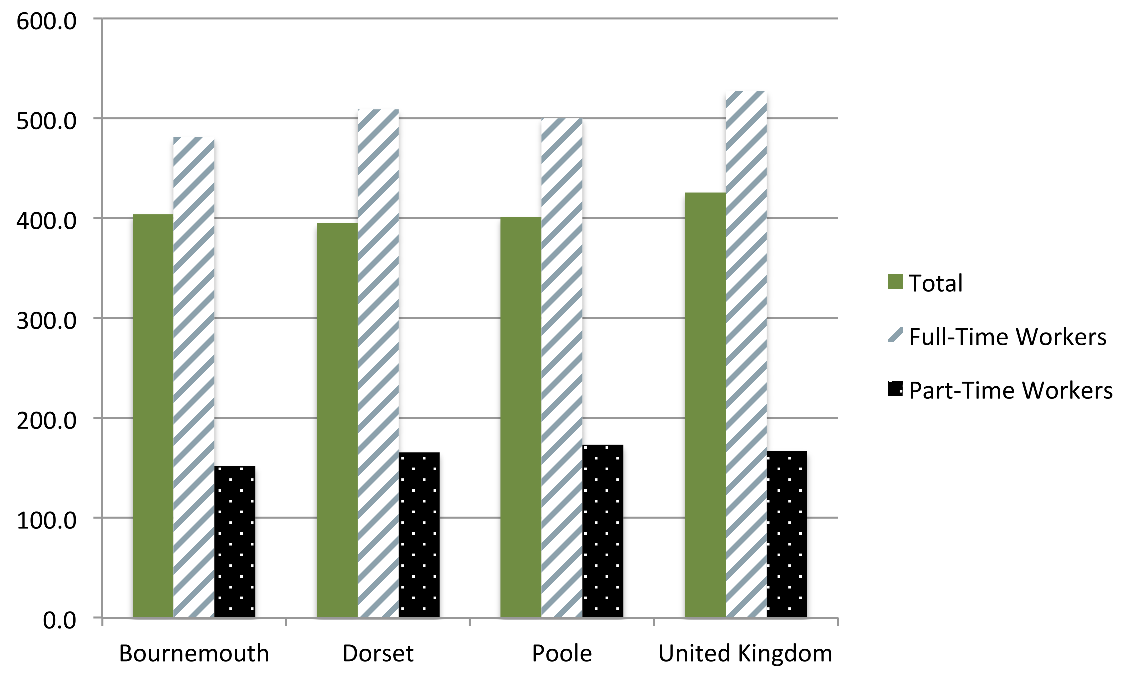
Latest data on earnings confirms that overall, earnings in Dorset are lower than in the UK, with the exception of part-time earnings in Poole:

Figure 2.15: Workplace earnings



Source: Annual Survey of Hours and Earnings, 2015

Figure 2.16: Residence based earnings



Source: Annual Survey of Hours and Earnings, 2015

3 Population

Summary

The Dorset LEP area has a population of 760,000; with a smaller proportion of the population aged 16 to 64 than England. Within the LEP area, Bournemouth is the only local authority with a greater proportion of the population aged 16 to 64 than England.

The population of the Dorset LEP area is forecast to grow from 2015 to 2033, to over 840,000 – an increase of 82,000 or 10.7%. However, the actual number of residents aged 16 to 64 remains about the same, and therefore the proportion of the population aged 16 to 64 is forecast to decline.

The relative ageing of the population has been noted in previous research, and is highlighted as a challenge for the Dorset LEP economy. However, some consultees have identified this as an opportunity for the Dorset LEP area to lead the UK in this part of the healthcare sector, providing scope for innovation and export.

The Dorset LEP area had a population of 760,000 in 2014[8], expected to rise to 762,000 in 2015[9], 60% of which live in its urban districts[3]. By 2033 the population is projected to grow to 844,300, an increase of nearly 82,000 or 10.7% of the 2015 population.

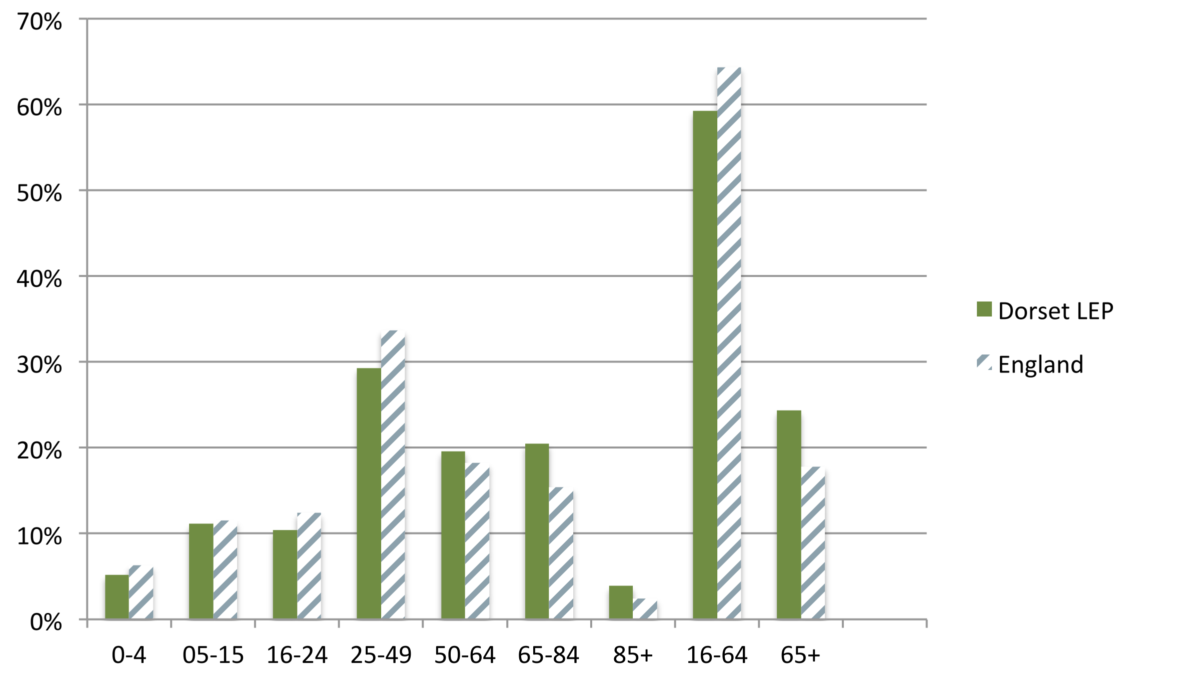
In 2014, 59.7% of the population was aged 16 to 64, which is lower than the UK figure of 63.5%[8].

A more detailed view of the population age structure in 2015 can be seen in the figure below. This shows that Dorset has a lower proportion of residents than the UK average in the 16 to 49 cohorts, and more in the 50 plus cohorts.

[8] ONS Mid Year Population Estimates, 2014

[9] 2012-based Subnational Population Projections, Office for National Statistics

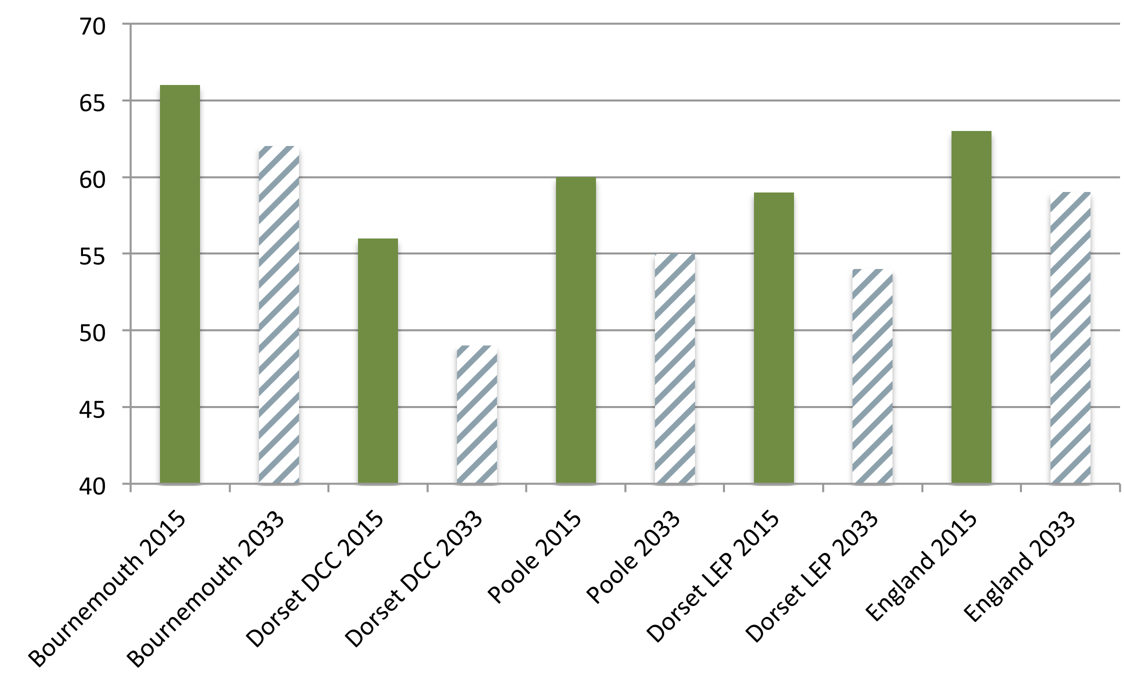
Figure 3.1: Population Age Structure for Dorset LEP and England, 2015



Source: 2012-based Subnational Population Projections, Office for National Statistics

When we look at the three upper tier authorities in the Dorset LEP area, we can see that only Bournemouth has a greater percentage of the population aged 16-64 than England. The other upper-tier authorities and the Dorset LEP area have a lower proportion than England. See Figure 2.2 below. Looking forward to 2033, the proportion of the population aged 16 to 64 is declining in all places, including England. The overall pattern remains the same; with Bournemouth having a large percentage of its population aged 16 to 64, and all other areas having a smaller proportion. This is also shown in Figure 3.2.

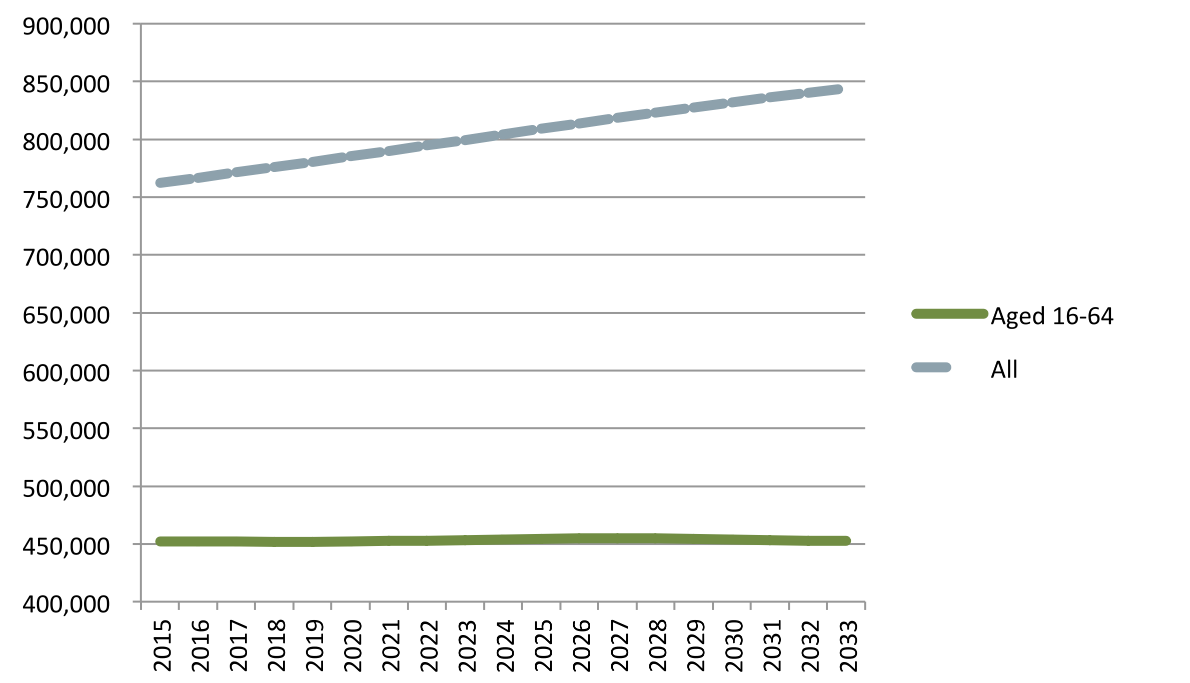
Figure 3.2: Percentage of the Population Aged 16 to 64 in 2015 and 2033



Source: 2012-based Subnational Population Projections, Office for National Statistics

Despite the falling proportion of the population aged 16 to 64, the actual number in this cohort changes little over the period, remaining around 452,000. This can be seen in Figure 2.3 below. Therefore, the working age population remains the same, whilst the overall population grows.

Figure 3.3: Actual Dorset LEP Population: All Ages and Aged 16 to 64



Source: 2012-based Subnational Population Projections, Office for National Statistics

According to the Dorset Local Economic Assessment (LEA)[3] (p.25):

The Dorset LEP area has an ageing population and a relatively low proportion of Dorset residents are of working age. The working age population is projected to remain static as the overall population grows. The impact of the ageing population will place strains on the economy and its services, whilst the static working age population potentially presents a significant barrier to future business growth. At the same time, inward migration of younger workers may be inhibited by the low-wage economy and relatively high cost of housing. The challenge will be to ensure that workforce and skills planning address issues of replacement demand and that the conditions are right to attract new skilled workers into the area to support business expansion.

4 Housing

Summary

The Dorset LEP area comprises two Strategic Housing Market Areas. Assessments have recently been carried out for these areas, identifying the Objectively Assessed Housing Need to 2033. This is for 2,900 dwellings per annum in Eastern Dorset and 775 dwellings per annum in Western Dorset.

Housing affordability is a significant issue in all parts of the Dorset LEP area, with higher housing affordability ratios than nationally. Dorset DCC has the highest ratio of lower quartile house price to lower quartile earnings of 9.44, compared to the England average of 6.45.

4.1 Strategic Housing Market Assessments

Strategic Housing Market Assessments have been carried out for eastern Dorset in 2015[10] and western Dorset in 2014[11]. The Eastern Dorset Housing Market Area (HMA) includes Bournemouth, Poole and Christchurch and parts of both Purbeck, East and North Dorset including Wimborne, Blandford Forum, Wareham and Swanage. The Western Dorset HMA includes Weymouth and Portland and Dorchester, and stretches east to Bridport.

4.1.1 Eastern Dorset

The Eastern Dorset Assessment suggests an increase of 46,800 households over the period from 2013 to 2033, leading to a baseline demand for 2,500 dwellings per annum over the period. When economic growth scenarios are added to this, the demand rises to nearly 2,800 dwellings per annum. The fully assessed Objectively Assessed Need (OAN) is for nearly 2,900 new homes per year in Eastern Dorset from 2013 to 2033.

The proposed mix of dwelling types within this figure is for:

- 20% 1-bed dwellings
- 40% 2-bed dwellings
- 30% 3-bed dwellings
- 10% 4+-bed dwellings

There is a need for specialist housing for older people in Eastern Dorset, including sheltered and extra-case housing. There are already 9,000 specialist units in Eastern Dorset, and a need for a further 6,900 over the period 2013 to 2033.

