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Key Sectors in the Dorset LEP Area

A Desk-Based Review

Prepared for Dorset LEP

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Contents

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Executive Summary

Nine sectors have been identified in various Dorset-wide and local strategies as key sectors and priorities for public intervention:

- 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

We have undertaken a desk-based review of these key sectors (defined in work undertaken for Dorset LEP and some of the local authorities by the University of Exeter/SLIM[1]) 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 high 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
- 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

[1] 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

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 two additional sectors which stand out of the data analysis for potential inclusion in the key sectors list.

Figure 1: Quality and importance of key sectors				
Quality of sector (Productivity, pay and growth)	**High**		**Creative Industries** **Environmental Goods & Services**	**Advanced Manufacturing** **Financial Services & Insurance**
			Manufacture of Chemicals & Chemical Products	
				Care **Construction** **Tourism & Leisure** *Real Estate*
		Food & Drink		
	Low			**Retail**
		Low		**High**
		Importance of sector (size and location quotient)		

The key sectors and potential key sectors can be split into four types:

- High value and important sectors: Advanced Manufacturing and Financial Services & Insurance
- High value sectors which could be supported to grow: Creative Industries and Environmental Goods & Services
- Important sectors which could be supported to increase their quality: Care, Construction and Tourism & Leisure
- Sectors with the potential to grow and become more important: Manufacture of Chemicals & Chemical Products and Real Estate (which could be merged with Construction to form a larger Property and Construction sector)

Further consideration should be to whether Food & Drink and Retail should continue to be supported as key sectors.

1 Introduction

1.1 Introduction

This report sets out a short desk-based review of Dorset's potential key sectors. A number of potential key sectors have been identified in Dorset in various documents. However:

- The list of key sectors is not always consistent
- There is no evidence base or clear rationale for why these sectors have been chosen
- This is a long list of priority sectors

The purpose of this short report is to undertake desk-based research to test the existing list of key sectors, and see which sectors should continue to be prioritised, particularly for public sector support. This will inform a debate on the agreed 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.

1.2 The role of key sectors

What are key sectors?

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

1.2.1 Meetings the economic vision

The economic vision for Dorset is currently being debated, and a working draft is:

By 2033 Dorset will be one of Britain's Core City-Regions, and the most sustainable of these. Its competitiveness will be driven by innovation, particularly in its key sectors, including Advanced Manufacturing and Financial Services. The competitive economy, world-class environment and high quality of life will help to attract and retain high-skilled workers and employers. Dorset will have accessible, affordable homes for its economically active population.

Each part of Dorset will play its role in achieving this vision for the City-Region. Priorities for the parts of Dorset include:

- *The City will be a focus for international connectivity and infrastructure, including two universities, the airport and port and will be home to internationally competitive sectors including Advanced Manufacturing and Financial Services*
- *The Western Dorset Growth Corridor and other urban areas will support increased competitiveness in the key sectors. Improved transport and communications infrastructure and the world-class natural environment are key to enabling growth here and in rural Dorset and the market towns*

- *Rural Dorset and the market towns will contribute to increasing competitiveness in Dorset and growth in the key sectors*

1.2.2 Identifying potential key sectors

This desk-based study focuses on testing some of the elements that will contribute to the delivery of the vision:

- The productivity of sectors (where possible measured using GVA per worker, but this data is partial and only available at the national level)
- High quality employment (where possible measured using average pay data, but this data is partial and only available at the national level)
- The growth potential of each sector (based on historic growth for all sectors, and forecast future growth for amalgamated sectors)
- The sustainability of sectors (using all of the above, and also local specialisation of employment in the sector and size of the sectors)

1.3 Our approach

This is a desk-based review of data available on the existing key sectors and all sectors of the economy. The Office for National Statistics (ONS) defines sectors using Standard Industrial Classification (SIC) codes. The economy is divided into sectors at different levels of detail. At the highest level there are 18 Broad Industrial Groups (BIG), then below this are 88 2-digit SIC codes that break the BIG codes down into more detail, then 261 3-digit SIC codes that break these down further, and many more 4 and 5-digit SIC codes. For the purposes of this analysis we have used 2-digit SIC codes to give a reasonable level of detail and a manageable number of sectors, without too much complexity. We recognise that SIC defined sectors don't operate in isolation, and clusters of activity in the economy aren't easily defined using SIC codes. The definitions of the sectors will influence the way that they appear in the analysis. However, we have to work with the data that is available.

The existing key sectors in the Dorset economy have been defined using combinations of 2-digit, 3-digit and 4-digit SIC codes. These are shown in more detail in Chapter 2 of this report. These definitions have been taken from work undertaken by the University of Exeter (SLIM) for various Dorset stakeholders in 2013[2].

1.3.1 Data sources

We have gathered historic data on the performance of all sectors in the Dorset LEP area economy, from the ONS Business Register and Employment Survey (BRES), which provides employment data from 2009 to 2014[3]. This has then been used to update and carry out further analysis on the existing key sectors as well as all sectors in the economy.

[2] 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

[3] We note that this period covers much of the recession and subsequent recovery, but are limited on the availability of good quality, consistent data

Data on Gross Value Added (GVA) per worker has been obtained from the ONS Annual Business Survey. Latest data is for 2014. It should be noted that this is national data, not Dorset specific, as data is not available at a detailed sectoral level for Dorset. It should also be noted that data is not available for every sector.

Data on pay has been taken from the ONS Annual Survey of Hours and Earnings (ASHE). The latest data is for 2014. As with GVA data, this is national data, not Dorset specific data, as sector-level data is not available for Dorset. Again, data is not available for every sector.

Using future forecast data compiled by Dorset County Council, based on the Cambridge Econometrics Local Economy Forecasting Model (LEFM), we have considered the future forecast growth of all sectors of the economy, and modelled this for the existing key sectors. The DCC/LEFM data provides forecasts for 45 sectors that are made up of one or more 2-digit SIC code sectors.

Where historic or future forecast data has been modelled for the key sectors the following steps have been taken:

- Total employment in each component of the key sector has been identified, as a measure of the importance of each component within the key sector
- The growth rate for each component has been identified
- The growth rate has been applied to employment in each component
- The components have been added back together, and a composite (or notional) level of growth has been calculated

1.4 The rest of this report

Chapter 2 sets out the definitions of the existing key sectors.

Chapter 3 carried out analysis, using data on productivity, pay, growth, location quotient and the size of the sectors and key sectors

Chapter 4 sets out the conclusions from the analysis

Appendices 1 to 6 provide the detail behind the analysis that is summarised in Chapter 3.

2 Existing key sectors

There are nine existing key sectors, identified in previous work undertaken for Dorset LEP. These are defined using SIC codes at 2 digit, 3 digit and 4 digit levels. The definitions below are taken from the work undertaken by the University of Exeter/SLIM for Dorset LEP in 2013.

Existing key sector	SIC code definition
Advanced Manufacturing	26: Manufacture of computer, electronic and optical products 27: Manufacture of electrical equipment 28: Manufacture of machinery and equipment n.e.c. 29: Manufacture of motor vehicles, trailers and semi-trailers 30: Manufacture of other transport equipment 325: Manufacture of medical and dental instruments and supplies 3313: Repair of electronic and optical equipment 3316: Repair and maintenance of aircraft and spacecraft
Care Sector	871: Residential nursing care activities 8730: Residential care activities for the elderly and disabled 8810: Social work activities without accommodation for the elderly and disabled
Construction	41: Construction of buildings 42: Civil engineering 43: Specialised construction activities
Creative Industries	182: Reproduction of recorded media 5811: Book publishing 5813: Publishing of newspapers 5814: Publishing of journals and periodicals 5819: Other publishing activities 5821: Publishing of computer games 5829: Other software publishing 6201: Computer programming activities 6202: Computer consultancy activities 6391: News agency activities 7311: Advertising agencies 7312: Media representation 7111: Architectural activities 7112: Engineering activities and related technical consultancy 59: Motion picture, video and television programme production, sound recording and music publishing activities 60: Programming and broadcasting activities 741: Specialised design activities 742: Photographic activities 90: Creative, arts and entertainment activities
Environmental Goods and Services	2712: Manufacture of electricity distribution and control apparatus 381: Waste collection 383: Materials recovery 36: Water collection, treatment and supply 37: Sewerage 39: Remediation activities and other waste management services. This division includes the provision of remediation services, i.e. the clean up of contaminated buildings and sites, soil, surface or ground water.