4.1.2 Western Dorset

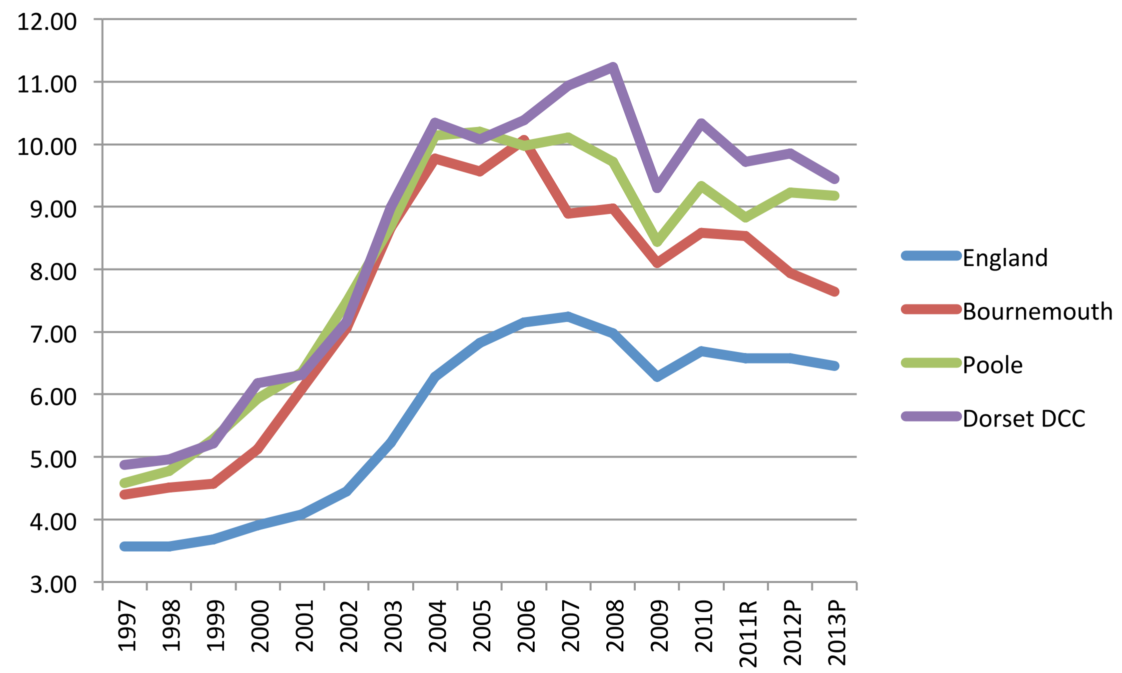
The housing need figure for Weymouth & Portland and West Dorset is 775 dwellings per year, of which 605 are needed in West Dorset and 170 in Weymouth & Portland.

[10] GL Hearn (2015) Eastern Dorset Strategic Housing Market Assessment: Executive Summary
[11] Peter Brett Associates (2014) Weymouth & Portland and West Dorset Councils: Objectively Assessed Housing Needs and HDH (2014) Weymouth & Portland and West Dorset Councils: Strategic Housing Market Assessment Part 2

4.2 Housing affordability

Housing affordability is widely recognised as a problem throughout the Dorset LEP area, but is not a problem that is unique to Dorset. The Figure below shows how housing affordability has become a more significant problem in the Dorset LEP area than nationally. House price affordability (defined as the ratio between the lower quartile house price and lower quartile earnings) ranged between 7.64 and 9.44 in the Dorset LEP area in 2013. This compares to the England figure of 6.45.

Figure 4.1: Ratio of Lower Quartile House Price to Lower Quartile Earnings



Source: DCLG based on data from ONS Annual Survey of Hours and Earnings and HM Land Registry

4.3 Previous work on housing

The Dorset LEA mentions the Bournemouth, Dorset and Poole Housing Market Assessment undertaken in 2011. According to the LEA[3] (p.19):

The LEP area was divided into two, with the area served by Weymouth and Portland and West Dorset Councils forming the Dorchester-Weymouth Housing Market Area (HMA), the remainder being unified as the Bournemouth-Poole HMA.

The study found that:

- *The number of households in the LEP area is forecast to increase by around 16% (52,100) between 2011 and 2031, rising to 380,700 by 2031. This represents an average annual increase of 2,600 households.*
- *Around 26% of households across the Bournemouth-Poole HMA cannot afford housing at current market purchase prices or rents without the need for some form of subsidy.*
- *Across the LEP area, there is an annual need to provide 10,007 additional units of affordable housing per annum if all needs are to be met over the next five years (8,350 in Bournemouth-Poole and 1,657*

in Dorchester-Weymouth). This figure is significantly higher than the estimate for 2007 (7,242 units per annum), mainly due to the increase in the size of the private rented sector.

- *Around 70% of the need for affordable housing is for smaller (one and two-bedroom) accommodation.*

In November 2012, the average house prices in Dorset CC and Poole were 25% above the national average. There has been a consistent growth in house prices between 1995 and early 2008, with Dorset following the wider national trend, with especially strong growth in Dorset CC and Poole. From their peak in late 2007 and early 2008, prices fell and remain around 11-13% below their peak for Dorset.

The lack of affordable housing will be a major barrier to growth in terms of attracting new highly skilled workers from outside and retaining young skilled people in the labour market.

At p.25 the Dorset LEA[3] states:

High house prices, low wages and constraints on land availability have led to a severe shortage of affordable housing. The Dorset LEP sub-region has an acute lack of affordable housing. House prices are generally above average and earnings, below average. Evidence suggests that the scope for increasing supply will not be sufficient to meet this challenge alone, given the unique combination of environmental constraints which exist. Addressing this is key to enabling young people to live in the area and help maintain the necessary skills pool to develop the economy.

5 Business Base

Summary

The Dorset LEP area has just over 30,000 business enterprises. Around 60% of these are located in Dorset DCC and around 20% each in Bournemouth and Poole. Just less than 89% of businesses are micro-businesses, which is the same proportion as for the South West and UK. The number of new business starts has been growing in the Dorset LEP area since 2009, but at a lower rate than in the UK. Within the Dorset LEP area, the rate of new business starts in Bournemouth and Poole has increased at a much higher rate than in Dorset DCC.

5.1 Number and size of businesses

In 2015, there were 30,570 business enterprises in Dorset, with 36,230 local units[12]. An enterprise may have more than one unit or location, hence the difference between these figures. The distribution of these within the Dorset LEP area can be seen in the Figure below.

Figure 5.1: Number of Business Enterprises, 2015

	Number of business enterprises	Percentage of Dorset LEP total
Bournemouth	6,045	20
Dorset DCC	18,725	61
Poole	5,800	19
Dorset LEP	30,570	100

Source: ONS Inter Departmental Business Register, 2015

88.7% of Dorset businesses are micro-businesses, with 0-9 employees, exactly the same as for the South West and the United Kingdom. The proportion of businesses that are small (10-49 employees) is 9.5%, medium (50-249) is 1.4%, and large (250+) is 0.3% - that is, 90 businesses. These percentages are exactly the same in Dorset and the South West.

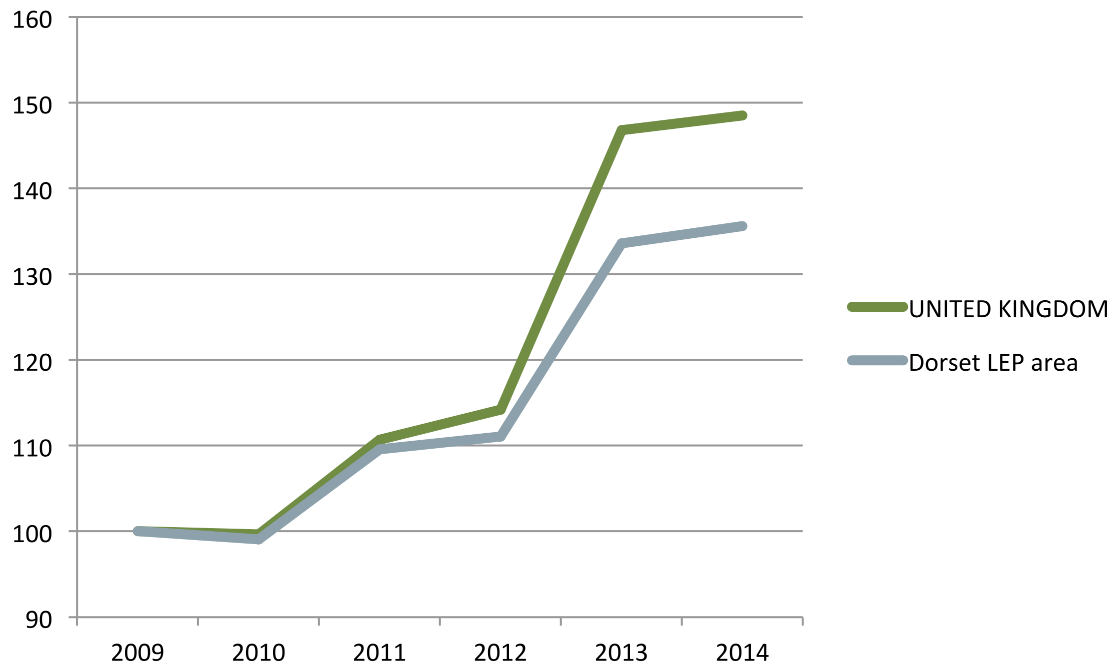
According to the Dorset LEA[3] in 2013 (p.6):

The recent recession and stuttering economic recovery has had a significant impact on the number of businesses operating in the area, with the last year being particularly tough. The period 2009 to 2012 saw a loss of 630 businesses (a drop of 2%) in the area, a more severe drop than seen nationally over the same period. The greatest losses were seen in Weymouth and Portland (-5.6%) and in Bournemouth (-3.9%).

5.2 New business starts

The number of new business starts in the Dorset LEP area was 3,675 in 2014, up from 2,710 in 2009. However, the rate of increase of new business starts in the Dorset LEP area is lower than in the UK, particularly during the period 2012-13.

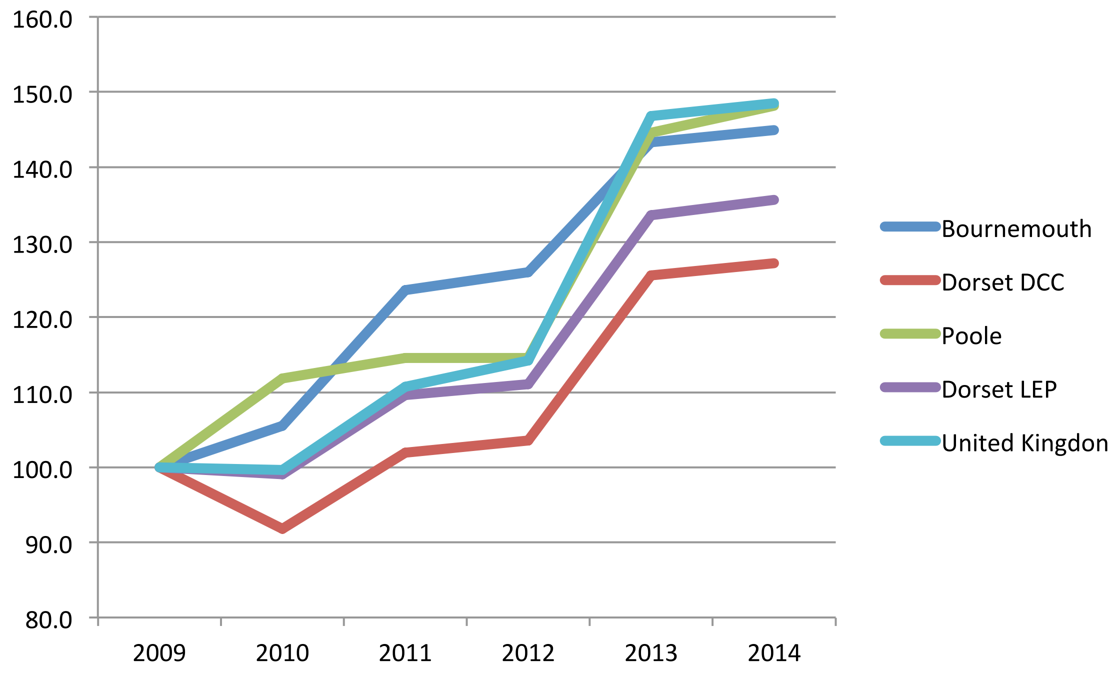
[12] ONS Inter Departmental Business Register (IDBR), 2015

Figure 5.2: Rate of New Business Starts
Key: 2009=100

Source: ONS Business Demography, 2014

The rate of growth of new business starts has increased in all parts of Dorset, but there is some variation within the upper tier authorities, with Dorset DCC falling behind Bournemouth and Poole. This can be seen in the Figure below.

Figure 5.3: Rate of New Business Starts Within Dorset LEP Area

Key: 2009=100



Source: ONS Business Demography, 2014

According to the Dorset LEA[3] in 2013 (p.10):

The number of new businesses starting in 2011 was 13% lower than pre-recession (2007) levels. However, looking more recently, there is some indication that improvements are taking place. The business start-up rate for 2011 was up on the 2009 and the 2010 position, with the exception of East Dorset which has seen a fall in start-ups. The start-up rates are slightly above the England average and when compared with Southampton and Portsmouth. So there is some indication that the trend is moving in the right direction, despite the economic conditions.

In terms of business survival, the Dorset LEA[3] (p.11) states:

Of businesses starting in 2010, 88% remained active in 2011, a fall of almost 10 percentage points compared with businesses started in 2006 and surviving one year. However, data shows that most parts of the LEP area currently have better than the England average survival rates, with Bournemouth and Weymouth and Portland being the exceptions. In terms of trends, most areas have seen small falls in business survival rates over the last two years, the exception being in North Dorset and Purbeck.

And:

At the same time, there is a good degree of stability amongst Dorset's firms with 46% of the sub-region's VAT/PAYE registered businesses being ten or more years old, slightly higher than the figure for England (42%). The urban parts of the LEP area have higher proportions of younger businesses, *where the economy is more likely to be more diverse and evolve more rapidly. Similarly, Western Dorset and the Rural Neighbours area both have older business stock than the more urban areas.*

6 Sectors

Summary

The largest sectors in the Dorset LEP economy are Public Admin, Education & Health, Financial & Other Business Services, and Wholesale & Retail. Dorset has higher than (national) average employment in Manufacturing, Construction, Wholesale & Retail, Accommodation & Other Food Services, Public Admin Education & Health and Other Services.

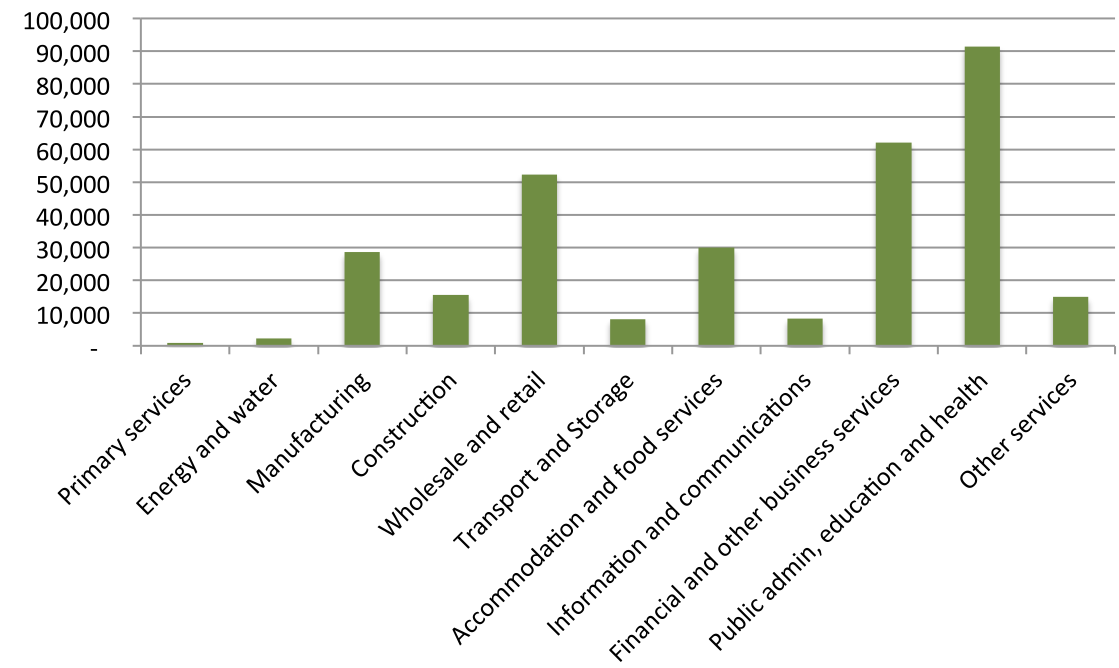
The highest forecast growth in the Dorset LEP area economy is in the Construction sector, with an additional 17,500 employees between 2013 and 2033.

There are a number of key sectors in the Dorset LEP area which should be prioritised for public intervention. Work undertaken in 2016 has identified Advanced Manufacturing and Financial Services & Insurance as the highest priority sectors in terms of their importance to the Dorset economy, their quality and growth prospects. These are followed by the Creative Industries and Environmental Goods & Service sectors.

6.1 Employment by sector

The largest sectors in the Dorset LEP area are Public Admin, Education & Health (91,400), Financial & Other Business Services (62,100), and Wholesale and Retail (52,400). These can be seen in the figure below.

Figure 6.1: Employment by Sector (numbers), 2014



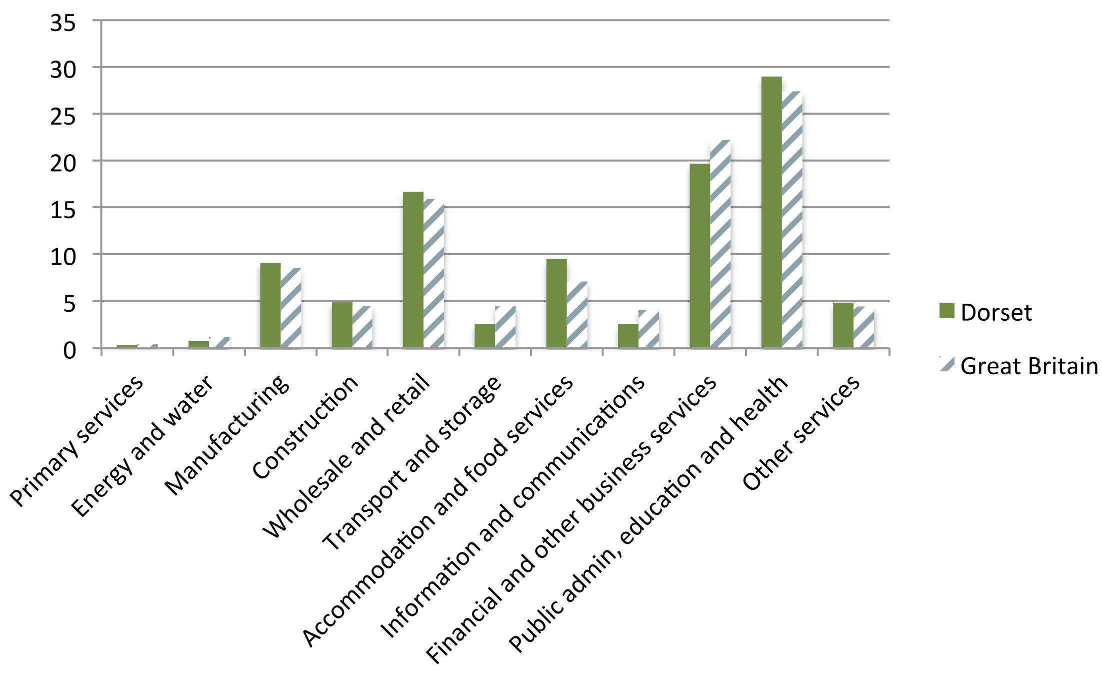
Source: ONS Business Register and Employment Survey, 2014

When this is compared to Great Britain, it can be seen that the Dorset LEP area has a higher concentration of employment in:

- Manufacturing
- Construction
- Wholesale and Retail
- Accommodation and Food Services
- Public Admin, Education & Health
- Other Services

This can be seen in Figure 6.2 below, and is illustrated with the use of Location Quotients in Figure 6.3. A Location Quotient compares the concentration of employment in a sector in a location with the concentration of employment in that sector in Great Britain. A Location Quotient greater than 1.0 shows a higher concentration of employment in the sector in the location than the national average.

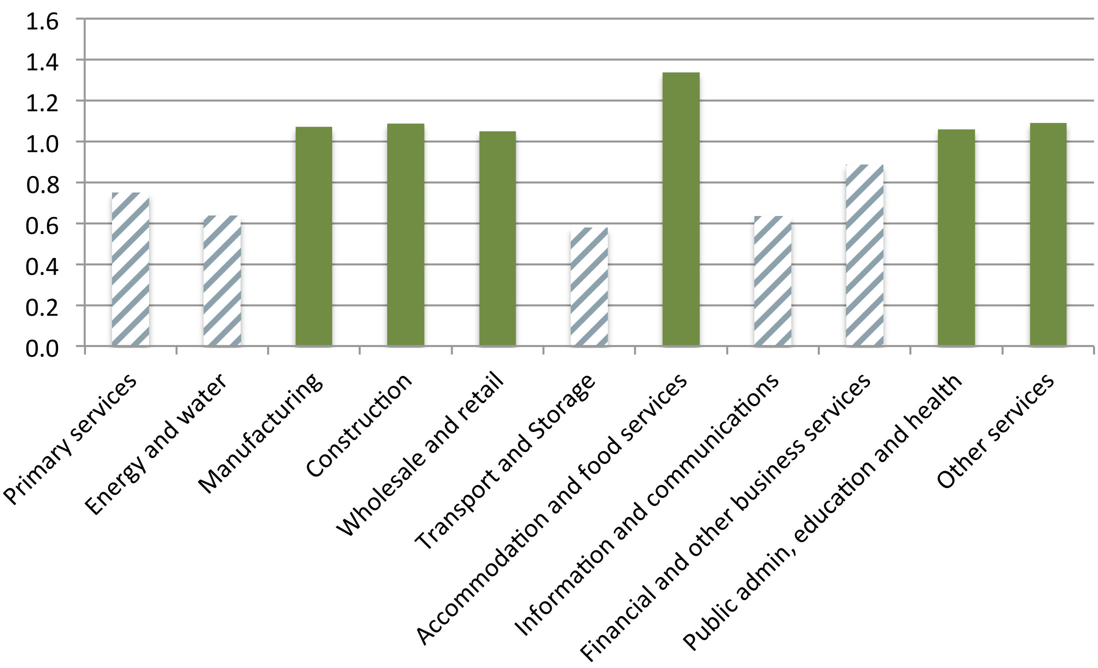
Figure 6.2: Employment by Sector (percentages) in Dorset LEP Area and GB



Source: ONS Business Register and Employment Survey, 2014

Figure 6.3: Location Quotient for Dorset LEP Area Sectors

N.b. LQ>1.0 = greater concentration than national average, and LQ<1.0 = lesser concentration than national average



Key: Grey bars = LQ<1.0; Green bars = LQ>1.0

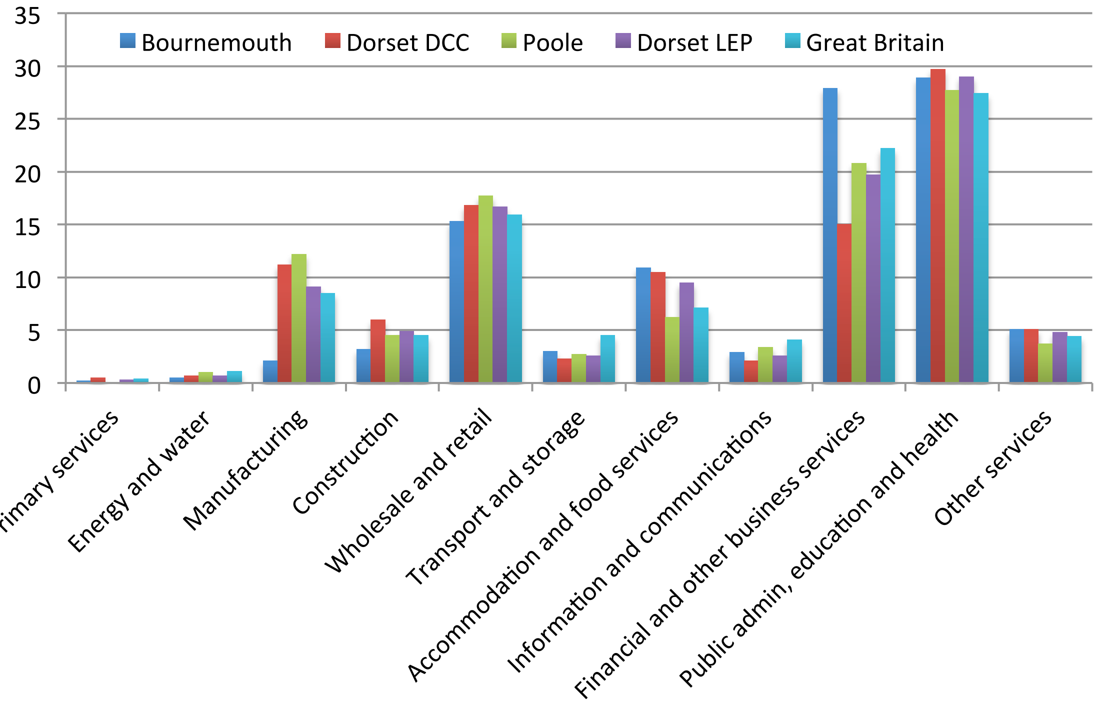
Source: Location Quotient based on ONS Business Register and Employment Survey, 2014

6.1.1 Bournemouth, Dorset DCC and Poole

Employment by sector in each of the three upper-tier local authorities within the Dorset LEP area can be seen in the Figure below. The main messages here are:

- Strong Manufacturing and Wholesale & Retail in Poole
- Strong Construction in Dorset DCC
- Very strong Financial & Other Business Services in Bournemouth
- Public Admin, Education & Health account for a greater proportion of employment in all Dorset geographies than in Great Britain.

Figure 6.4: Percentage Employment by Sector, 2014



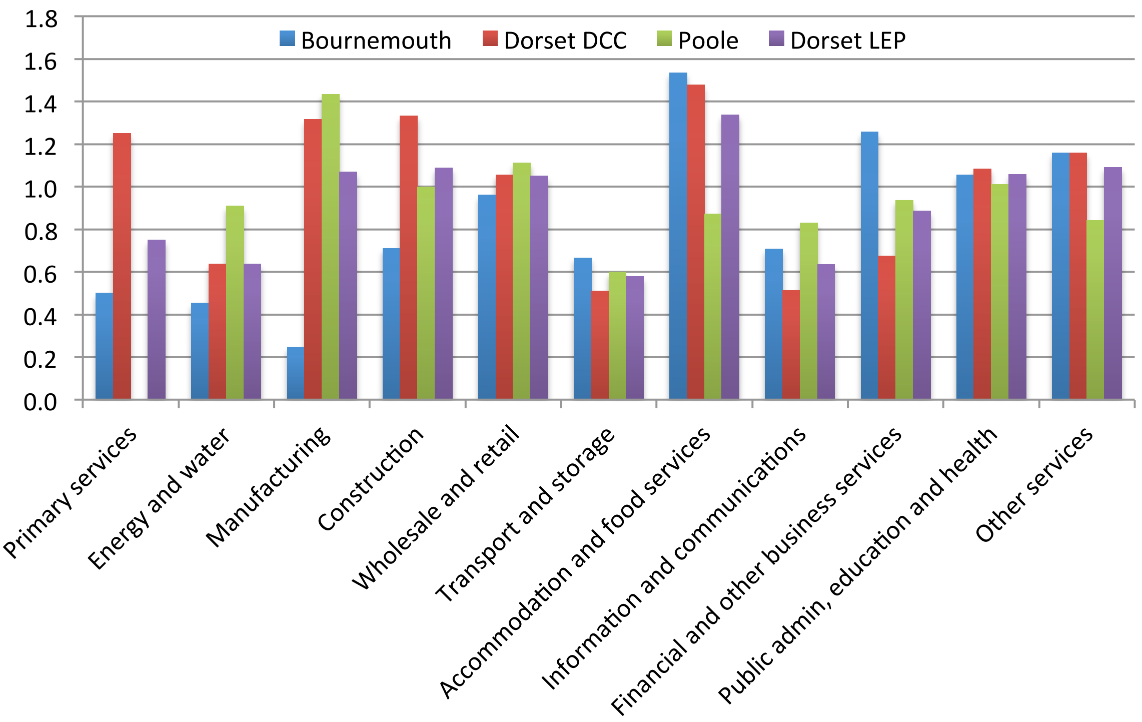
Source: ONS Business Register and Employment Survey, 2014

These figures can be converted into Location Quotients, which can be seen in Figure 3.10 below. Sectors and areas with Location Quotients greater than 1.0 (i.e. a greater concentration of employment than the national average) include:

- Primary Services in Dorset DCC
- Manufacturing in Dorset DCC, Poole and Dorset LEP
- Construction in Dorset DCC and Dorset LEP
- Wholesale and Retail in Dorset DCC, Poole and Dorset LEP
- Accommodation and Food Services in Bournemouth, Dorset DCC and Dorset LEP
- Financial and Other Business Services in Bournemouth
- Public Admin, Education and Health in all geographies
- Other Services in Bournemouth, Dorset DCC and Dorset LEP

Figure 6.5: Location Quotients

N.b. LQ>1.0 = greater concentration than national average, and LQ<1.0 = lesser concentration than national average



Source: Location Quotient based on ONS Business Register and Employment Survey, 2014

6.2 Employment in the public sector

According to the Dorset LEA[3] (p.13), which was prepared in 2013, Dorset had the same level of dependence on public sector employment as England.

The public sector accounts for approximately 21% of employment in the Dorset LEP area, the same as for England, although with significant concentrations within some parts of the LEP area. 29% of all employment in Weymouth and Portland and 28% in West Dorset is in the public sector. Latest data suggests that around 4,500 full-time equivalent jobs in the public sector have been lost within the Dorset LEP area between 2009 and 2011[13], with estimates of a further 1,500 private sector jobs lost as a result.