Existing key sector	SIC code definition
	7112: Engineering activities and related technical consultancy 712: Technical testing and analysis 749: Other professional, scientific and technical activities n.e.c. 7219: Other research and experimental development on natural sciences and engineering
Financial Services and Insurance	64: Financial service activities, except insurance and pension funding 65: Insurance, reinsurance and pension funding, except compulsory social security 66: Activities auxiliary to financial services and insurance activities
Food and Drink	01: Crop and animal production, hunting and related service activities 03: Fishing and aquaculture 10: Manufacture of food products 11: Manufacture of beverages
Retail	46: Wholesale trade, except of motor vehicles and motorcycles 47: Retail trade, except of motor vehicles and motorcycles
Tourism and Leisure	55: Accommodation 79: Travel agency, tour operator and other reservation service and related activities 90: Creative, arts and entertainment activities 501: Sea and coastal passenger water transport 503: Inland passenger water transport 511: Passenger air transport 823: Organisation of conventions and trade shows 931: Sports activities 932: Amusement and recreation activities 4939: Other passenger land transport n.e.c. 7721: Renting and leasing of recreational and sports goods 9102: Museum activities 9103: Operation of historical sites and buildings and similar visitor attractions 9104: Botanical and zoological gardens and nature reserve activities 56101: Licensed restaurants 77341: Renting and leasing of passenger water transport equipment 77351: Renting and leasing of passenger air transport equipment

More detailed analysis of each of the key sectors is included at Appendix 5.

3 Analysis

3.1 Introduction

In this chapter we set out the analysis of the desk-based research that has been undertaken. More detail on each aspect of this analysis can be seen in the Appendices to this report.

The analysis covers four measures of the performance of the Dorset LEP area economy:

- Productivity
- Pay
- Growth potential
- Other measures of sustainability (notably size and Location Quotient)

Two of these measures represent the quality of employment in each sector: productivity measured by GVA per worker and annual pay. However, data for both indicators at detailed industrial sector level is only available at the national level. We have used this as a proxy for GVA per worker and pay in Dorset because the purpose of this exercise is to help to identify potential key sectors from within tall of the sectors in Dorset. This approach does, however, rely on the differences between various sectors' GVA per worker and annual pay being the same at national level and Dorset LEP area level.

3.1.1 Context

Total employment in the Dorset LEP area in 2014 was 324,900. To ensure that the analysis concentrates on sectors of significance within the local economy, in some instances we have short-listed those sectors each with more than 1% of total employment (i.e. employment of 3,250), and in other cases we have short-listed those with employment of more than 1,000. We have also used Location Quotients to short-list sectors that are more significant[4]. A sector with a Location Quotient of greater than 1.0 is more important to the Dorset economy than to the national economy.

3.1.2 Key sectors

In this analysis section we have looked at data for all 2-digit SIC code sectors, and also for the existing key sectors to see how they compare. It is worth noting that the key sectors account for 46% of total employment in the Dorset LEP area, so nearly half of the existing economy. Therefore many of the 2-digit SIC code sectors, or parts of them, fall into the key sectors. Where this is the case, we have noted it.

3.2 Productivity

We have considered both historic productivity and forecast future productivity levels.

[4] The Location Quotient for a sector is calculated by dividing the percentage of total employment in that sector in Dorset by the percentage of total employment in that sector nationally. A location Quotient greater than 1.0 means a greater concentration of employment in Dorset than nationally; and a Location Greater less than 1.0 means a lesser concentration of employment in Dorset than nationally

3.2.1 Historic productivity

We have measured productivity using Gross Value Added[5] (GVA) per worker. This is a better measure than GVA per resident in Dorset because Dorset has a relatively high number of residents that are not working and not of working age.

We have used national data, as Dorset-level data is not available, so should only be used for making comparisons between sectors rather than making use of the absolute values. Data is not available for a number of sectors, including all financial services sectors. Some sectors such as health and education only provide data for private provision, i.e. do not include public sector provision. Data is available for 69 of the 88 2-digit SIC code sectors that make up the whole economy.

The mean average GVA per worker (for the 69 sectors for which data is available) in 2014 was £62,200 and the median value of the 69 was £55,300. Thirty-three sectors across the whole economy had GVA per worker greater than the median. However, some of these sectors are very small and not significant within the Dorset economy. We have therefore looked in more detail at those sectors with employment of more than 1,000 and a Location Quotient greater than 1.0, as these are more significant to the Dorset economy. Ten sectors employ more than 1,000 people in the Dorset LEP area in 2014, have a Location Quotient greater than 1.0 and have a (national) level of GVA per worker greater than the median across the whole economy. These can be seen in the table below. Those sectors which form part of the existing key sectors have been indicated in *italic text*. There are only two sectors that feature in this analysis that do not form part of the existing key sectors. These are:

- Manufacture of Chemicals & Chemical Products
- Real Estate Activities

Table 3.1: GVA per worker by SIC 2 digit sector in 2014

Sector	GVA per worker (£)	Employment	Location Quotient
77 : Rental and leasing activities (*some in Tourism & Leisure*)	138,700	1,800	1.1
20 : Manufacture of chemicals and chemical products	90,400	1,400	1.4
41 : Construction of buildings (*Construction*)	85,900	5,100	1.1
28 : Manufacture of machinery and equipment n.e.c. (*Advanced Manufacturing*)	80,100	2,500	1.3
79 : Travel agency, tour operator and other reservation service and related activities (*Leisure and Tourism*)	74,700	1,100	1.1
68 : Real estate activities	70,700	8,400	1.5
33 : Repair and installation of machinery and equipment (*some in Advanced Manufacturing*)	69,600	2,900	2.2
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	66,400	13,100	1.0

[5] Gross Value Added (GVA) is a measure of the economic output of a business, sector or the whole economy

Table 3.1: GVA per worker by SIC 2 digit sector in 2014			
Sector	GVA per worker (£)	Employment	Location Quotient
26 : Manufacture of computer, electronic and optical products (*Advanced Manufacturing*)	62,900	2,100	1.5
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	58,500	3,700	2.6
Source: Annual Business Survey and Business Register and Employment Survey			
N.b. Those that form part of one of the existing key sectors are shown in *italic text*			

We have also modelled the GVA per worker for the existing key sectors, and this can be seen in the table below. From this, we can see that four of the existing key sectors have a GVA per worker above the median value for all sectors, and four have a GVA per worker below the median value. Data is not available for the Financial Services & Insurance sector, but it is likely that it will generate GVA per worker greater than the median value for all sectors. The four with high GVA per worker are:

- Environmental Goods & Services
- Advanced Manufacturing
- Construction
- Creative Industries

Table 3.2: GVA per worker in the key sectors	
Sector	**Notional GVA per worker (£)**
ABOVE MEDIAN	
Environmental Goods and Services	75,000
Advanced Manufacturing	68,400
Construction	63,700
Creative Industries	58,900
BELOW MEDIAN	
Food and Drink	53,000
Retail	37,500
Tourism and Leisure	29,300
Care Sector	18,600
DATA NOT AVAILABLE	
Financial Services & Insurance	n/a
Source: Hardisty Jones Associates analysis based on the Annual Business Survey	

From the above analysis we can see that four of the nine existing key sectors have greater productivity than the median value for all sectors (and it is likely that Financial Services & Insurance does too). When we look at the rest of the economy, only two further (SIC 2-digit) sectors stand out as being significant sectors within the economy as having high productivity, and these are discussed above.

3.2.2 Forecast future productivity

Future forecasts of productivity can be derived from work undertaken by Dorset County Council, based on data from the Cambridge Econometrics Local Economy Forecasting Model. This only splits the economy into 45 sectors (rather than the 88 2-digit SIC code sectors), so the sectors are less fine-grained. Median GVA per worker for the 45 LEFM sectors in 2033 is forecast to be £66,000[6].

Looking forward to 2033, nine sectors are forecast to have employment of more than 1,000, a Location Quotient of more than 1.0 and GVA per worker greater than the median level for all 45 LEFM sectors. These can be seen in Appendix 1. Only three of these sectors are not part of the existing key sectors, and can be seen in the table below. It is notable that Real Estate has also been highlighted as a sector with a current high productivity level.