At p.25 the LEA states:

Significant parts of the sub-region remain reliant on public sector employment and this is likely to continue. Further losses in this sector will have a significant impact on parts of the sub-region, in terms of both public sector jobs and the knock-on effects on private sector jobs. The impact on female employment is also likely to lead to greater gender inequality in the labour market as the

[13] Source: BRES Public Sector Employment Dataset. Assumes 1 part-time job = 0.6 of 1 full-time job

public sector is a valuable source of part-time jobs. Active support to retrain those being made redundant and ensuring talent retention in the area will be critical.

6.3 Knowledge intensive employment

According to the Dorset LEA[3] (p.11), which was prepared in 2013, Dorset has a lower than average proportion of its workforce employed in knowledge-intensive businesses:

In the Dorset LEP area, 51% of all employees worked in knowledge-intensive businesses in 2011 (below the national average), representing around 150,700 employees. The vast majority of those employees (140,500) were in knowledge-intensive services, while there were 7,000 in medium-high technology manufacturing and just 3,300 in high technology manufacturing, a higher proportion than the national average.

6.4 Employment forecasts

Work undertaken by Dorset County Council[14] based on the Cambridge Econometrics Local Economy Forecasting Model (LEFM) suggests that employment in the Dorset LEP area will increase from 348,100 in 2014 to 398,500 in 2033, an increase of 50,400 or 14.5%.

Figure 6.9: Total Employment

	2013	2033
Bournemouth	87,500	99,800
Dorset DCC	178,500	206,700
Poole	82,300	92,000
Dorset LEP	348,100	398,500
Source: Dorset County Council based on LEFM, 2015		

The Dorset County Council/LEFM model sets out more sectors than those shown in the sections above. According to this data, the following sectors will employ more than 10,000 people in the Dorset LEP area:

Figure 6.10: Top ten sectors by employment

2013		2033	
Retail trade	40,800	Construction	45,700
Education	31,800	Retail trade	39,600
Construction	28,200	Education	32,600
Health	24,200	Residential & social	32,200
Residential & social	23,900	Health	27,400
Financial & insurance	20,000	Financial & insurance	24,200
Public Administration & Defence	20,000	Food & beverage services	22,400
Food & beverage services	16,300	Business support services	22,200
Business support services	15,300	Public Administration & Defence	19,100
Other services	10,300	Other services	12,100
Wholesale trade	10,100	Recreational services	10,500
Source: Dorset County Council based on LEFM, 2015			

[14] Dorset County Council (2015) Baseline Forecasts 4a

Twelve sectors are forecast to grow by more than 1,000 employees over the period to 2033. These are shown in the Figure below.

Figure 6.11: Sectors with forecast growth greater than 1,000 employees 2013 to 2033	
	Additional employees 2013 to 2033
Construction	17,500
Residential & social	8,400
Business support services	6,900
Food & beverage services	6,100
Financial & insurance	4,100
Other manufacturing & repair	3,400
Health	3,200
Accommodation	2,600
Other services	1,800
Recreational services	1,600
Other professional services	1,500
IT services	1,200
Source: Dorset County Council based on LEFM, 2015	

Five sectors are forecast to decline by more than 1,000 employees over the period to 2033. These are shown in the Figure below.

Figure 6.12: Sectors with forecast decline greater than 1,000 employees 2013 to 2033	
	Additional employees 2013 to 2033
Retail trade	-1,200
Food, drink & tobacco	-1,300
Wholesale trade	-1,500
Machinery	-1,500
Electronics	-2,200
Source: Dorset County Council based on LEFM, 2015	

6.5 High profile businesses

Significant employers in the Advanced Manufacturing sector noted in the 2013 sector report are:

- Siemens
- Honeywell Analytics
- Hamworthy engineering
- BAE Systems
- Cobham plc
- Magellan Aerospace
- Sunseeker
- Air Bearings
- Aish Technologies
- Pilkington Glass

Other significant businesses include:

- Westwind
- Meggitt
- Atlas Elektronik
- QinetiQ

6.6 Key sectors

A number of key sectors have been identified in various Dorset-wide and local strategies as key sectors and priorities for public intervention. These include a number of Dorset-wide sectors:

- Advanced Manufacturing
- Adult Social Care
- Construction
- Creative Industries
- Environmental Goods and Services
- Financial Services and Insurance
- Food and Drink
- Retail
- Tourism, Leisure, Hospitality and International Education

And a number of more local sectors:

- Renewable energy (Purbeck, West Dorset, Weymouth & Poole)
- Mining, quarrying and natural resources (Purbeck)
- Agriculture (Purbeck)

A desk-based review of those key sectors, defined in work undertaken for Dorset LEP and some of the local authorities by the University of Exeter/SLIM[15], has been undertaken to identify which should be the highest priority for public intervention to help to meet the strategic economic vision for Dorset. This work is intended to inform a debate on the list of key sectors in the future. Other evidence could be taken into account when considering key sectors, including a more detailed review of local plans and proposals and the views of stakeholders in Dorset.

What are key sectors?

- Parts of the economy that can help to meet the economic vision for Dorset
- Parts of the economy with growth potential
- Parts of the economy that will benefit from intervention and public support, to achieve their growth potential

This desk-based study focuses on testing these sectors using the following data:

- The productivity of sectors (where possible measured using GVA per worker, but this data is partial and only available at the national level), using data from the ONS Annual Business Survey

[15] University of Exeter/SLIM (2013) Dorset LEP: Advanced Manufacturing; Adult Social Care; Construction; Creative Industries; Environmental Goods and Services; Financial Services and Insurance; Food and Drink; Retail; Tourism, Leisure, Hospitality and International Education

- High quality employment (where possible measured using average pay data, but this data is partial and only available at the national level), using data from the ONS Annual Survey of Hours and Earnings
- The growth potential of each sector (based on historic growth for all sectors, and forecast future growth for amalgamated sectors), using data from the ONS Business Register and Employment Survey and work undertaken by Dorset County Council, based on the Cambridge Econometrics Local Economy Forecasting Model
- The sustainability of sectors (using all of the above, and also local specialisation of employment in the sector and size of the sectors) using data from the ONS Business Register and Employment Survey

Analysis of the data sources described above shows how the sectors can be grouped according to their quality (based on productivity, pay and growth prospects) and their importance (based on their size and location quotient – a measure of the concentration of that sector in the local economy). This is shown diagrammatically in the figure below. Also included are four additional sectors which stand out of the data analysis for potential inclusion in the key sectors list.

Figure 6.13: Quality and importance of key sectors

	High		**Creative Industries** **Environmental Goods & Services**	**Advanced Manufacturing** **Financial Services & Insurance**
			Manufacture of Chemicals & Chemical Products	
Quality of sector (Productivity, pay and growth)			*Travel Agency*	**Care** **Construction** **Tourism & Leisure** *Real Estate*
		Food & Drink		
	Low			**Retail**
		Low		**High**
		Importance of sector (size and location quotient)		

More detail on these sectors can be seen in the table below.

Figure 6.14: More information on the potential key sectors

Sector	Status	Future potential	Actions to support vision and objectives
HIGH VALUE AND IMPORTANT SECTORS			
Advanced Manufacturing	Current employment of 11,600 (3.6% of Dorset total) Location quotient of 1.5 (i.e. 1.5 x national concentration) Supply chain potential Established businesses include BAE and Siemens Productivity (GVA per worker) above national median Pay above national median Historic growth of 10% in the last five years Employment forecast to decline in the next twenty years	The sector is globally traded and a national priority for growth Although employment is forecast to decline, all other measures for this sector are extremely positive, combining high quality and historic growth. Support needs to be given to this sector to maintain its presence in Dorset, and contrary to the forecast trend, to promote growth.	Ensure high skilled workforce is available Deliver infrastructure and sites, particularly at Bournemouth Airport Support business growth Support business R&D Improve access to global markets
Financial Services & Insurance	Current employment of 14,300 (34.4% of Dorset total) Location quotient of 1.4 (i.e. 1.4 x national concentration) Established businesses include Barclays and JP Morgan Chase. The sector is linked to the London and global financial services sectors Productivity (GVA per worker) likely to be above national median[16] Pay above national median Historic decline in employment of 1% in the last five years Employment forecast to grow in the next twenty years	The sector is globally traded and a national priority for growth Support needs to be given to this sector to maintain its presence in Dorset, and to promote growth	Ensure high skilled workforce is available Deliver infrastructure and sites Support business growth Support business R&D Improve access to global markets

[16] Detailed sector data not available

Figure 6.14: More information on the potential key sectors			
Sector	**Status**	**Future potential**	**Actions to support vision and objectives**
HIGH VALUE SECTORS WHICH NEED TO GROW			
Creative Industries	Current employment of 8,900 (2.7% of Dorset total) Location quotient of 0.7 (i.e. 0.7 x national concentration) Bournemouth University and the Arts University Bournemouth are both leading Universities in this sector Productivity (GVA per worker) above national median Pay above national median Historic growth of 16% in the last five years Employment forecast to grow in the next twenty years	This is a high value sector, but is less concentrated in Dorset than nationally. With infrastructure, including the two universities, it has growth potential. Support needs to be given to grow this sector	Ensure high skilled workforce is available
Environmental Goods & Services	Current employment of 7,100 (2.3% of Dorset total) Location quotient of 0.8 (i.e. 0.8 x national concentration) Productivity (GVA per worker) above national median Pay above national median Historic growth of 18% in the last five years Employment forecast to grow in the next twenty years	Future growth prospects in this sector are highly dependent on Government policy – both fiscal and regulatory. The sector is smaller in Dorset than nationally, but it can provide high quality employment. Support needs to be given to growth this sector	Ensure high skilled workforce is available Deliver infrastructure and sites Support business growth Support business R&D
IMPORTANT SECTORS WHICH NEED TO INCREASE THEIR QUALITY			
Care	Current employment of 13,100 (4.0% of Dorset total) Location quotient of 1.6 (i.e. 1.6 x national concentration) There is a well	Increasing care needs is a globally significant issue, and the Dorset LEP area has the potential to be at the forefront of growth and innovation in this	Ensure high skilled workforce is available Support business R&D

Figure 6.14: More information on the potential key sectors			
Sector	**Status**	**Future potential**	**Actions to support vision and objectives**
	established care sector in Dorset, with a significant market with its older and ageing population Productivity (GVA per worker) below national median Pay below national median Historic growth of 96% in the last five years Employment forecast to grow in the next twenty years	sector. The sector creates large amounts of less well-paid employment, but the increasing technology and innovation in this sector will help to drive up its value. Bournemouth University is working closely with parts of the sector.	
Construction	Current employment of 16,700 (5.1% of Dorset total) Location quotient of 1.1 (i.e. 1.1 x national concentration) Productivity (GVA per worker) above national median Pay above national median Historic decline of employment of 9% in the last five years Employment forecast to grow in the next twenty years	Construction was identified as a nationally important enabling sector in 2012. Future economic growth, and increased housing delivery, will increase the demand for construction and therefore the size of the sector in the future. Support is needed to grow the sector and increase the quality of employment in the sector.	Ensure high skilled workforce is available Support business growth Support business R&D
Tourism & Leisure	Current employment of 27,000 (8.1% of Dorset total) Location quotient of 1.4 (i.e. 1.4 x national concentration) Tourism is a significant sector in terms of employment, and one that is characteristic of Dorset. Our high quality natural environment, coastal location and strong	Growth in the tourism sector was identified as a Government priority in its plan for the South West in early 2015. Support is needed to increase the quality of employment in the sector.	Ensure high skilled workforce is available Support business R&D

Figure 6.14: More information on the potential key sectors			
Sector	**Status**	**Future potential**	**Actions to support vision and objectives**
	leisure sector all attract many visitors to the Dorset LEP area. Productivity (GVA per worker) below national median Pay below national median Historic growth of 11% in the last five years Employment forecast to grow in the next twenty years		
Real Estate	*Current employment of 8,400 (2.6% of Dorset total)* *Location quotient of 1.5 (i.e. 1.5 x national concentration)* *Productivity (GVA per worker) above national median* *Historic growth of 77% in the last five years*	*This could become part of a wider construction and property sector. It is also linked to the need for more housing in Dorset*	*Ensure high skilled workforce is available* *Support business growth*
SECTORS WITH THE POTENTIAL TO GROW AND BECOME MORE IMPORTANT			
Manufacture of Chemical Products	*Current employment of 11,400. Location quotient of 1.4 (i.e. 1.4 x national concentration)* *Productivity (GVA per worker) above national median. Pay above national median* *Historic growth of 50% in the last five years*	*This could become a key sector*	
Travel Agency	*Current employment of 1,100. Location quotient of 1.1 (i.e. 1.1 x national concentration)* *Productivity (GVA per worker) above national median. Historic growth of 130% in the last five years*	*This could become part of a wider Tourism & Leisure sector*	

7 Workforce and Employment

Summary

The Dorset LEP area has more than 377,000 economically active residents. Jobs density is higher in Dorset than in Great Britain i.e. more jobs per working age resident. Economic activity rates (as a percentage of working age residents) are higher in Dorset LEP than in Great Britain. Dorset LEP area has slightly less residents employed in higher occupations. Dorset LEP area is fairly self-contained, with around 90% of workers living in the area and 90% of residents working in the area.

The Dorset LEP area had employment of 348,100 in 2013, forecast to rise by 50,400 or 14.5% by 2033.

The Dorset LEP area has lower than average employment in knowledge-intensive employment. There is a relatively strong concentration of employment in the public sector, which is vulnerable to ongoing funding cuts.

Unemployment is low.

7.1 Size of workforce

The Dorset LEP area had 377,400 economically active residents in 2015[18]. Of these:

- 310,700 were in employment
- 57,800 were self-employed
- 15,100 were unemployed

Of the total of 377,400:

- 97,900 (26%) are resident in Bournemouth
- 203,100 (54%) are resident in Dorset DCC
- 76,300 (20%) are resident in Poole

Jobs density in Dorset is 0.83 i.e. there is 0.83 jobs for every resident aged 16 to 64[17]. This is slightly higher than the figure for Great Britain, of 0.80. This varies between the there upper-tier local authorities in the Dorset LEP area, as can be seen in Figure 3.1 below. It should be noted that this figure is calculated from resident population, so does not account for in and out-commuting.

Figure 7.1: Jobs Density, 2013

	Jobs density
Bournemouth	0.74
Dorset DCC	0.80
Poole	0.98
Dorset LEP	0.80
Source: ONS Jobs Density, 2013	

[17] ONS Jobs Density, 2013

7.2 Economic activity

The economic activity rate (of those aged 16 to 64) is greater in the Dorset LEP area than in Great Britain – 80.0% compared to 77.5%[18]. Of those who are economically inactive, the Dorset LEP area has[18]:

- Fewer students – 21.7% compared to 26.2% in GB
- Fewer long-term sick – 19.4% compared to 21.7% in GB
- But many more retired people – 21.8% compared to 14.1% in GB

The economic activity rate varies slightly within the Dorset LEP area, as can be seen in the Figure below. Bournemouth's figure is skewed by the high number of students in the local authority area, i.e. 12,000 in 2014-2015[18]. This accounts for 38.9% of all inactive residents, compares to 26.2% in Great Britain.

Figure 7.2: Economic Activity Rate, 2014-2015

	Economic Activity Rate
Bournemouth	75.6%
Dorset DCC	82.1%
Poole	80.8%
Dorset LEP	80.0%
Source: ONS Annual Population Survey Jul 2014 to Jun 2015	

7.3 Occupation profile

The Dorset LEP area had a slightly lower proportion of people employed in Occupational Groups 1-3 than GB, but more in Groups 4-5 and 6-7.

Figure 7.3: Occupation Profile of Workforce in the Dorset LEP Area, 2014-2015

	Dorset LEP (%)	Great Britain (%)
Groups 1-3 • Managers, directors and senior officials • Professional occupations • Associate professional and technical	43.2	44.3
Groups 4-5 • Administrative and secretarial • Skilled trades	22.4	21.5
Groups 6-7 • Caring, leisure and other service occupations • Sales and customer service occupations	17.4	17.1
Groups 8-9 • Process, plant and machinery operatives • Elementary occupations	17.1	17.2
Source: ONS Annual Population Survey, July 2014-July 2015		

[18] ONS Annual Population Survey Jul 2014 to Jun 2015

7.4 Commuting

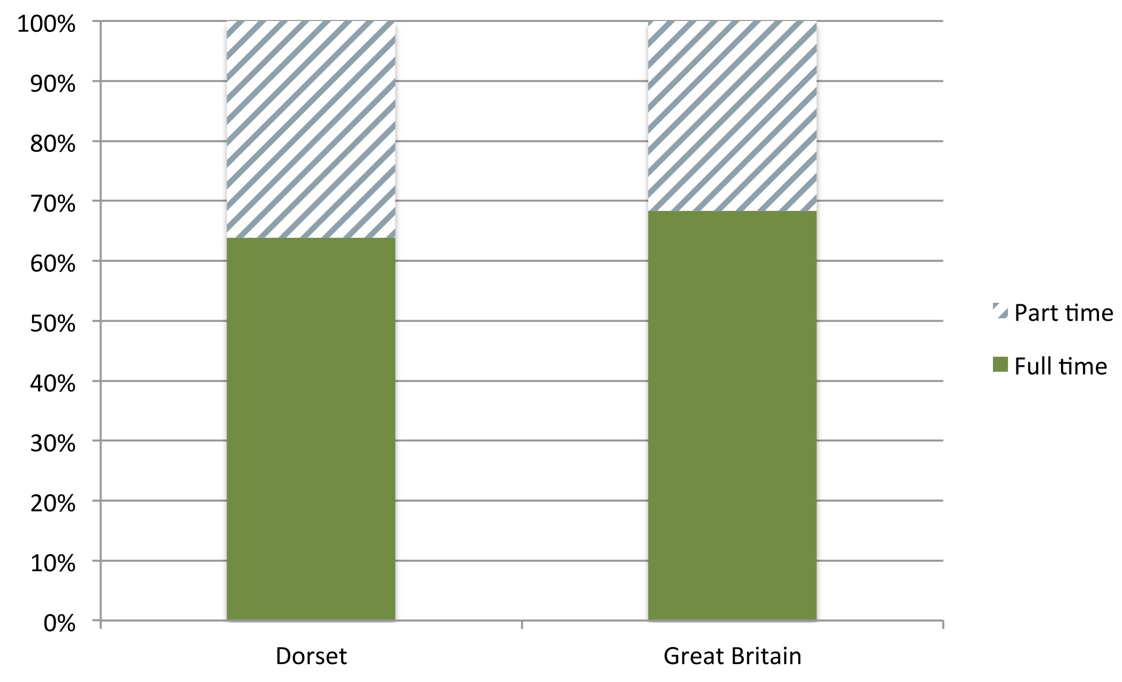
Latest data provided by Dorset County Council shows that 38,900 people commute out of the Dorset LEP area to work, and 25,800 people commute into the area – giving a net out-commuting figure of 13,100. Self-containment is high, with 92% of workers living in the area, and 89% of residents working in the area.

Major out-commuting destinations are: New Forest, Southampton, Eastleigh, Winchester, Test Valley, Fareham, Portsmouth, South Somerset, Wiltshire, East Devon and London. In-commuters come from: New Forest, Southampton, Eastleigh, Isle of Wight, South Somerset, Wiltshire and East Devon.

7.5 Full and part-time working

In 2014, 63.9% of Dorset jobs were full-time and 36.1% part-time. This is less in full-time employment than in Great Britain where 68.3% are full-time and 31.7% part-time.

Figure 7.4: Full and Part-Time Working, 2014



Source: ONS Business Register and Employment Survey, 2014

Part-time working is most prevalent in Bournemouth, and least prevalent in Poole.

Figure 7.5: Full and Part-time Working, 2014

	Full-time (%)	Part-time (%)
Bournemouth	62.1	37.9
Dorset DCC	63.1	36.9
Poole	67.4	32.6
Dorset LEP	63.9	36.2

Source: ONS Business Register and Employment Survey, 2014

According to the Dorset LEA[3] (p.6), which was prepared in 2013:

There are … fewer employees in employment than in 2009, with job losses across a range of sectors of the economy. Between 2009 and 2011, the LEP area shed in the region of 8,000 jobs (around 3% of all jobs). Over the same period, employment in England grew by around 2%. Employment in Bournemouth bucked this trend, with a growth of 2,600 people in employment (a rise of 4%), while employment in Poole fell by 3,100 (-4%) and by 7,500 (-5%) in Dorset CC.

This reflects the sectoral make up of these areas, with Manufacturing shedding around 1,400 jobs (around 700 each in Poole and Dorset CC). But the greatest impact has been from the shedding of jobs in the Public administration & defence sector. As the impact of public spending cuts began to bite, there was a net loss of around 4,700 jobs between 2009 and 2011. However, offsetting this, employment in Education has continued to grow, and employment in Health and social work has not changed significantly in this time.

7.6 Unemployment and benefits claimants

Unemployment is lower in Dorset than the Great Britain average – at 4.0% compared to 5.7%[18]. Job Seekers Allowance (JSA) claimants are half the level of that seen in Great Britain – 0.8% of the population aged 16 to 64, compared to 1.6% in Great Britain[19].

In October 2015 there were 3,525 JSA claimants in Dorset[19]. In May 2015, there were 46,270 working-age benefits claimants in Dorset[20]. The largest component of these was those people claiming Employment Support Allowance (ESA) and Incapacity Benefits – some 25,970.

[19] ONS Jobseekers Allowance, October 2015
[20] DWP Benefits Claimants, May 2015

8 Skills and Qualifications

Summary

There is historic evidence of skills gaps across the Dorset LEP area, and a workforce that is less skilled than the national average. However, Dorset LEP residents are, in general, better qualified than the national average. However, there is still scope for improvement in skills and qualifications. The Dorset LEA in 2013 identified skills gaps and shortages across the area. The demand for skills to replace those who are leaving the workforce (e.g. through retirement) is much greater than the demand for skills generated by projected growth in the economy.

School leavers' attainment levels are below average, with a particular problem in the Dorset DCC area. However, entries to GCSEs in STEM subjects are just above the national average.

Whilst the number of apprenticeships has grown in the Dorset LEP area over the last decade, the rate of growth has fallen behind the national rate of growth.

8.1 Skills

According to the Dorset LEA (p.25):

Skills shortages and gaps are present across the sub-region. These are exacerbated by demographic change with a loss of young adults and a growing proportion of retired people. Whilst the proportion of those with low or no skills is falling, Dorset LEP is below the national average in terms of the proportion of higher level skilled individuals. The relatively low-wage economy, combined with very high house prices and a large stock of second homes combines to make the area one of the least affordable in the country, which is a barrier to business growth in the future. Action will be required to ensure that skills provision meets the needs of businesses.

The evidence base for the Dorset Skills Strategy[21], prepared in 2013, states that skills shortages are a bigger problem in Dorset than nationally. The evidence base states (p.24):

Almost 90% of all Hard to Fill Vacancies reported in the Dorset LEP area were difficult to fill due to a lack of skilled applicants (a total of just over 2,900 SSVs). This is slightly higher than the all-England average of 72%, suggesting a slightly higher intensity of the skills shortage problem for the area.

The largest number of skills shortage vacancies was in professional occupations.

Future skills requirements will be made up of replacement demand (i.e. replacing workers who are leaving employment, mainly because of retirement), and expansion demand (i.e. due to growth in the sector). The skills strategy evidence base (p.32) states that:

Outflows in terms of replacement demand typically account for about a third or more of current employment levels over a 10-year period and outweigh any projected employment expansion or decline.

[21] University of Exeter/SLIM (2013) Dorset LEP Employment and Skills Strategy Evidence Base Report

The Skills Strategy evidence base identifies a number of key issues relating to skills in Dorset:

Future workforce issues:

- Need for information, advice and guidance for school pupils, particularly to encourage interest in engineering and science-based careers
- Qualifications of school leavers need to be better
- Young people need work-readiness/employability skills
- Future skills need to respond to demographic change – both in terms of services required by an ageing population, and the relative decline in working age residents
- Recruitment of young people needs to be increased
- More apprenticeships are needed in Dorset
- Better STEM skills are needed, and gender imbalance needs to be addressed
- More workers need higher level skills

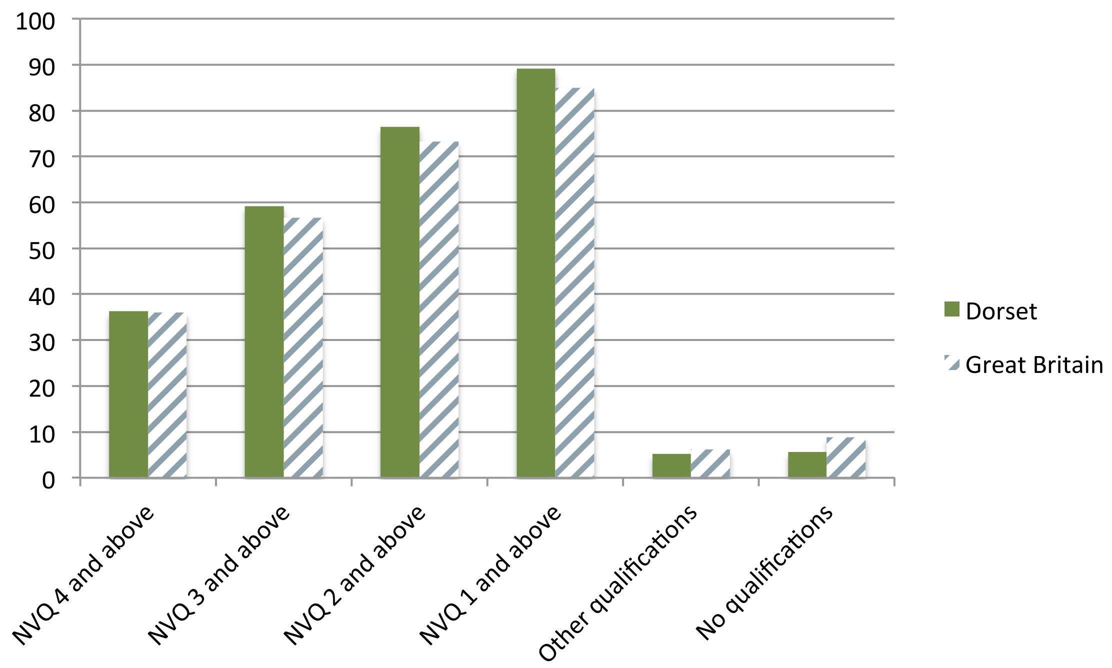
Current workforce issues:

- Skills shortages and skills gaps, exacerbated by a shortage of young people
- Future employment needs, driven by replacement demand, even in sectors where the workforce is declining
- Need for leadership and management skills, especially in sectors that are undergoing change
- Loss of public sector jobs due to spending cuts
- Changing skills requirements, particularly in the key sectors

8.2 Qualifications

Dorset's resident population has a stronger qualifications profile than that of Great Britain[18]. This can be seen in the figure below. However, the Dorset LEA[3] in 2013 stated that Dorset had a lower proportion of its workforce qualified to NVQ4 than in GB.

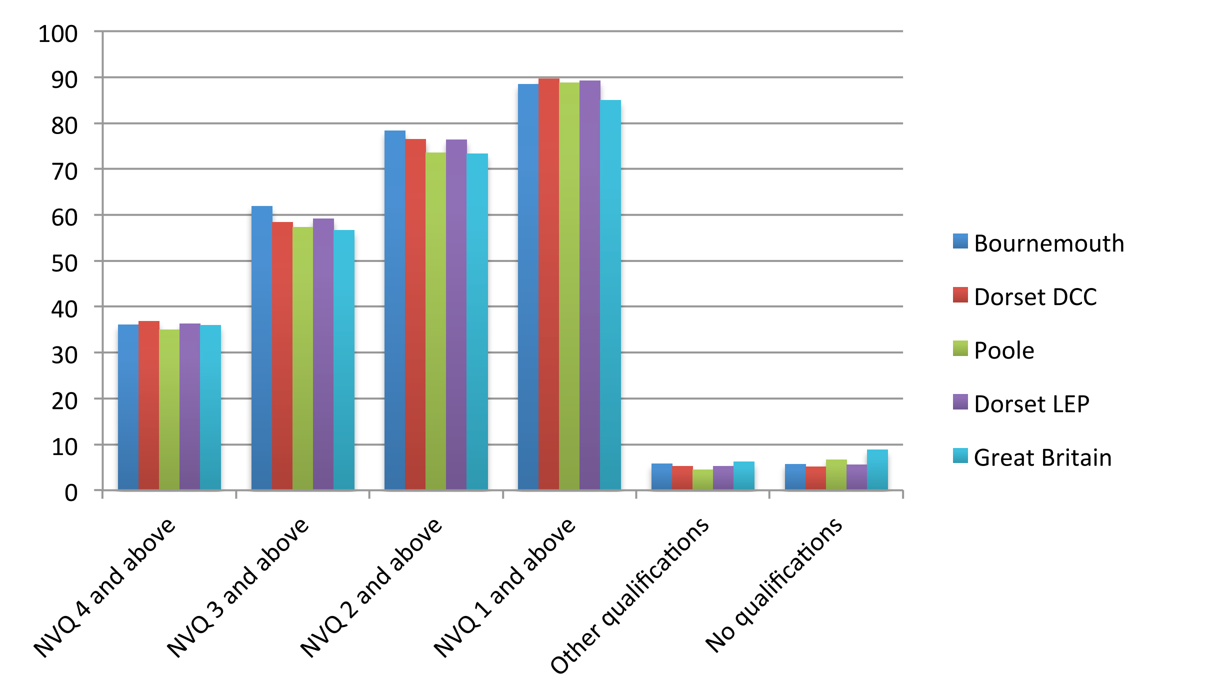
Figure 8.1: Qualifications of Dorset LEP Area's Residents



Source: ONS Annual Population Survey, Jan 2014-Dec 2014

When the local authority areas within Dorset LEP are considered, the same pattern is repeated. The only variation is Poole which has a smaller percentage of residents qualified to NVQ4 than Great Britain. All other qualifications and all other areas exceed the Great Britain figures, as can be seen in Figure 8.2 below. It should be noted that these figures are for residents and not for those employed in the area.