Table 3.3: Forecast GVA per worker in 2033	
LEFM Sector	**Forecast GVA per worker (£)**
Pharmaceuticals (Equivalent to SIC 21: Manufacture of basic pharmaceutical products and pharmaceutical preparations)	209,505
Real estate (Equivalent to SIC 68: Real estate activities)	131,356
Other services (Equivalent to SIC 94: Activities of membership organisations; SIC 95: Repair of computers and personal and household goods; and SIC 96: Other personal service activities)	66,820
Source: Dorset County Council analysis using Cambridge Econometrics LEFM data	

Four of the key sectors have forecast GVA per worker above the median value in 2033:

- Advanced Manufacturing
- Food & Drink
- Financial Services & Insurance
- Creative Industries

Table 3.4: Forecast GVA per worker in 2033	
Sector	**Forecast GVA per worker (£)**
ABOVE MEDIAN	
Advanced Manufacturing	107,522
Food and Drink	106,538
Financial Services and Insurance	100,610
Creative Industries	76,810
BELOW MEDIAN	
Retail	63,417
Environmental Goods and Services	58,152
Construction	52,660
Care Sector	43,243

[6] This data is from a different source to the historic GVA data, and so the two cannot be directly compared

Table 3.4: Forecast GVA per worker in 2033	
Sector	**Forecast GVA per worker (£)**
Tourism and Leisure	32,274
Source: Hardisty Jones Associates analysis using Dorset County Council analysis using Cambridge Econometrics LEFM data	

Of note is that Food & Drink is forecast to move from having a GVA per worker below the median value in 2014 (with analysis based on ABS data) to having a GVA per worker above the median value in 2033 (with analysis based on Dorset County Council/CE LEFM data); and Environmental Goods & Services and Construction are forecast to move from above the median in 2014 to below the median in 2033. Caution should be exercised in making this comparison as the two data sources are not directly comparable, but nevertheless this is interesting.

3.3 Pay

In common with the analysis of productivity, this analysis uses national data so should only be used for making comparisons between sectors rather than making use of the absolute values. Data is only available for 82 of the 88 2-digit SIC code sectors. The mean average pay (for 82 sectors) is £26,500, and the median pay (of 82 sectors) is £26,100, so these two values are close together. Forty-one sectors had pay greater than the median.

As with productivity, we have identified those sectors which are more significant to the local economy, and so have looked at sectors with employment of more than 1,000 and a Location Quotient greater than 1.0. Nine sectors fit these criteria and have a national pay level greater than the median for all sectors. These can be seen in the table below. Only one of these sectors (Manufacturing of Chemicals and Chemical Products) is not part of one of the existing key sectors in Dorset.

Table 3.5: Median annual pay by SIC 2 digit sector			
Sector	**Median annual pay (£ per annum)**	**Employment**	**Location Quotient**
30 : Manufacture of other transport equipment (*Advanced Manufacturing)*	36,300	3,700	2.6
64 : Financial service activities, except insurance and pension funding (*Financial Services and Insurance*)	34,600	7,400	1.3
66 : Activities auxiliary to financial services and insurance activities (*Financial Services and Insurance*)	33,700	5,900	1.2
33 : Repair and installation of machinery and equipment (*Advanced Manufacturing*)	31,200	2,900	2.2
26 : Manufacture of computer, electronic and optical products (*Advanced Manufacturing*)	30,800	2,100	1.5
20 : Manufacture of chemicals and chemical products	30,500	1,400	1.4
28 : Manufacture of machinery and equipment n.e.c. (*Advanced Manufacturing*)	29,600	2,500	1.3

Table 3.5: Median annual pay by SIC 2 digit sector			
Sector	**Median annual pay (£ per annum)**	**Employment**	**Location Quotient**
41 : Construction of buildings (*Construction*)	27,600	5,100	1.1
43 : Specialised construction activities (*Construction*)	26,200	10,200	1.2
Source: Annual Survey of Hours and Earnings			

Using the same approach used for productivity we have modelled the median pay level in the existing key sectors. This can be seen in the table below. Five of the nine existing key sectors have a pay level greater than the median for all sectors. These are the same sectors that show above median levels of productivity (albeit that detailed productivity data is not available for the Financial Services & Insurance sector), i.e.

- Financial Services & Insurance
- Creative Industries
- Advanced Manufacturing
- Environmental Goods & Services
- Construction

Table 3.6: Median annual pay in the existing key sectors	
Key sector	**Notional median pay (£ per annum)**
GREATER THAN MEDIAN PAY	
Financial Services and Insurance	34,000
Creative Industries	32,000
Advanced Manufacturing	30,900
Environmental Goods and Services	30,200
Construction	27,000
LESS THAN MEDIAN PAY (ALL SECTORS)	
Food and Drink	22,000
Retail	15,300
Tourism and Leisure	13,800
Care Sector	12,600
Source: Hardisty Jones Associates analysis based on the Annual Survey of Hours and Earnings	

From all of the above analysis we can see that five of the nine existing key sectors have greater levels of pay than the median value for all sectors; and these are the same sectors with high levels of productivity. When we look at the rest of the economy, only one further (SIC 2-digit) sector stands out as being significant within the economy and having both high pay and high productivity: Manufacturing of Chemicals and Chemical Products.

3.4 Growth potential

We have used two sets of data to help inform the consideration of the growth potential of sectors in the Dorset LEP area economy: historic data which shows how sectors have been growing in recent years (which is a partial indicator of future growth potential), and forecast future growth over the period to 2033.

3.4.1 Historic growth

Over the period 2009 to 2014 employment in the Dorset LEP area grew by 0.5% overall.

Eighteen 2-digit SIC sectors each saw growth in employment of more than 500 people over the period from 2009 to 2014 i.e. growth of more than 100 in employment every year. This full list can be seen in Appendix 3. However, only six of these eighteen are not part of the existing key sectors. These can be seen in the table below. Of interest is that one of these sectors – Real Estate – has already been identified, above, as having high productivity.

Table 3.7: Recent growth in employment in SIC 2 digit sectors

Sector	Employment in 2009	Employment in 2014	Change
68 : Real estate activities	4,783	8,446	3,663
78 : Employment activities	5,149	8,721	3,572
69 : Legal and accounting activities	4,657	6,293	1,636
82 : Office administrative, office support and other business support activities	1,918	3,395	1,477
13 : Manufacture of textiles	546	1,454	908
70 : Activities of head offices; management consultancy activities	5,416	6,078	662

Source: Hardisty Jones Associates analysis using data from BRES, 2014

As well as considering absolute growth, it also helpful to consider relative or percentage growth in sectors to identify those that are expanding at a rapid rate. To ensure that only those sectors that are significant have been considered, we have focused on those sectors with employment of more than 1,000 (in 2014) and a Location Quotient greater than 1.0. There are seventeen sectors in total that meet these criteria and have shown growth of more than the average rate of 0.5% over the period 2009 to 2014. Only three of these sectors are not in the existing key sectors, and these can be seen in the table below. Interestingly, Real Estate is showing high levels of both absolute and relative growth, and two of these sectors have already been identified above as having higher than average productivity, i.e.:

- Real Estate
- Manufacture of Chemicals and Chemical Products

Manufacture of Chemicals and Chemical Products has both high productivity and high pay as well as high growth.

Table 3.8: Recent percentage growth in employment in SIC 2 digit sectors				
Sector	**Employment in 2009**	**Employment in 2014**	**Growth**	**Percentage growth**
13 : Manufacture of textiles	550	1,450	910	166%
68 : Real estate activities	4,780	8,450	3,660	77%
20 : Manufacture of chemicals and chemical products	960	1,430	480	50%
Source: ONS Business Register and Employment Survey				

When we look at the existing key sectors, shown in the table below, we can see that five of the nine saw employment growth over the period from 2009 to 2014, and four saw decline in employment. The two sectors with the highest absolute level of growth – Care and Tourism & Leisure – do not have high productivity or high pay. Two sectors with high productivity and high pay – Financial Services & Insurance and Construction – both saw a decline in employment over the period.

Table 3.9: Change in employment in existing key sectors				
Sector	**Employment in 2009**	**Employment in 2014**	**Change**	**Percentage change**
Care Sector	6,710	13,145	6,435	96%
Tourism and Leisure	24,228	27,010	2,782	11%
Creative Industries	7,673	8,876	1,203	16%
Environmental Goods and Services	6,021	7,133	1,112	18%
Advanced Manufacturing	10,543	11,592	1,049	10%
Financial Services and Insurance	14,463	14,322	(141)	-1%
Food and Drink	4,424	2,853	(1,571)	-36%
Construction	18,358	16,677	(1,681)	-9%
Retail	52,842	48,655	(4,187)	-8%
Source: Hardisty Jones Associates using BRES 2014 data and University of Exeter sector definitions				

3.4.2 Forecast future growth

Using data from Dorset County Council (based on Cambridge Econometrics LEFM), we can see that 14 of the 45 LEFM sectors are forecast to see employment growth of more than 500 over the period to 2033 (noting that this is only an annual growth in employment of 25). These sectors can be seen in Appendix 3. Only three of these sectors – Health (+3,200), Other Services (+1,800) and Education (+800) – are not part of the existing key sectors, and at least two of these are predominantly public sectors. Average growth across the whole economy over the period to 2033 is forecast to be 14% in total (n.b. this is forecast to be higher than the national growth of 12% over the same period).