Figure 8.2: Qualifications of Residents (Percentage of Total)



Source: ONS Annual Population Survey, Jan 2014-Dec 2014

8.3 Education

8.3.1 Schools

According to the Skills Strategy evidence base[21] (p.80):

In 2012, 56.6% of pupils in Dorset LEP schools achieved 5 or more GCSEs at grades A - C including Maths and English, below the regional and national averages of 57.5% and 59.4% … Within the LEP area, attainment rates are above the national average in Bournemouth (60.7%), only just below average in Poole (58.8%), but fall some way below average in the Dorset CC area (54.1%).*

However, there was more positive data about Science, Technology, Engineering and Maths (STEM subjects) (p.81):

In 2012, 43.4% of all GCSE entries in Dorset LEP schools were in STEM subjects, which was very similar to the average for England. This equates to a ratio of 3.6 STEM subject entries per pupil in the Dorset LEP area, compared with 3.3 for England.

8.3.2 Further Education

According to the Skills Strategy evidence base[21] (p.93):

Looking first at the FE sector … there were 7,960 16-19 year olds from the Dorset LEP area who were in FE in 2011/12, regardless of where they went to study. This was 730 fewer learners than in 2009/10, a drop of 8.4%, a rate around four times higher than the national average. This isn't in itself *necessarily a problem for the LEP area, as Dorset is an area with limited FE coverage, particularly in its more rural areas, so these figures need to be considered within the context of overall levels of participation.*

8.3.3 Higher Education

According to the Skills Strategy evidence base[21] (p.86):

In 2011/12, 20,700 people from the Dorset LEP were participating in HE … the recent trend has been for rising participation, with a levelling off and slight decline in the last two years. Despite this levelling off, the overall number of HE students from the area was 5.3% higher than in 2007/08.

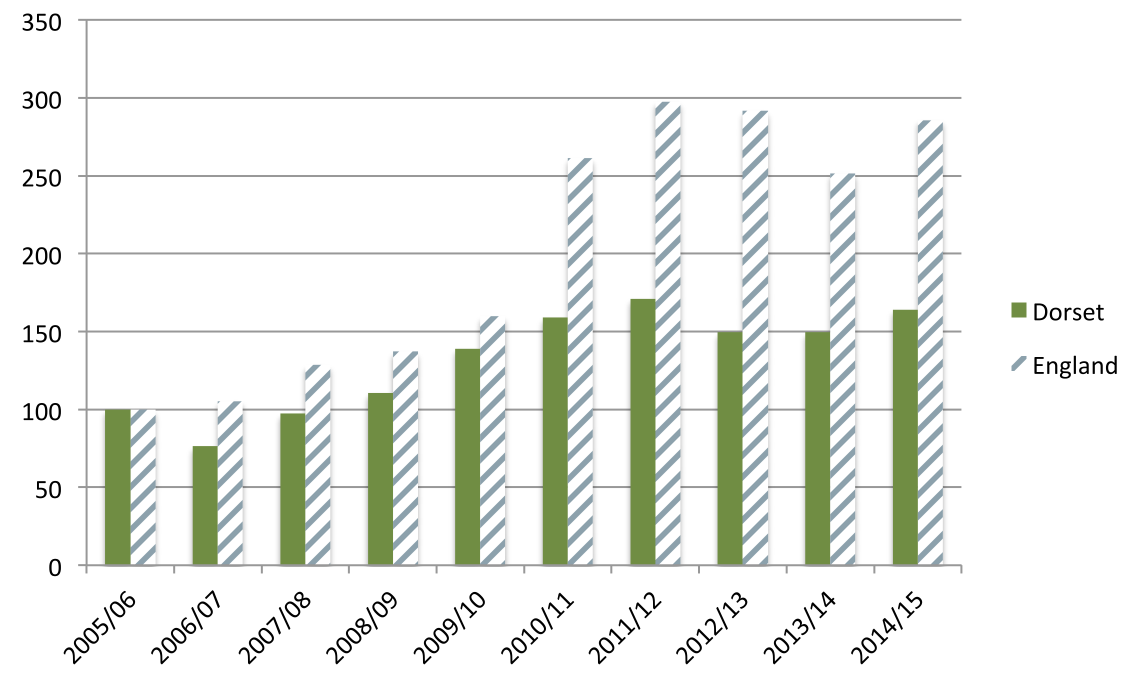
The Dorset LEP has followed the broader national trend, although for England as a whole, participation only fell marginally between 2010/11 and 2011/12. The introduction of tuition fees may have some impact on student numbers in the future, and in terms of local HEIs, in 2011/12 Bournemouth University saw a fall of around 2,500 in the total number of UCAS applications.

8.4 Apprenticeships

Whilst the number of apprenticeships in the Dorset LEP area has grown from 3,460 in 2005/6 to 5,680 in 2014/15, the rate of growth is significantly less than that seen nationally, as shown in Figure 4.3 below.

Figure 8.3: Apprenticeships in Dorset and Nationally

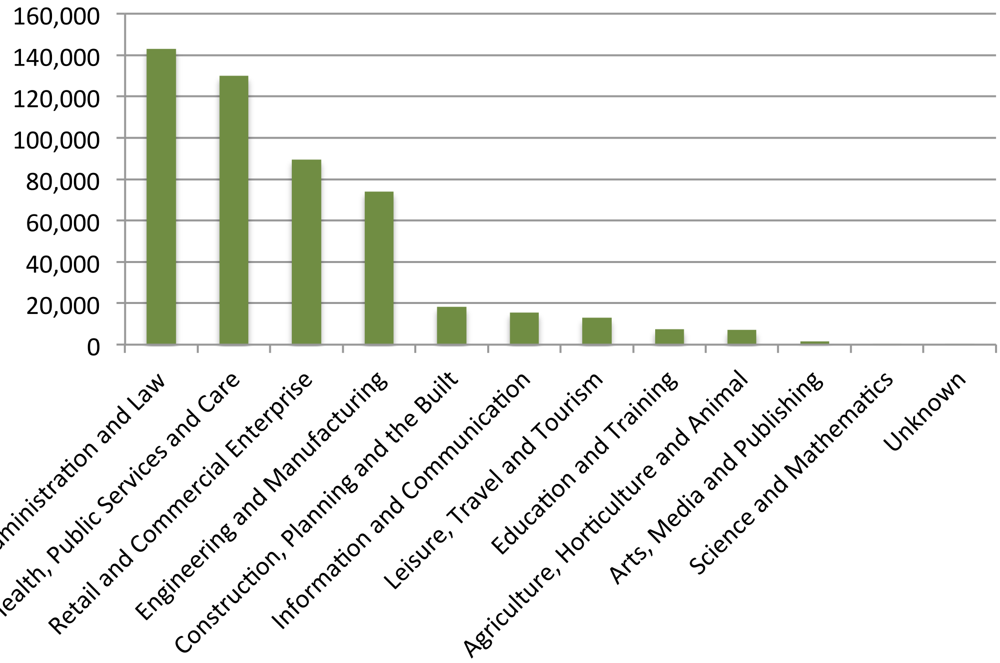
Key: Both bars are based on 2005/6 = 100



Source: Skills Funding Agency and Department for Business, Innovation and Skills, 2015, FE Data Library

Information on apprenticeship subject areas is available nationally, but not for Dorset.

Figure 8.4: Apprenticeships by Subject (All Areas, Not Just Dorset) 2014/15



Source: Skills Funding Agency and Department for Business, Innovation and Skills, 2015, FE Data Library

9 Accessibility and Infrastructure

Summary

Transport connectivity is an issue, with congestion in the conurbation, poor links to the north, west and east, poor broadband coverage, and poor connectivity in parts of rural Dorset being major problems. A roll-out of broadband to 97% of homes and businesses is underway, but the final 3% will still need to be completed.

There is a shortage of employment sites and premises in the Dorset LEP area which could constrain growth in the future.

The Dorset LEA (p.25) states:

In the sub-region, key issues for infrastructure relate to transport (traffic and congestion management, public transport and strategic links to the north, west and east), broadband, and supporting facilities such as schools, green infrastructure and health facilities. The sub-region's rural areas, by their very nature suffer, from lower levels of physical connectivity. Urban areas face other difficulties such as congestion, capacity of the strategic road network and a need for key transport improvements to unlock development potential. In addition to transport, infrastructure priorities will include broadband, measures designed to mitigate impacts of development upon international habitats (this is of particular relevance to housing development) and climate change mitigation such as flood management in coastal areas. Infrastructure delivery is a key enabling tool for bringing sites forward for development.

9.1 Transport

The Transport Plan for Bournemouth, Dorset and Poole[22] sets out a vision which includes:

- Reduced need to travel
- Well maintained network
- Active travel and greener travel choices
- Public transport alternatives to the car
- Car parking measures
- Travel safety measures
- Strategic infrastructure improvements

Consultations with a selection of businesses has identified that improving transport and connectivity is their top priority. They would like to see current problems dealt with quickly rather than delivering 'gold plated solutions.'

9.1.1 Roads

Major constraints with the current road network, identified by key transport consultees[23], include links from both ports to the north, and links to the M5 in the west. The local authorities in the

[22] Bournemouth Borough Council, Borough of Poole Council, Dorset County Council (2011) Bournemouth, Poole and Dorset Local Transport Plan 2011 to 2026: Summary Document

Dorset LEP area are working with Bath & North Easy Somerset and Wiltshire Councils to develop an A350 corridor strategy, and with Somerset County Council on an A37 strategy. However, the Port of Poole has suggested that improving road links to the east, particularly the A31, are the highest priority. Connectivity to the newly allocated Enterprise Zone at Dorset Green needs to be improved.

According to the Dorset LEA[9] (p.21):

The Dorset sub-region contains no motorways, but has a number of major roads passing through the area. The strategic network is under considerable pressure and low traffic speeds occur on the main approaches to the South East Dorset conurbation, particularly on the main radial corridors[24]. The A31/A35 is a critical access route to the wider regional and national networks but suffers severe capacity issues and is a single carriageway for much of its length. The main A350 north-south primary route is largely unsuitable for the traffic it carries, and a number of key junctions are at capacity. In rural areas, the volumes and speeds of traffic can negatively impact on rural character and local communities. Large areas of Dorset which are environmentally protected continue to be a significant constraint to providing new infrastructure.

9.1.2 Rail

The local authorities would like to see better high speed rail connections in the Dorset LEP area, but recognise that this is a significant challenge. Other areas for suggested rail improvements are the Weymouth to Yeovil link and the Gillingham to Bristol link. Improvements could include new rolling stock and increased frequency of services rather than major improvements or additions to the tracks.

In the longer-term a light rail network across the conurbation has been suggested as a strategically important project.

According to the Dorset LEA[9] (p.21):

Rail is a relatively under-used mode of travel. Passenger growth has been largely constrained by service frequencies and infrastructure. A lack of quality interchange facilities presents a barrier to using linked modes, and there is a lack of through services between the South East Dorset conurbation and the Bristol/Bath area.

9.1.3 Ports

According to the Dorset LEA[9] (p.21):

The sub-region's main ports are at Poole, Portland and Weymouth. Poole has passenger services to Cherbourg and St Malo and commercial services to Cherbourg, St Malo, the Channel Isles and Santander. Portland also has facilities for visiting cruise ships, and the National Sailing Academy was further expanded to accommodate the sailing events of the 2012 Olympic Games, including a new 560 berth marina, breakwaters and hoist docks, business units, storage, fuel/water supplies and internet access.

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[23] Consultation with Transport Officers from Bournemouth Borough Council, Dorset County Council and the Borough of Poole, 7 December 2015

[24] Bournemouth, Poole & Dorset Local Transport Plan (LTP3) 2011 - 2026

9.1.4 Airports

Bournemouth Airport is located on the edge of the conurbation. It is owned by Manchester Airports Group (MAG). In 2014 the Airport handled around 660,000 passengers, down from the peak of one million in 2007. Easyjet, Ryanair and Thomson fly some scheduled routes and some seasonal routes from the Airport. Flybe has been using the Airport, but is withdrawing its services in 2016.

Latest data from the Civil Aviation Authority[25] shows that the Airport has handled just under 8,400 flights in 2015. This places it as the 32nd busiest UK airport by flight numbers, out of a total of 54 airports. The same source shows 692,000 passengers using the Airport, which places it 26th out of the UK's 54 airports.

9.1.5 Public transport

There has been a high growth in bus usage in the conurbation, with the highest growth in the country since 2005. However, there is potential to improve this further – both quality and frequency of services – including better links from rural areas into the towns and conurbation. Frequent services are now running through the Western Growth Corridor, with buses every five minutes between Portland, Weymouth and Dorchester.

9.1.6 Cycling and walking

Consultations have suggested that a complete and joined-up cycling and walking network throughout the Dorset LEP area would be valuable[23]. If such a network is completed, it will be important to invest in encouraging people to use these facilities.

9.2 ICT

According to the Dorset LEA[9] (p.22):

There is a risk that large parts of Dorset will be disadvantaged by poor communications technology. Much of the existing local communications infrastructure – including mobile phone coverage and broadband speeds – are not fit for purpose in the 21st Century. Without modern broadband, business, employment and community development opportunities will be restricted. Development of the Creative industries sector will be constrained if it is not possible to transfer data and images efficiently.

The superfast broadband project supported by BDUK is rolling out broadband connectivity to 97% of homes and businesses in Dorset. House builders are putting broadband fibre links directly into all new large housing sites, but this is not being done for new employment sites. The project is now looking at delivering ultrafast broadband into some strategically important sites, including the Airport and Dorset Green. Work is also being undertaken to provide businesses with the confidence and skills that they need to make the most of broadband.

Investigations are being undertaken into improving mobile telephone coverage, particularly in western Dorset where it is poor in places.

[25] Civil Aviation Authority (November 2105) Provisional Airport Statistics

9.3 Sites and premises

According to the Dorset LEA[9] (p.19), there is a potential shortage of employment sites in the Dorset LEP area. This view is supported in other evidence sources. The LEA states:

In terms of future development, the availability of land for commercial development is, in part, constrained by the degree of environmental protection that applies to much of the County.

On the whole, in the 2011-31 period in Bournemouth, Dorset and Poole, there appears to be the potential for a shortage in the supply of available land to meet demand, with a projected demand for 260-296 ha, depending on the level of flexibility, against the available supply of 277ha. Any potential shortfall is likely to be most noticeable in the Bournemouth & Poole SSCT, particularly in the short-medium term. As a key population centre and an area of employment growth, this could inhibit growth within the wider Dorset LEP area.