Six of the nine key sectors are forecast to see growth in employment over the period to 2033, with five of the six seeing a rate of growth higher than the average for the Dorset LEP area; and three are forecast to see a decline in employment, with the Retail sector seeing the largest absolute decline. These can be seen in the table below.

Table 3.10: Modelled growth in the key sectors		
Sector	**Forecast change 2013-33**	**Percentage**
GROWING		
Construction	10,324	62%
Tourism and Leisure	8,217	31%
Care Sector	4,606	35%
Financial Services and Insurance	2,955	21%
Environmental Goods and Services	1,194	18%
Creative Industries	682	9%
DECLINING		
Food and Drink	(591)	(25%)
Advanced Manufacturing	(643)	(6%)
Retail	(3,027)	(6%)
Source: Hardisty Jones Associates analysis using Dorset County Council forecasts based on Cambridge Econometrics LEFM		

3.5 Other measures of the sustainability of sectors

The sustainability of sectors in the Dorset LEP area economy will depend on all of the above factors (i.e. productivity, pay and growth), plus the degree of specialisation of the sector in Dorset and the absolute size of the sector. Both have been considered at some points above, but it is helpful to see these separately as well.

3.5.1 Specialisation

The degree to which the Dorset LEP area economy has a specialism in a sector can be measured using a Location Quotient. A Location Quotient compares the concentration of employment in a sector in the Dorset LEP area 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, and a Location Quotient less than 1.0 shows a lower concentration than the national average. Thirty-three 2-digit SIC sectors have a Location Quotient greater than 1.0. Twenty-eight of these have a Location Quotient of 1.1 or greater. These can be seen in Appendix 4. Eleven of these sectors are not part of the existing key sectors.

However, if we concentrate on the sectors with more than 1% of total employment in the Dorset LEP area, this reduces the list to 17 sectors with a Location Quotient greater than 1.0. Only six of these are not part of the existing key sectors. The seventeen sectors can be seen in the table below.

Table 3.11: BRES 2 digit SIC sectors with employment greater than 1% and a Location Quotient greater than 1.0				
Sector	**Employment**	**Percentage of total employment in Dorset LEP**	**Percentage of total employment in GB**	**Location Quotient**
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	3,673	1.1%	0.4%	2.56
55 : Accommodation (*Tourism and Leisure*)	10,068	3.1%	1.5%	2.06
87 : Residential care activities (*Care*)	13,588	4.2%	2.5%	1.66
96 : Other personal service activities	4,771	1.5%	1.0%	1.47
93 : Sports activities and amusement and recreation activities (*Tourism and Leisure*)	6,830	2.1%	1.4%	1.45
68 : Real estate activities	8,446	2.6%	1.8%	1.45
64 : Financial service activities, except insurance and pension funding (*Financial Services and Insurance*)	7,391	2.3%	1.8%	1.29
25 : Manufacture of fabricated metal products, except machinery and equipment	4,230	1.3%	1.0%	1.29
43 : Specialised construction activities (*Construction*)	10,154	3.1%	2.5%	1.24
66 : Activities auxiliary to financial services and insurance activities (*Financial Services and Insurance*)	5,924	1.8%	1.5%	1.22
56 : Food and beverage service activities (*part in Tourism and Leisure*)	21,358	6.6%	5.6%	1.18
41 : Construction of buildings (*Construction*)	5,056	1.6%	1.4%	1.10
47 : Retail trade, except of motor vehicles and motorcycles (*Retail*)	35,582	11.0%	10.0%	1.09
88 : Social work activities without accommodation	10,742	3.3%	3.2%	1.05
86 : Human health activities	25,256	7.8%	7.4%	1.05
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	13,073	4.0%	4.0%	1.01
85 : Education	29,317	9.0%	8.9%	1.01
Source: Hardisty Jones Associates analysis using data from BRES, 2014				

Six of the existing key sectors have a Location Quotient greater than 1.0 and three have a Location Quotient less than 1.0. Care is the most specialised of the key sectors in the Dorset LEP area, as can be seen in the table below. The three sectors with a Location Quotient of less than 1.0 i.e. they are less concentrated in the Dorset LEP area than nationally, are:

- Environmental Goods & Services
- Creative Industries
- Food & Drink

Table 3.12: Location Quotient of the existing key sectors

Sector	Employment	Percentage of total employment in Dorset LEP	Percentage of total employment in GB	Location Quotient
Care Sector	13,145	4.0	2.5	1.6
Advanced Manufacturing	11,592	3.6	2.4	1.5
Tourism and Leisure	27,010	8.1	5.7	1.4
Financial Services and Insurance	14,322	4.4	3.6	1.2
Construction	16,677	5.1	4.6	1.1
Retail	48,655	15.0	14.0	1.1
Environmental Goods and Services	7,133	2.3	2.9	0.8
Creative Industries	8,876	2.7	4.0	0.7
Food and Drink	2,853	0.9	14.0	0.3

Source: Hardisty Jones Associates using BRES 2014 data and University of Exeter sector definitions

3.5.2 Size

Whilst the size of a sector alone is not sufficient for it to be prioritised as a key sector, it is important when combined with high productivity, high pay and growth prospects as it can make a significant contribution to the local economy. Large sectors often provide important services within a local economy. It is also worth noting that large sectors will have relatively larger replacement labour requirement as well as labour requirements driven by growth. For this reason alone attention does need to be paid to large sectors.

A further step would be to consider the supply chains of sectors, to get a better measure of their overall importance to the economy. However, this has not been possible within the scope of this desk-based study.

Some 27 sectors each employ more than 1% of the total employment in the Dorset LEP area (i.e. more than 3,250 people). These are shown in Appendix 4. Retail is the largest 2-digit SIC sector in Dorset with nearly 11% of total employment, and wholesale trade also features as the seventh largest sector (and these two sectors comprise the Retail key sector). Wholesale and retail of motor vehicles is also a large sector. Together these three sectors employ over 54,000 people and account for nearly 17% of the Dorset LEP area economy. There are then a group of primarily public sectors, including education, health, care and public administration that jointly account for over 28% of the economy (albeit that parts of these sectors may be in the private rather than public sector). Ranking amongst these is food and beverage service activities which includes restaurants, cafes, takeaways, clubs and pubs, so plays an important part of the leisure and tourism key sector in the Dorset LEP area, along with accommodation which employs over 10,000 people, and sports, amusement and recreation activities which employs nearly 7,000. Together these two 2 digit SIC sectors employ over 38,000 people or nearly 12% of the Dorset economy. Financial, legal, accounting, related sectors and headquarters functions employ over 25,000 people or just under 8% of total employment in the Dorset LEP area. Construction and related sectors are similar in scale.

The two largest manufacturing sectors are the manufacture of fabricated metal products, which employs over 5,000 people, and the manufacture of other transport equipment, which employs over 3,000 people. The latter is part of the Advanced Manufacturing key sector.

A4.3.3 Existing key sectors

The existing key sectors account for 46% of total employment in the Dorset LEP area. Retail is significantly larger than any of the other existing key sectors, and is followed by Tourism & Leisure and then Construction. All but one account for more than 1% of the total employment in the Dorset LEP area.

Table 3.13: Total employment in existing key sectors

Sector	Employment	Percentage of total
Retail	48,655	15.0
Tourism and Leisure	27,010	8.1
Construction	16,677	5.1
Financial Services and Insurance	14,322	4.4
Care Sector	13,145	4.0
Advanced Manufacturing	11,592	3.6
Creative Industries	8,876	2.7
Environmental Goods and Services	7,133	2.3
Food and Drink	2,853	0.9

Source: Hardisty Jones Associates using BRES 2014 data and University of Exeter sector definitions

3.6 Review of existing key sectors

The above analysis can be summarised into the following table for the existing key sectors.

Table 3.14: Summary of data analysis relating to key sectors

Sector	GVA per worker		Pay	Growth in employment		LQ	Size	Notional Score
	GVA per worker above national median in 2014	Forecast GVA per worker above national median in 2033	Pay above national median	Growth in employment 2009-2014	Forecast growth in employment 2013-2033	Location Quotient greater than 1.0	Employment more than 1% of Dorset total	
Advanced Manufacturing	✓	✓	✓	✓		✓	✓	6
Care Sector				✓	✓	✓	✓	4
Construction	✓		✓		✓	✓	✓	5
Creative Industries	✓	✓		✓	✓		✓	5
Environmental Goods and Services	✓		✓	✓	✓		✓	5
Financial Services and Insurance	n/a	✓	✓		✓	✓	✓	6
Food and Drink		✓						1
Retail						✓	✓	2
Tourism and Leisure				✓	✓	✓	✓	4

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This data can also be represented in the following chart. In this chart, the quality of a sector is a measure of productivity, pay and growth; and the importance of each sector is a measure of the concentration (Location Quotient) and size of each sector.

	High		Creative Industries Environmental Goods & Services	Advanced Manufacturing Financial Services & Insurance
Quality of sector				Care Construction Tourism & Leisure
		Food & Drink		
	Low			Retail
		Low		**High**
			Importance of sector	

3.7 Other parts of the Dorset economy

A large number of 2-digit SIC sectors that are not part of the nine key sectors feature in at least one of the prioritisation criteria shown above. The top ranking ones are shown in the table below.

Sector	**GVA per worker**		**Pay**	**Growth in employment**		**LQ**	**Size**	**Comments**
	GVA per worker above national median in 2014	**Forecast GVA per worker above national median in 2033**	**Pay above national median**	**Growth in employment 2009-2014**	**Forecast growth in employment 2013-2033**	**Location Quotient greater than 1.0**	**Employment more than 1% of Dorset total**	
20: Manufacture of chemicals and chemical products	✓		✓	✓		✓		
68: Real estate activities	✓			✓		✓	✓	
21: Pharmaceuticals		✓				✓		
68: Real estate		✓				✓		

Sector	GVA per worker		Pay	Growth in employment		LQ	Size	Comments
	GVA per worker above national median in 2014	**Forecast GVA per worker above national median in 2033**	**Pay above national median**	**Growth in employment 2009-2014**	**Forecast growth in employment 2013-2033**	**Location Quotient greater than 1.0**	**Employment more than 1% of Dorset total**	
Other services: 94 : Activities of membership organisations 95 : Repair of computers and personal and household goods 96 : Other personal service activities		✓			✓	✓	✓	

Three of these sectors could be considered alongside the existing key sectors

	High		**Creative Industries** **Environmental Goods & Services**	**Advanced Manufacturing** **Financial Services & Insurance**
			Manufacture of Chemicals & Chemical Products	
Quality of sector			*Other Services*	**Care** **Construction** **Tourism & Leisure** *Real Estate*
		Food & Drink		
	Low			**Retail**
		Low		**High**
		Importance of sector		

4 Conclusions

The nine existing key sectors account for just under half of total employment in the Dorset economy in 2014 (46%). Within these nine there is a group of key sectors that are high quality and important to the local economy i.e.

- Advanced Manufacturing
- Financial Services & Insurance
- Creative Industries
- Environmental Goods & Services

There is then a group of three sectors that are important to the local economy, and where there is potential to increase their quality:

- Care
- Construction
- Tourism & Leisure

It is also worth noting that there will be replacement demand for labour as well as growth demand across the whole of the economy, so some attention should be paid to the needs of all large sectors.

There are then two existing key sectors which do not score highly on the quality criteria and which do not score highly on the importance criteria. Consideration should be given to removing these from the lost of key sectors, or doing some more work to identify more precisely which sub-sectors within them are worth supporting; or what can be done across the whole sector. These sectors are:

- Food & Drink
- Retail

It is then worth considering whether some other sectors should be supported as key sectors. There are three sectors which score fairly well on all of the indicators considered, and could be supported to increase their contribution to the Dorset economy. These are:

- Manufacture of Chemicals & Chemical Products
- Other Services
- Real Estate

Of these sectors, the Manufacture of Chemicals & Chemical Products is worth further consideration. Other services is a broad and diverse sector that picks up many smaller activities that do not fit well elsewhere in the SIC classification, so does not qualify as a key sector. Real estate could form part of a larger property and real estate cluster of activities along with the existing Construction key sector.

A summary of the existing key sectors and those worth further consideration is set out in the table below. We have divided the sectors into four types:

- High value and important sectors
- High value sectors which could be supported to grow
- Important sectors which could be supported to increase their quality

- Sectors with the potential to grow and become more important

Table 4.1: Summary conclusions regarding 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[7]	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 (4.4% 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 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
HIGH VALUE SECTORS WHICH COULD BE SUPPORTED TO GROW			
Creative	Current employment of	This is a high value	Ensure high skilled

[7] However, it should be noted that GVA is forecast to grow in seven of the eight component parts of the key sector (listed in Chapter 2), and GVA per FTE worker forecast to grow in all eight of the component parts of the key sector

Table 4.1: Summary conclusions regarding key sectors			
Sector	**Status**	**Future potential**	**Actions to support vision and objectives**
Industries	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	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	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 COULD BE SUPPORTED 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 established care sector in Dorset, with a significant market with its older and ageing population Productivity (GVA per worker) below national median	The increasing need for care is a globally significant issue, and the Dorset LEP area has the potential to be at the forefront of growth and innovation in this sector. The sector creates large amounts of less well-paid employment, but the increasing technology and innovation in this sector will help to drive	Ensure high skilled workforce is available Support business R&D

Table 4.1: Summary conclusions regarding key sectors			
Sector	**Status**	**Future potential**	**Actions to support vision and objectives**
	Pay below national median Historic growth of 96% in the last five years Employment forecast to grow in the next twenty years	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. The high quality natural environment, coastal location and strong 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	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

Table 4.1: Summary conclusions regarding key sectors			
Sector	**Status**	**Future potential**	**Actions to support vision and objectives**
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 1,400 (0.4% of Dorset total). 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*	

Appendix 1: Productivity

A1.1 Introduction

We are using GVA per worker as a measure of productivity. Historic productivity data for 2-digit SIC sectors is derived from the Annual Business Survey. Future forecast data is derived from work undertaken by Dorset County Council using the Cambridge Econometrics Local Economy Forecasting Model (LEFM). However, this is for 45 composite sectors, made up of 2-digit SIC sectors.

A1.2 GVA Per Worker

Caution: This is national data so should only be used for making comparisons between sectors rather than using the absolute values.

Data is not available for a number of sectors, including all financial services sectors. Some sectors such as health and education only provide data for private provision. Data is available for 69 of 88 2-digit SIC sectors.

Mean average GVA per worker (for the 69 sectors) in 2014 was £62,200 and the median value of the 69 was £55,300. Thirty-three sectors had GVA per worker greater than the median. These can be seen in the table below. Where 2-digit SIC sectors form part of key sectors, this is indicated in *italic text*.

GVA per worker by SIC 2 digit sector in 2014	
Sector	**GVA per worker (£)**
35 : Electricity, gas, steam and air conditioning supply	200,300
21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations	161,800
60 : Programming and broadcasting activities (*Creative Industries*)	145,600
61 : Telecommunications	143,300
77 : Rental and leasing activities (*part in Tourism & Leisure*)	138,700
37 : Sewerage (*Environmental Goods and Services*)	138,500
29 : Manufacture of motor vehicles, trailers and semi-trailers (*Advanced Manufacturing*)	115,400
92 : Gambling and betting activities	106,600
08 : Other mining and quarrying	98,100
73 : Advertising and market research (*part in Creative Industries*)	93,800
09 : Mining support service activities	91,800
20 : Manufacture of chemicals and chemical products	90,400
41 : Construction of buildings (*Construction*)	85,900
28 : Manufacture of machinery and equipment n.e.c. (*Advanced Manufacturing*)	80,100
52 : Warehousing and support activities for transportation	79,400
58 : Publishing activities	78,600

GVA per worker by SIC 2 digit sector in 2014	
Sector	**GVA per worker (£)**
(*part in Creative Industries*)	
03 : Fishing and aquaculture	77,800
62 : Computer programming, consultancy and related activities (*part in Creative Industries*)	75,400
79 : Travel agency, tour operator and other reservation service and related activities (*Tourism & Leisure*)	74,700
70 : Activities of head offices; management consultancy activities	74,700
71 : Architectural and engineering activities; technical testing and analysis (*part in Creative Industries*)	74,400
68 : Real estate activities	70,700
33 : Repair and installation of machinery and equipment (*part in Advanced Manufacturing*)	69,600
74 : Other professional, scientific and technical activities (*part in Creative Industries*)	67,300
17 : Manufacture of paper and paper products	67,200
42 : Civil engineering (*Construction*)	66,700
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	66,400
69 : Legal and accounting activities	65,000
82 : Office administrative, office support and other business support activities	63,800
26 : Manufacture of computer, electronic and optical products (*Advanced Manufacturing*)	62,900
24 : Manufacture of basic metals	59,600
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	58,500
49 : Land transport and transport via pipelines	55,700
Source: Annual Business Survey	

A1.3 GVA per worker in sectors with more than 1,000 employees and LQ greater than 1.0

Ten sectors employ more than 1,000 people in the Dorset LEP area in 2014, have a Location Quotient greater than 1.0 and have a (national) GVA per worker greater than the median for all sectors. Where 2-digit SIC sectors form part of key sectors, this is indicated in *italic text*.