10 The Character of Dorset

Summary

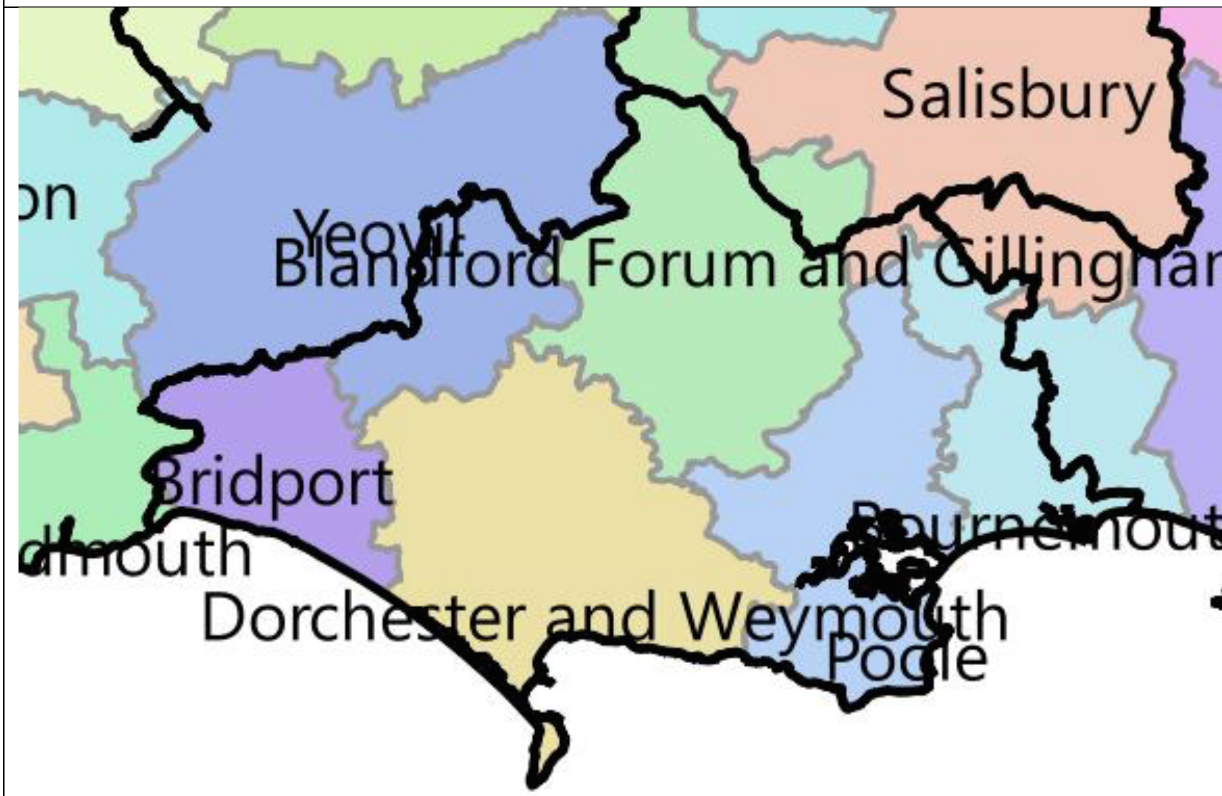
The Dorset LEP area is often characterised as comprising two distinct areas: the conurbation, and the towns and rural area. These roughly equate to the east and the west of the area, and are seen in the Housing Market Areas and employment land and premises markets. more fine-grained distinctions are drawn in some evidence between the conurbation, Western Dorset Growth Corridor, rural Dorset and the coast.

Dorset has large areas of environmental designations.

10.1 Functional geography

The latest Travel to Work Area (TTWA) map, produced in 2015, shows a number of TTWAs across the Dorset LEP area. These TTWAs cross the boundaries of the Dorset LEP area into adjoining areas.

Figure 10.1: Travel to Work Areas (2011)



Source: ONS TTWA Map, 2015

The Dorset LEP area also comprises two distinct Strategic Housing Market Areas – in east Dorset and West Dorset, Weymouth & Portland, which split the LEP area into two. These are discussed in more detail in Chapter 4.

Work undertaken to inform the South West Regional Economic Strategy identified two functional economic zones that cross the Dorset LEP area: the South East Coastal zone and the A303 corridor zone.

Dorset is not a single functional economic market area (FEMA). There is a clear distinction between the South East Dorset conurbation and the towns and more rural parts of Dorset. The latter can be split into two areas: the Western Dorset Growth Corridor; and the rest of rural Dorset, including the Growth Towns. The Dorset LEP area comprises a number of FEMAs, which probably extend beyond the boundary of the Dorset LEP. The conurbation has eastwards links to the Solent area and on to London; and the west has links north and westwards to Yeovil, Bristol and rest of the South West of England.

Work undertaken for the Dorset Leaders Growth Board suggest that the conurbation, the Western Dorset Growth Corridor, rural Dorset and the Jurassic Coast are all distinct areas. Other assessments have divided Dorset into the conurbation, the Western Growth Corridor (Weymouth to Dorchester and onwards towards Yeovil), and the rest of rural Dorset including the Growth Towns.

According the Dorset LEA (p.26):

Whilst the rurality of parts of the Dorset LEP area adds to the quality of life, the more rural parts of the sub-region experience lower productivity levels, and have lower levels of new business start-ups. The main reasons for slow growth of the countryside economy include: lack of business premises, slow internet connections, and spread-out and fragmented business communities. At the same time, planning restrictions mean that development may be restricted, further hampering economic growth in the more rural parts of the Dorset LEP area.

10.2 The conurbation

The Local Economic Assessment for the Conurbation[26] states (p.2):

The conurbation is the main economic hub of the Dorset LEP area, comprising a diverse mix of services, manufacturing, public sector and tourism-related jobs. Out of Bristol it is the second largest conurbation in the South West, with a population of nearly 379,400.

The conurbation has a coastal setting and a generally good quality urban environment. It is at the same time close to the World Heritage coastline and an outstanding rural landscape; whilst being relatively close to London and the South East with reasonable road and rail links to the easternmost part of the sub-region. The area also benefits from a growing Bournemouth airport and its sea ports.

10.3 Rural Dorset

The Local Economic Assessment for rural Dorset[27] states:

Rural Dorset is characterised by its outstanding and highly valued natural environment, which includes part of the Jurassic Coast World Heritage Site, Areas of Outstanding Natural Beauty and internationally protected heathland and wetland habitats. There are also significant historic and

[26] University of Exeter/SLIM (2013) Bournemouth, Christchurch, Poole Conurbation: Economic Analysis Report
[27] University of Exeter/SLIM (2013) Rural Dorset Economic Analysis Report

cultural assets that contribute to the character and distinctiveness of the area. The environment is undoubtedly a key asset but also presents challenges in terms of managing growth.

To the west, Weymouth and Portland has a mix of industry, port activities, and tourism. It successfully hosted the sailing events of the 2012 Olympics. Neighbouring Dorchester is the County Town and also an important economic hub, with significant public sector employment provided by the County Council, West Dorset District Council, the hospital and Dorchester prison. Elsewhere the County has a number of important market and coastal towns, including Blandford Forum, Bridport, Gillingham, Shaftesbury, Sherborne, Swanage and Wareham.

The rural enterprise group of the LEP has prepared a draft paper setting out the priorities for the rural parts of Dorset. This sets out a number of issues facing rural Dorset, including:

- Lower productivity per resident than urban Dorset
- Poor road infrastructure, which needs improving
- Need for rail improvements
- Need for better rural public transport
- Better broadband coverage needed, just to sustain existing businesses
- Better mobile phone coverage needed
- Need for affordable housing in rural areas
- Need for flexible workspace to accommodate rural businesses
- An ageing population, with an increasingly lower percentage of the population of working age
- Hidden deprivation and under-employment
- Difficulty accessing training opportunities
- Need to support tourism, which is important to the rural economy

A set of priorities to support growth in rural Dorset are set out in the paper, including:

- Improve transport, including community transport projects
- Improve rural communications – both broadband and mobile telephony
- Deliver affordable housing and basic services
- Deliver flexible workspace
- Deliver skills, and ensure that the right skills are provided to support growth sectors
- Support the key sectors of tourism, food and drink, and green technologies
- Ensure that sufficient public funding is directed towards rural issues

10.4 Western Dorset Growth Corridor

The strategy for the future development of the Western Dorset Growth Corridor is discussed in detail in the strategy review, in section 11.9.

10.5 Environmental designations

Dorset has a wealth of wildlife sites, including many of national and international importance. These are summarised in the Figure below.

Figure 10.2: Wildlife Sites			
	Number of sites	**Area (Hectares)**	**% of Dorset**
Local sites			
Sites of Nature Conservation Interest	1,277	12,293	4.6%
Local Nature Reserves	49	702	0.3%
Voluntary Marine Wildlife Reserves	1	3,500	1.3%
National Sites			
Sites of Special Scientific Interest	141	20,287	7.6%
Marine Conservation Zones	3	23,420	6.9%
International Sites (Ramsar, SAC, SPA)			
Terrestrial	23	16,113	6.0%
Marine	6	54,000	20.2%
Source: Dorset Local Nature Partnership (2014) Natural Value: The State of Dorset's Environment			

11 Economic Development Strategies

11.1 Overview

The County and each of the District Councils have published an economic development strategy. These are important in shaping future economic development and are summarised in this chapter. These are summarised in the table below, enhanced with comments from the Councils, and discussed further in the body of the chapter.

11.1.1 Strengths, Weaknesses, Opportunities and Threats

Some common strengths identified across the strategies include: growing and diverse economic sectors, two universities, high quality of life, the quality of natural environment, and high levels of employment. Some common weaknesses include: low employment in knowledge sectors, lack of employment sites and premises, housing affordability, congestion in the conurbation, lack of skills, and low wages.

Figure 11.1: Strengths and weaknesses

	Strengths	Weaknesses
Bournemouth	Major global companies Financial services sector Digital and creative sector Population and skills Two universities Quality of natural environment Quality of life Air links Connectivity to London Tourism	Low business survival rate Not top ten for patents Some areas of deprivation Lack of Grade A office stock Housing affordability Congested roads
Christchurch & East Dorset		Low employment in knowledge intensive sectors Low wages and skills Low GVA per head Low rates of economic activity, but low rates of unemployment High house price to income ratio Infrastructure concerns – transport and ICT
North Dorset	Quality of life Quality of the historic built environment Access to A303 Low unemployment	Access to training Lack of strategic employment sites Low workplace earnings High house prices Ageing population Poor quality/speed broadband
Poole	High level of employment Above average GVA Diverse and resilient economy Strong key sectors	Poor infrastructure Land constraints Aged and ageing population Low proportion of residents

Figure 11.1: Strengths and weaknesses		
	Strengths	**Weaknesses**
	High quality natural environment	with high skills Low wages Deprivation High house prices
Purbeck	Outstanding Environment Two strategic employment sites (including newly designated Enterprise Zone) Key strengths in defence and advanced engineering Above average employment based earnings	A low rate of business creation Housing affordability Traffic congestion Low productivity High out-commuting Workforce skills need to match to local jobs and skills requirements Shortage of high level engineering skills
West Dorset	Quality of life Jurassic Coast and quality of the natural environment Quality of the historic built environment Kingston Maurward College Low unemployment	Low workplace earnings High house prices Ageing population Poor access to training Poor quality/speed broadband
Weymouth & Portland	Quality of life Jurassic Coast Quality of the historic built environment Weymouth College Low unemployment	Low workplace earnings High house prices Ageing population Workforce out-commuting

There are fewer common opportunities and threats across all of the strategies, although the potential growth in the key sectors, broadband and business growth are well referenced.

Figure 11.2: Opportunities and threats		
	Opportunities	**Threats**
Bournemouth	Improve night-time economy Create a digital town Growth of conurbation Growth in tourism AFC Bournemouth Low average age	Constrained development sites Competition from other retail centres
Christchurch & East Dorset	Airport Aerospace sector	
North Dorset	Superfast broadband coverage Improve skills Develop employment sites Enhance market towns Increase retail employment Improve ICT and physical	MoD relocation Ageing population Changing nature of retail shopping House prices and wages gap

Figure 11.2: Opportunities and threats		
	Opportunities	**Threats**
	connectivity Supply chain benefits from conurbation	
Poole	Growth potential of the local economy Strengths in manufacturing and finance/insurance Advanced manufacturing and tourism Creative industries Emerging sectors Well qualified workforce Strong business formation High quality environment	Dependent on manufacturing, which is in decline Lack of suitable sites Ageing workforce Lower proportion of the workforce with higher skills Dependency on the public sector Recession led to decline in business stock Fewer jobs with higher skills Underemployment Poor transport connectivity and reliability Limited land available Need for more homes
Purbeck	Strength in advanced engineering Good availability of employment land to serve conurbation and south Dorset economy Newly designated Enterprise Zone. High quality environment	Poor transport connectivity Significant environmental constraints
West Dorset	Superfast broadband coverage Developments at Poundbury, Brewery Square and Charles Street	Ageing population Public Sector restructuring Changing nature of retail shopping House prices and wages gap
Weymouth & Portland	Town centre masterplan and vision Improved local skills delivery Development at Osprey Quay and Portland Port Ultrafast broadband	Ageing population Public sector restructuring Changing nature of retail shopping House prices and wages gap

Key sectors that are referenced throughout the Dorset LEP area include: digital and creative, engineering, advanced manufacturing, marine and aerospace, tourism and health and social care. Finance and insurance are referenced in the conurbation. Agriculture and production is referenced in the rural parts of the LEP area.

Figure 11.3: Key sectors

	Key sectors
Bournemouth	Digital and creative Financial & Insurance International Education Tourism
Christchurch & East Dorset	Aerospace
North Dorset	Manufacturing (focus on existing employers) Agricultural production (adding value)
Poole	Advanced manufacturing Finance and insurance Tourism Creative industries Health and social care
Purbeck	Marine Defence Advanced engineering Mining and quarrying Environment IT Tourism Agriculture
West Dorset and Weymouth & Portland	Manufacturing Engineering Renewables Marine Tourism
Strategic Economic Plan for Dorset, 2014	Tourism Advanced engineering Marine engineering Digital Financial ICT and precision instruments Health and social care Education, research and development

Some of the common areas of activity to support growth include: support to businesses, support to key sectors, attracting inward investment, improving infrastructure including broadband, improving the delivery of sites and premises, and improving skills.

Figure 11.4: Focus of activity to deliver growth

	Focus of activity to deliver growth
Bournemouth	Support strategically important companies Attract inward investment Attract and retain workforce Encourage enterprise and SME growth Develop the physical environment for growth Sustainable communities
Christchurch & East Dorset	Infrastructure Sites and premises

Figure 11.4: Focus of activity to deliver growth	
	Focus of activity to deliver growth
	Business support and skills Growing communities (esp. town centres) Housing
North Dorset	Stimulate the local economy Create growth and jobs Attract resources and investment
Poole	Stimulate business, enterprise and innovation Support employment, education and skills Facilitate delivery of infrastructure, transport, housing and key sites
Purbeck	High speed broadband Supporting knowledge based businesses Mentoring of businesses to support growth Development of workspace Transport strategy
West Dorset and Weymouth & Portland	Superfast broadband and business support to make the most of this General business support, including for rural businesses Support the key sectors Promote key sites Establish joint ventures to deliver affordable housing Support marine and advanced engineering in Portland Improve transport infrastructure, notably road and rail Promote the coast and countryside to visitors
Western Dorset Growth Corridor	The natural environment Infrastructure – including sufficient infrastructure to enable mobile working Employment – more and better jobs Homes – addressing housing affordability Businesses and sectors Skills and workforce – the right skills base for local businesses Economic deprivation
European Structural and Investment Funds Strategy	Supporting business growth and innovation Reducing the carbon footprint Supporting and improving the labour market and workforce

The following sections discuss the various local strategies in more detail.

11.2 Dorset County

Dorset County Council has produced an economic development strategy for 2015-2020[28]. The vision in the strategy is for:

- A strong and successful economy
- Strong businesses
- A diverse range of jobs
- Skilled and valued workers
- Dorset to be well connected

The strategy suggests three spatial areas:

- South East Dorset i.e. the conurbation
- The Western Growth Corridor
- The growth towns and rural Dorset

11.3 Bournemouth

Bournemouth Borough Council is finalising its new economic development strategy. The background work for the strategy lists a number of attributes and challenges.