GVA per worker by SIC 2 digit sector in 2014			
Sector	**GVA per worker (£)**	**Employment**	**Location Quotient**
77 : Rental and leasing activities (*some in Tourism & Leisure*)	138,700	1,800	1.1
20 : Manufacture of chemicals and chemical products	90,400	1,400	1.4
41 : Construction of buildings	85,900	5,100	1.1

GVA per worker by SIC 2 digit sector in 2014			
Sector	GVA per worker (£)	Employment	Location Quotient
(*Construction*)			
28 : Manufacture of machinery and equipment n.e.c. (*Advanced Manufacturing*)	80,100	2,500	1.3
79 : Travel agency, tour operator and other reservation service and related activities	74,700	1,100	1.1
68 : Real estate activities	70,700	8,400	1.5
33 : Repair and installation of machinery and equipment (*some in Advanced Manufacturing*)	69,600	2,900	2.2
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	66,400	13,100	1.0
26 : Manufacture of computer, electronic and optical products (*Advanced Manufacturing*)	62,900	2,100	1.5
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	58,500	3,700	2.6
Source: Annual Business Survey and Business Register and Employment Survey			

A1.4 Productivity in the key sectors

Notional GVA per worker is calculated using the weighted composition of each existing key sector.

Four of the existing key sectors have a notional GVA per worker higher than the median and mean values for all sectors.

GVA per worker in the key sectors	
Sector	**Notional GVA per worker (£)**
ABOVE MEDIAN	
Environmental Goods and Services	75,000
Advanced Manufacturing	68,400
Construction	63,700
Creative Industries	58,900
BELOW MEDIAN	
Food and Drink	53,000
Retail	37,500
Tourism and Leisure	29,300
Care Sector	18,600
Financial Services and Insurance	n/a
Source: Hardisty Jones Associates analysis based on the Annual Business Survey	

A1.5 Forecast future GVA per worker

A1.5.1 All sectors

This data is derived from work undertaken by Dorset County Council, which is based on data from the Cambridge Econometrics Local Economy Forecasting Model (LEFM). As mentioned above, the LEFM only has 45 sectors each of which combines various SIC 2 digit sectors.

Seventeen LEFM sectors are forecast to have an LQ>1.0 and more than 1,000 jobs in 2033. Of these, nine are forecast to have a GVA per worker greater than the median for all LEFM sectors in 2033. The median for all sectors in 2033 is £66,000. Where LEFM sectors form part of key sectors, this is indicated in *italic text*.

Forecast GVA per worker in 2033	
Sector	**Forecast GVA per worker (£)**
Pharmaceuticals	209,505
Electronics (*Advanced Manufacturing*)	163,291
Real estate	131,356
Water sewerage & waste (*Environmental Goods & Services*)	107,428
Financial & insurance (*Financial Services and Insurance*)	100,610
Electrical equipment (*Advanced Manufacturing*)	86,957
Printing & recording (*part in Creative Industries*)	69,260
Other services	66,820
Retail trade (*Retail*)	66,584
Source: Dorset County Council analysis using Cambridge Econometrics LEFM data	

A1.5.2 Forecast future GVA per worker in the key sectors

GVA per worker in 2033 in the key sectors. This is calculated using the weighted composition of each existing key sector.

Forecast GVA per worker in 2033	
Sector	**Forecast GVA per worker (£)**
ABOVE MEDIAN	
Advanced Manufacturing	107,522
Food and Drink	106,538
Financial Services and Insurance	100,610
Creative Industries	76,810
BELOW MEDIAN	
Retail	63,417
Environmental Goods and Services	58,152
Construction	52,660
Care Sector	43,243

Forecast GVA per worker in 2033	
Sector	**Forecast GVA per worker (£)**
Tourism and Leisure	32,274
Source: Hardisty Jones Associates analysis using Dorset County Council analysis using Cambridge Econometrics LEFM data	

Only four of the existing key sectors have (national) productivity above the median for all sectors.

Appendix 2: Pay

A2.1 Introduction

Data is derived from the ONS Annual Survey of Hours and Earnings. Caution: This is national data so should only be used for making comparisons between sectors rather than using the absolute data. Sector level data is not available at the Dorset level.

A2.2 Annual pay

Data for 82 out of the 88 2-digit SIC sectors is available. UK data is used as a proxy for the Dorset LEP area. We have used median rather than mean annual pay, as the latter may be skewed by particularly high outlying figures in some sectors.

The mean average pay (for 82 sectors) is £26,500. The median pay (of 82 sectors) is £26,100. Forty-one sectors had pay greater than the median.

Median annual pay by SIC 2 digit sector	
Sector	**Median annual pay (£ per annum)**
06 : Extraction of crude petroleum and natural gas	62,300
12 : Manufacture of tobacco products	51,500
19 : Manufacture of coke and refined petroleum products	50,100
09 : Mining support service activities	40,400
60 : Programming and broadcasting activities	39,000
63 : Information service activities	38,700
21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations	36,500
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	36,300
72 : Scientific research and development	36,200
35 : Electricity, gas, steam and air conditioning supply	36,200
62 : Computer programming, consultancy and related activities	36,100
05 : Mining of coal and lignite	35,200
61 : Telecommunications	34,700
64 : Financial service activities, except insurance and pension funding	34,600
51 : Air transport	33,800
66 : Activities auxiliary to financial services and insurance activities	33,700
24 : Manufacture of basic metals	33,100
37 : Sewerage	31,900
11 : Manufacture of beverages	31,700
71 : Architectural and engineering activities; technical testing and analysis	31,400
33 : Repair and installation of machinery and equipment (*parts of this are in Advanced Manufacturing*)	31,200
65 : Insurance, reinsurance and pension funding, except compulsory social security	31,200
36 : Water collection, treatment and supply	31,000
26 : Manufacture of computer, electronic and optical products	30,800
20 : Manufacture of chemicals and chemical products	30,500

Median annual pay by SIC 2 digit sector	
Sector	**Median annual pay (£ per annum)**
29 : Manufacture of motor vehicles, trailers and semi-trailers (*Advanced Manufacturing*)	30,500
42 : Civil engineering	29,800
28 : Manufacture of machinery and equipment n.e.c. (*Advanced Manufacturing*)	29,600
08 : Other mining and quarrying	29,400
73 : Advertising and market research	28,500
84 : Public administration and defence; compulsory social security	28,400
52 : Warehousing and support activities for transportation	28,200
41 : Construction of buildings	27,600
58 : Publishing activities	27,300
50 : Water transport	27,100
95 : Repair of computers and personal and household goods	27,000
69 : Legal and accounting activities	26,900
70 : Activities of head offices; management consultancy activities	26,900
23 : Manufacture of other non-metallic mineral products	26,500
43 : Specialised construction activities	26,200
17 : Manufacture of paper and paper products	26,200
Source: Annual Survey of Hours and Earnings	

A2.3 Annual pay in sectors with more than 1,000 employees and LQ greater than 1.0

Nine sectors have more than 1,000 employees in Dorset, a Location Quotient greater than 1.0 in Dorset and (national) higher pay greater than the median for all sectors.

Median annual pay by SIC 2 digit sector			
Sector	**Median annual pay (£ per annum)**	**Employment**	**Location Quotient**
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	36,300	3,700	2.6
64 : Financial service activities, except insurance and pension funding (*Financial Services and Insurance*)	34,600	7,400	1.3
66 : Activities auxiliary to financial services and insurance activities (*Financial Services and Insurance*)	33,700	5,900	1.2
33 : Repair and installation of machinery and equipment (*Advanced Manufacturing*)	31,200	2,900	2.2
26 : Manufacture of computer, electronic and optical products (*Advanced Manufacturing*)	30,800	2,100	1.5
20 : Manufacture of chemicals and chemical	30,500	1,400	1.4

Median annual pay by SIC 2 digit sector			
Sector	Median annual pay (£ per annum)	Employment	Location Quotient
products			
28 : Manufacture of machinery and equipment n.e.c. (*Advanced Manufacturing*)	29,600	2,500	1.3
41 : Construction of buildings (*Construction*)	27,600	5,100	1.1
43 : Specialised construction activities (*Construction*)	26,200	10,200	1.2

Of these 2-digit SIC sectors, only the manufacture of chemicals and chemical products is not in one of the key sectors.

A2.4 Median annual pay in the existing key sectors

Notional median pay is based on the weighted composition of each key sector. Five of the nine key sectors have a notional median pay greater than the median pay for all sectors.

Median annual pay in the existing key sectors	
Key sector	**Notional median pay (£ per annum)**
GREATER THAN MEDIAN PAY	
Financial Services and Insurance	34,000
Creative Industries	32,000
Advanced Manufacturing	30,900
Environmental Goods and Services	30,200
Construction	27,000
LESS THAN MEDIAN PAY (ALL SECTORS)	
Food and Drink	22,000
Retail	15,300
Tourism and Leisure	13,800
Care Sector	12,600
Source: Hardisty Jones Associates analysis based on the Annual Survey of Hours and Earnings	

Appendix 3: Growth Potential

A3.1 Introduction

In this appendix we consider the growth potential of the sectors in the Dorset, taking account of both recent historic growth and forecast future growth.

A3.2 Recent historic growth in 2 digit SIC sectors

Eighteen sectors (out of 88 2-digit SIC sectors) saw an increase of employment greater than 500 jobs over the period 2009 to 2014.

Recent growth in employment in SIC 2 digit sectors			
Sector	**Employment in 2009**	**Employment in 2014**	**Change**
87 : Residential care activities (*Care*)	9,478	13,588	4,110
68 : Real estate activities	4,783	8,446	3,663
78 : Employment activities	5,149	8,721	3,572
69 : Legal and accounting activities	4,657	6,293	1,636
93 : Sports activities and amusement and recreation activities (*Leisure and Tourism*)	5,215	6,830	1,615
82 : Office administrative, office support and other business support activities	1,918	3,395	1,477
43 : Specialised construction activities (*Construction*)	8,876	10,154	1,278
13 : Manufacture of textiles	546	1,454	908
62 : Computer programming, consultancy and related activities (*Creative Industries*)z	4,622	5,528	906
66 : Activities auxiliary to financial services and insurance activities (*Financial Services and Insurance*)	5,117	5,924	807
71 : Architectural and engineering activities; technical testing and analysis (*Creative Industries*)	4,155	4,953	798
55 : Accommodation (*Tourism and Leisure*)	9,349	10,068	719
70 : Activities of head offices; management consultancy activities	5,416	6,078	662
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	12,425	13,073	648
79 : Travel agency, tour operator and other reservation service and related activities	477	1,107	630
77 : Rental and leasing activities (*Tourism and Leisure*)	1,256	1,835	579
74 : Other professional, scientific and technical activities	1,363	1,868	505

Recent growth in employment in SIC 2 digit sectors			
Sector	Employment in 2009	Employment in 2014	Change
(*Creative Industries*)			
Source: Hardisty Jones Associates analysis using data from BRES, 2014			

A3.3 Largest percentage growth

In this section we have looked at sectors with more than 1,000 jobs in 2014 and a Location Quotient greater than 1.0, as these are more significant to the local economy.

The average growth across the economy over the period was 0.5%. Seventeen sectors with more than 1,000 jobs in 2014 and a Location Quotient greater than 1.0 had experienced positive growth (i.e. more than the average of 0.5% growth), over the period from 2009 to 2014. These are listed below.

Recent percentage growth in employment in SIC 2 digit sectors				
Sector	Employment in 2009	Employment in 2014	Growth	Percentage growth
13 : Manufacture of textiles	546	1,454	908	166%
79 : Travel agency, tour operator and other reservation service and related activities	477	1,107	630	132%
68 : Real estate activities	4,783	8,446	3,663	77%
20 : Manufacture of chemicals and chemical products	958	1,434	476	50%
77 : Rental and leasing activities (*part in Tourism and Leisure*)	1,256	1,835	579	46%
87 : Residential care activities (*Care*)	9,478	13,588	4,110	43%
93 : Sports activities and amusement and recreation activities (*Tourism and Leisure*)	5,215	6,830	1,615	31%
27 : Manufacture of electrical equipment (*Advanced Manufacturing*)	1,325	1,660	335	25%
28 : Manufacture of machinery and equipment n.e.c. (*Advanced Manufacturing*)	2,110	2,503	393	19%
66 : Activities auxiliary to financial services and insurance activities (*Financial Services and Insurance*)	5,117	5,924	807	16%
43 : Specialised construction activities (Construction)	8,876	10,154	1,278	14%
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	3,296	3,673	377	11%
33 : Repair and installation of machinery and equipment (*part in Advanced Manufacturing*)	2,689	2,907	218	8%
55 : Accommodation	9,349	10,068	719	8%

Recent percentage growth in employment in SIC 2 digit sectors				
Sector	**Employment in 2009**	**Employment in 2014**	**Growth**	**Percentage growth**
(*Tourism and Leisure*)				
26 : Manufacture of computer, electronic and optical products (*Advanced Manufacturing*)	1,994	2,134	140	7%
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	12,425	13,073	648	5%
32 : Other manufacturing (*part in Advanced Manufacturing*)	1,198	1,231	33	3%
Source: ONS Business Register and Employment Survey				

A3.4 Existing key sectors

Five of the key sectors have seen growth between 2009 and 2014, whereas four have seen decline. Negative number are shown in brackets in red text.

Change in employment in existing key sectors				
Sector	**Employment in 2009**	**Employment in 2014**	**Change**	**Percentage change**
Care Sector	6,710	13,145	6,435	96%
Tourism and Leisure	24,228	27,010	2,782	11%
Creative Industries	7,673	8,876	1,203	16%
Environmental Goods and Services	6,021	7,133	1,112	18%
Advanced Manufacturing	10,543	11,592	1,049	10%
Financial Services and Insurance	14,463	14,322	(141)	-1%
Food and Drink	4,424	2,853	(1,571)	-36%
Construction	18,358	16,677	(1,681)	-9%
Retail	52,842	48,655	(4,187)	-8%
Source: Hardisty Jones Associates using BRES 2014 data and University of Exeter sector definitions				

It is possible to model the future forecast growth in the existing key sectors. However, within the scope and resources of this desk-based study we have not done this.

A3.5 Forecast Future Employment Growth

A3.5.1 Future forecast growth in employment

According to work undertaken by Dorset County Council, based on data from the Cambridge Econometrics LEFM, fourteen LEFM sectors are forecast to grow by 500 or more jobs between 2013 and 2033.

Forecast growth in employment in LEFM sectors

Sector	Jobs in 2013	Forecast jobs in 2033	Change
Construction (*Construction*)	28,200	45,700	17,500
Residential & social (*Care*)	23,900	32,200	8,300
Business support services (*part in Tourism and Leisure*)	15,300	22,200	6,900
Food & beverage services (*part in Tourism and Leisure*)	16,300	22,400	6,100
Financial & insurance (*Financial Services and Insurance*)	20,000	24,200	4,200
Other manufacturing & repair (*Advanced Manufacturing*)	2,900	6,300	3,400
Health	24,200	27,400	3,200
Accommodation (*Tourism and Leisure*)	6,300	8,900	2,600
Other services	10,300	12,100	1,800
Recreational services (*Tourism and Leisure*)	8,900	10,500	1,600
Other professional services (*part in Creative Industries, part in Environmental Goods and Services*)	3,800	5,300	1,500
IT services (*part in Creative Industries*)	7,600	8,800	1,200
Education	31,800	32,600	800
Other transport equipment (*Advanced Manufacturing*)	3,000	3,500	500
Source: Hardisty Jones Associates analysis using data from Dorset County Council, based on CE LEFM			

A3.5.2 Forecast employment growth in key sectors

There is average forecast growth across the whole Dorset LEP area economy of 14%. Six of the key sectors are forecast to see growth in employment, and three are forecast to see decline over the period to 2033.