Figure 11.5: Attributes and Challenges in Bournemouth

Attributes	Challenges
Presence of major global companies – JP Morgan, Ageas, LV=, P&G etc A fast growing community of digital professionals & creative businesses Attractive demographic/skills pool Strong future talent pipeline through two outstanding universities Strong quality of life offer Bournemouth International Airport with direct flights from global airport hubs - Schiphol and Manchester Excellent connectivity with London A strong and positive reputation as a tourism destination	Low business survival rate compared with Poole and the South West Outside the top 10 UK locations in terms of innovation based on patents granted Contrasting economic characteristics across Bournemouth including a weaker skills profile and areas of economic inactivity in Boscombe and West Howe Lack of modern, flexible, A-grade office space, especially in the town centre Housing affordability Road infrastructure needs increased capacity & faster access to motorway network, especially to ease seasonal congestion

The Corporate Plan states that the Council will:

Strengthen our key industries and create new opportunities for growth and development by:

- *Improving Bournemouth's evening and night-time economy*
- *Building a smart and connected digital town*
- *Growing a vibrant digital and creative business sector*
- *Playing our part in a thriving conurbation*

[28] Dorset County Council (2015) Enabling Economic Growth: Forward Together, 2015-2020

- *Investing in our tourism economy*

Proposals for business growth include:

- Supporting Bournemouth's existing strategically important companies
- Attracting inward investment
- Encouraging enterprise and SME growth

The four key sectors are:

- Creative and digital
- Financial services
- Education
- Tourism

Bournemouth Borough Council recognises the need to work with other surrounding areas on strategically important projects such as the airport, Port of Poole and education.

11.4 Christchurch & East Dorset

Christchurch & East Dorset Councils have published an economic growth strategy in 2015[29]

The major opportunities set out in the strategy are the airport and the aerospace sector. The main challenges are:

- Low employment in knowledge intensive sectors
- Low wages and skills
- Low GVA per head
- Low rates of economic activity, but low rates of unemployment
- High house price to income ratio
- Infrastructure concerns – around transport and ICT

The main themes of the growth plan are: infrastructure; sites and premises; business support and skills; growing communities (especially town centres); and housing. The strategy sets some targets for economic growth, which are:

- Higher GVA growth than nationally
- Higher growth than nationally
- Higher earnings growth than nationally
- Employment growth in the key sectors of: advanced engineering, aerospace & defence and the creative industries
- Increased employment in knowledge-intensive sectors
- Employment growth greater than nationally
- Increase in the percentage of residents qualified to NVQ3 and NVQ4

[29] Christchurch & East Dorset Partnership (2015) Economic Growth Strategy

11.5 North Dorset

North Dorset Council has published an economic development strategy for 2012 to 2015[30]. Its main objectives are:

- To stimulate the local economy
- Create economic growth and jobs
- Attract resources and investment

The strategy is to:

- Support Dorset LEP in its aim to make Dorset the natural place to do business
- Achieve superfast broadband coverage
- Improve the appropriateness and the quality of the skills of the workforce. Access to training is a problem, with difficulty for rural residents to access FE colleges in Yeovil and Salisbury
- Encourage the development of employment sites. The lack of available strategic employment sites has been highlighted
- Enhance the role of market towns as vibrant economic hubs
- Retail employment and access to goods and services in rural areas
- Attract resources to the areas
- Promote North Dorset as a place to do business, through improving physical and ICT communications

In addition to these objectives, the Economy Service Plan[31] states that economic growth is the Council's top priority. It also sets out the aim of increasing the number of new homes. Discussions with the Council have identified the desire to increase the value of the manufacturing sector, and focus on retaining existing employers rather than focusing on attracting new employment. Adding value to agricultural production is an objective.

North Dorset would like to see spin-off benefits from growth in the conurbation seen in the rural areas; further supply chain development; and work hubs to enable flexible working.

11.6 Poole

Poole produced an economic development strategy in 2014[32]. This document identified the strengths and weaknesses of the Poole economy. A local economic analysis was carried out in 2013[33]

Figure 11.6: Strengths, Weaknesses and Challenges in Poole

Strengths	Weaknesses and challenges
Economic development strategy, 2014	
High level of employment Above average GVA Diverse and resilient economy Strong key sectors	Poor infrastructure Land constraints Aged and ageing population Low proportion of residents with high skills

[30] North Dorset District Council (2012) North Dorset Economic Strategy for Action 2012-2015
[31] North Dorset District Council (2015) Economy Service Plan 2015-16
[32] Borough of Poole (2014) Economic Development Strategy and Action Plan 2014-2019
[33] University of Exeter/SLIM (2013) Poole Economic Analysis Report

High quality natural environment	Low wages Deprivation High house prices
Economic analysis, 2013	
Growth potential of the local economy Strengths in manufacturing and finance/insurance Advanced manufacturing and tourism Creative industries Emerging sectors Well qualified workforce Strong business formation High quality environment	Dependent on manufacturing, which is in decline Lack of suitable sites Ageing workforce Lower proportion of the workforce with higher skills Dependency on the public sector Recession led to decline in business stock Fewer jobs with higher skills Underemployment Poor transport connectivity and reliability Limited land available Need for more homes

The objectives of the strategy and action plan are:

- Stimulate business, enterprise and innovation
  - Business growth
  - Key sectors
  - Exports
  - Inward investment
  - Joint working between business, FE and HE
- Support employment, education and skills
  - Business-led skills
  - Increase qualifications
  - Diversity of career options
  - Skills and employment for the disadvantaged
  - Careers advice and employability
- Facilitate delivery of infrastructure, transport, housing and key sites
  - Connectivity: road, rail and broadband
  - Housing and affordable housing
  - Employment sites
  - Retail centres

The vision for Poole is:

- Low unemployment
- Higher skilled, higher paid jobs
- Regeneration sites delivered for housing and employment
- Growth in population of working age
- Growth in priority sectors (including health and social care)
- Improved infrastructure, including broadband, port, road and rail

Targets have been set for:

- GVA per resident
- Pay
- Business start-ups
- Business survival
- Economic activity rates
- Job Seeker Allowance claimants
- NEETs
- NVQ4+
- NVQ2
- Employment in key sectors
- House price affordability

11.7 Purbeck

Purbeck District Council has produced an economic strategy for the period 2013 to 2027[34]. It aims to improve the local economy and infrastructure in a way that is consistent with the unique environment of Purbeck. Key sectors identified in Purbeck include:

- Marine
- Defence
- Advanced engineering
- Mining and quarrying
- Environment
- IT
- Tourism
- Agriculture

Issues that need to be addressed include:

- A low rate of business creation
- Housing affordability is a significant problem
- Need to support small businesses
- Need to improve broadband, to enable home-working
- A low level of knowledge intensive manufacturing
- Traffic congestion
- Low productivity
- High out-commuting
- High levels of employment in manufacturing and tourism
- Dependence on public sector employment
- Lack of vocational skills. Workforce skills need to matched to local jobs and skills requirements
- Risk of Dorset Green being developed for residential rather than employment use

Purbeck has an ageing population, and a high level of second home ownership. The latter pushes up house prices, but also helps to boost the tourism sector. Additional housing sites are needed.

[34] Purbeck District Council (2013) Economic Development Strategy 2013-2017

Transport accessibility and congestion are major issues in the local area. Journey time to London is long, and connectivity to Bristol is poor.

Skills provision in the area is weak, and local FE Colleges are not providing the types of STEM skills needed by local businesses.

The Council's corporate strategy priorities are:

- High speed broadband
- Supporting knowledge based businesses
- Mentoring of businesses to support growth
- Development of workspace
- Transport strategy

Dorset Green in Purbeck has recently been awarded Enterprise Zone status, with the aim of generating 1,500 additional jobs. Dorset Green is a 40 ha strategic site. It was formerly the location of Winfrith Technology Centre, operated by UKAEA. Previous attempts to redevelop this site have been unsuccessful and businesses have moved away from the site. It is intended that development on this site will focus on Research & Development, Marine & Defence related engineering and energy. The site is very secure, enabling more sensitive activities to take place.

11.8 West Dorset and Weymouth & Portland

A document setting out the priorities for growth in West Dorset and Weymouth & Portland was published in 2014[35]. The overall aim to 'helping businesses survive, develop and prosper.' The economic growth priorities are:

- Superfast broadband and business support to make the most of this
- General business support, including for rural businesses
- Support the key sectors of: manufacturing, engineering, renewables, marine and tourism
- Promote key sites
- Establish joint ventures to deliver affordable housing
- Support marine and advanced engineering in Portland
- Improve transport infrastructure, notably road and rail
- Promote the coast and countryside to visitors

11.9 Dorset Growth Corridor

An economic strategy is being developed for the Western Dorset Growth Corridor, Coastal Communities and Thriving Towns (*Priorities for Growth*). It will cover the period 2016 to 2030. It is a joint initiative of four councils - North Dorset District, West Dorset District, Weymouth & Portland Borough and Dorset County Council to capture the growing economic ambition of the area in the public, private and voluntary sectors, and the importance to Dorset of the Portland-Weymouth-Dorchester corridor - the *Western Dorset Growth Corridor*. It acknowledges that there are three

[35] West Dorset District Council and Weymouth & Portland Borough Council (2014) Economic Priorities in West Dorset and Weymouth & Portland 2014-2020

distinct areas within Dorset: the conurbation, the Western Growth Corridor, and rural Dorset, including the thriving towns and coastal communities.

The Western Dorset Growth Corridor is linked with and derives greater economic benefit from other parts of the South West, including Bristol, while the conurbation looks more to the South East and London for economic advantage.

The strategy that is being prepared includes a set of 'layers' or themes which are being assessed to determination future intervention. These layers are:

- The natural environment
- Infrastructure – including sufficient infrastructure to enable mobile working
- Employment – more and better jobs
- Homes – addressing housing affordability
- Businesses and sectors
- Skills and workforce – the right skills base for local businesses
- Economic deprivation

The Strategy, *Priorities for Growth*, will set out the four Councils' key interventions to support the private sector, diversify the local economy and stimulate economic growth. At its foundation the Strategy will focus on the coordination and development of:

1. Infrastructure to create and improve access to employment and learning through better use of road and rail, digital infrastructure, affordable housing and access to learning
2. Partnerships with the private sector with the purpose of retaining and growing our existing key businesses and sectors, focused on improving productivity and a higher skilled workforce
3. Assets: to develop and invest in our economy by stimulating employment and housing opportunities

The strategy is due for completion and adoption in mid 2016.

11.10 Strategic Economic Plan for Dorset

The current Dorset SEP[36] identifies a number of key sectors:

- Tourism
- Advanced engineering
- Marine engineering
- Digital
- Financial
- ICT and precision instruments
- Health and social care
- Education, research and development

The main drivers of growth are key sites (the airport and the port), the proposed universities' business campus, and the business growth hub.

[36] Dorset LEP (2014) Transforming Dorset: Strategic Economic Plan

11.11 European Structural and Investment Funds Strategy

The latest ESIF strategy for Dorset[37] sets out a vision that is common with the SEP:

- Competitive - businesses
- Talented – skills
- Connected – infrastructure
- Responsive – providing the conditions to support growth, including housing

The ESIF identifies the main challenges for Dorset as:

- Increasing employment
- Stabilising manufacturing employment, and focusing on high value sectors
- Increasing productivity and GVA. Reasons for low productivity are recognised as: the sectoral mix; the occupational profile; and the skills profile
- Addressing skills gaps and shortages
- Increasing employability in the labour market
- Managing demographic change
- Over-reliance on public sector employment
- Addressing a lower business start-up rate in rural areas than in urban areas
- Need to deliver superfast broadband
- Need to deliver infrastructure to open up major new employment sites

The investment priorities in the ESIF are:

- Supporting business growth and innovation
- Reducing the carbon footprint
- Supporting and improving the labour market and workforce

The ESIF suggests three geographies within Dorset:

- The coast, which is dealing with a decline in tourism
- The countryside, which needs improved connectivity
- The conurbation, which needs to maintain sustainable growth

[37] Dorset LEP (2014) Dorset European Structural and Investment Funds Strategy 2014-2020

12 Central Government's Priorities

Summary

Central Government's focus is on increasing prosperity. The main areas of activity to promote prosperity are: increasing skills; improving universities; improving transport; improving digital infrastructure; improving science and innovation; reforming the planning system to allow more house building; encouraging workforce participation; supporting the financial service sector; and supporting export trade and inward investment.

The Government's plan for the South West of England, set out before the recent general election, was to increase the size of the regional economy; create new jobs; invest in transport; support tourism; support defence and cyber security; and increase life and agricultural sciences.

Government has also set out a plan to improve national infrastructure and promote key sectors, with priority to advanced manufacturing, knowledge-intensive traded services, and enabling industries including construction.

Much economic development activity in Dorset will be dependent on funds originating from Central Government. In recent years these have been allocated on a competitive basis. It is important to help to meet the priorities of Central Government in order to secure future funds.

12.1 Productivity

Central Government's current focus within economic development is on increasing prosperity by increasing productivity, with the aim of creating *world beating productivity*.[38] This report recognises that the UK has a long-term productivity problem. It sets out a number of areas of action to address the productivity problem. These include a number which are relevant to Dorset, i.e.:

- Creating a highly skilled workforce, with employers in the driving seat. This includes proposals for schools, apprenticeships and further education (FE)
- Creating world leading universities, open to all who can benefit from them
- Creating a modern transport system, with a secure future. Road, rail and air are mentioned
- Reliable and low carbon energy, at an affordable price
- World-class digital infrastructure in every part of the UK. This includes broadband, fixed and mobile telephone infrastructure
- High quality science and innovation
- Reforming the planning system, to encourage more house building
- Increasing pay, and decreasing welfare payments
- Encouraging workforce participation, through increasing childcare and reforming welfare
- Supporting the financial services sector
- Supporting export trade and inward investment

[38] HM Treasury (2015) Fixing the Foundations: Creating a More Prosperous Nation

12.2 Government focus in the South West

In January 2015, the then Government set out a *long-term economic plan for the South West*.[39] This appeared to be a raft of all already announced investments. Targets were set out, including:

- Increasing the size of the regional economy by £6.4 billion in real terms by 2030, equivalent to over £1,000 per person
- Create over 150,000 new jobs
- Deliver £7.2 billion in transport, and deliver a step change in digital connectivity
- Support the tourism sector, with the aim of increasing overseas visitors to 3 million by 2020, creating 7,000 more jobs
- Ensure world class defence assets and cyber security industry
- Grow life and agricultural sciences

12.3 National infrastructure plan

A national infrastructure plan was published in 2014[40]. Improving national infrastructure is set out as a key action in increasing the UK's productivity. Plans for the current Parliament include investments in:

- The strategic road network, including the A303
- Flood defences
- Rail
- Digital infrastructure including broadband
- Science infrastructure
- Water
- Waste
- Energy

12.4 Sectors

In 2012 the Government set out an industrial strategy which highlighted some sectors which would be prioritised for support[41]. These are:

- Advanced manufacturing, particularly aerospace, automotive and lie sciences
- Knowledge-intensive traded services, particularly professional/business services, the information economy and traded aspects of higher and further education
- Enabling industries such as energy and construction

[39] Gov.uk (27 January 2015) New story: Long-term economic plan for the South West unveiled and George Osborne Speech: Long-term economic plan for the South West
[40] HM Treasury (2014) National Infrastructure Plan
[41] BIS (2012) Industrial Strategy: UK Sector Analysis