Modelled growth in the key sectors		
Sector	**Forecast change 2013-33**	**Percentage**
GROWING		
Construction	10,324	62%
Tourism and Leisure	8,217	31%
Care Sector	4,606	35%
Financial Services and Insurance	2,955	21%
Environmental Goods and Services	1,194	18%
Creative Industries	682	9%
DECLINING		
Food and Drink	(591)	(25%)
Advanced Manufacturing	(643)	(6%)
Retail	(3,027)	(6%)

Source: Hardisty Jones Associates analysis using Dorset County Council forecasts based on Cambridge Econometrics LEFM

Appendix 4: Other Measures of the Sustainability of Sectors

A4.1 Introduction

As well as the data discussed in the previous appendices, useful measures of sustainability are the degree to which Dorset is specialised in certain sectors, and their size and therefore importance in the local economy.

A4.2 Specialisation in Sectors

A4.2.1 Introduction

The degree to which the Dorset LEP area economy has a specialism in a sector can be measured using a Location Quotient. A Location Quotient compares the concentration of employment in a sector in the Dorset LEP area 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, and a Location Quotient less than 1.0 shows a lower concentration than the national average.

A4.2.2 Specialisation by 2 digit SIC sectors

Thirty three 2-digit SIC sectors have a Location Quotient greater than 1.0. 28 of these have a Location Quotient of 1.1 or greater.

BRES 2 digit SIC sectors with a Location Quotient greater than 1.0				
Sector	**Employment**	**Percentage of total employment in Dorset LEP**	**Percentage of total employment in GB**	**Location Quotient**
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	3,673	1.1%	0.4%	2.56
13 : Manufacture of textiles	1,454	0.4%	0.2%	2.23
33 : Repair and installation of machinery and equipment (*parts in Advanced Manufacturing*)	2,907	0.9%	0.4%	2.21
55 : Accommodation (*Tourism and Leisure*)	10,068	3.1%	1.5%	2.06
27 : Manufacture of electrical equipment (*Advanced Manufacturing*)	1,660	0.5%	0.3%	1.93
87 : Residential care activities (*Care*)	13,588	4.2%	2.5%	1.66
26 : Manufacture of computer, electronic and optical products (*Advanced Manufacturing*)	2,134	0.7%	0.4%	1.55
96 : Other personal service activities	4,771	1.5%	1.0%	1.47
93 : Sports activities and amusement and recreation activities (*Tourism and Leisure*)	6,830	2.1%	1.4%	1.45

BRES 2 digit SIC sectors with a Location Quotient greater than 1.0				
Sector	**Employment**	**Percentage of total employment in Dorset LEP**	**Percentage of total employment in GB**	**Location Quotient**
68 : Real estate activities	8,446	2.6%	1.8%	1.45
32 : Other manufacturing (*part in Advanced Manufacturing*)	1,231	0.4%	0.3%	1.40
20 : Manufacture of chemicals and chemical products	1,434	0.4%	0.3%	1.35
28 : Manufacture of machinery and equipment n.e.c. (*Advanced Manufacturing*)	2,503	0.8%	0.6%	1.31
50 : Water transport (*Tourism and Leisure*)	267	0.1%	0.1%	1.30
64 : Financial service activities, except insurance and pension funding (*Financial Services*)	7,391	2.3%	1.8%	1.29
25 : Manufacture of fabricated metal products, except machinery and equipment	4,230	1.3%	1.0%	1.29
02 : Forestry and logging	226	0.1%	0.1%	1.26
75 : Veterinary activities	698	0.2%	0.2%	1.24
43 : Specialised construction activities (*Construction*)	10,154	3.1%	2.5%	1.24
66 : Activities auxiliary to financial services and insurance activities (*Financial Services*)	5,924	1.8%	1.5%	1.22
16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	953	0.3%	0.2%	1.19
56 : Food and beverage service activities (*part in Tourism and Leisure*)	21,358	6.6%	5.6%	1.18
91 : Libraries, archives, museums and other cultural activities (*part in Tourism and Leisure*)	1,221	0.4%	0.3%	1.16
11 : Manufacture of beverages (*Food and Drink*)	484	0.1%	0.1%	1.14
41 : Construction of buildings (*Construction*)	5,056	1.6%	1.4%	1.10
77 : Rental and leasing activities (*part in Tourism and Leisure*)	1,835	0.6%	0.5%	1.10
47 : Retail trade, except of motor vehicles and motorcycles (*Retail*)	35,582	11.0%	10.0%	1.09
79 : Travel agency, tour operator and other reservation service and related activities	1,107	0.3%	0.3%	1.05
88 : Social work activities without	10,742	3.3%	3.2%	1.05

BRES 2 digit SIC sectors with a Location Quotient greater than 1.0				
Sector	**Employment**	**Percentage of total employment in Dorset LEP**	**Percentage of total employment in GB**	**Location Quotient**
accommodation				
86 : Human health activities	25,256	7.8%	7.4%	1.05
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	13,073	4.0%	4.0%	1.01
85 : Education	29,317	9.0%	8.9%	1.01
36 : Water collection, treatment and supply (*Environmental Goods and Services*)	366	0.1%	0.1%	1.01
Source: Hardisty Jones Associates analysis using data from BRES, 2014				

A4.2.3 Specialisation in reasonably sized sectors

However, if we concentrate on the sectors with more than 1% of total employment in the Dorset LEP area, this reduces the list to 17 sectors with a Location Quotient greater than 1.0.

BRES 2 digit SIC sectors with employment greater than 1% and a Location Quotient greater than 1.0				
Sector	**Employment**	**Percentage of total employment in Dorset LEP**	**Percentage of total employment in GB**	**Location Quotient**
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	3,673	1.1%	0.4%	2.56
55 : Accommodation (*Tourism and Leisure*)	10,068	3.1%	1.5%	2.06
87 : Residential care activities (*Care*)	13,588	4.2%	2.5%	1.66
96 : Other personal service activities	4,771	1.5%	1.0%	1.47
93 : Sports activities and amusement and recreation activities (*Tourism and Leisure*)	6,830	2.1%	1.4%	1.45
68 : Real estate activities	8,446	2.6%	1.8%	1.45
64 : Financial service activities, except insurance and pension funding (*Financial Services and Insurance*)	7,391	2.3%	1.8%	1.29
25 : Manufacture of fabricated metal products, except machinery and equipment	4,230	1.3%	1.0%	1.29
43 : Specialised construction activities (*Construction*)	10,154	3.1%	2.5%	1.24

BRES 2 digit SIC sectors with employment greater than 1% and a Location Quotient greater than 1.0				
Sector	**Employment**	**Percentage of total employment in Dorset LEP**	**Percentage of total employment in GB**	**Location Quotient**
66 : Activities auxiliary to financial services and insurance activities (*Financial Services and Insurance*)	5,924	1.8%	1.5%	1.22
56 : Food and beverage service activities (*part in Tourism and Leisure*)	21,358	6.6%	5.6%	1.18
41 : Construction of buildings (*Construction*)	5,056	1.6%	1.4%	1.10
47 : Retail trade, except of motor vehicles and motorcycles (*Retail*)	35,582	11.0%	10.0%	1.09
88 : Social work activities without accommodation	10,742	3.3%	3.2%	1.05
86 : Human health activities	25,256	7.8%	7.4%	1.05
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	13,073	4.0%	4.0%	1.01
85 : Education	29,317	9.0%	8.9%	1.01
Source: Hardisty Jones Associates analysis using data from BRES, 2014				

A4.2.4 Existing key sectors

Six of the nine existing key sectors have a Location Quotient greater than 1.0. Three sectors: Care, Advanced Manufacturing and Tourism & Leisure are particularly well represented in Dorset.

Location Quotient of the existing key sectors				
Sector	**Employment**	**Percentage of total employment in Dorset LEP**	**Percentage of total employment in GB**	**Location Quotient**
Care Sector	13,145	4.0	2.5	1.6
Advanced Manufacturing	11,592	3.6	2.4	1.5
Tourism and Leisure	27,010	8.1	5.7	1.4
Financial Services and Insurance	14,322	4.4	3.6	1.2
Construction	16,677	5.1	4.6	1.1
Retail	48,655	15.0	14.0	1.1
Environmental Goods and Services	7,133	2.3	2.9	0.8
Creative Industries	8,876	2.7	4.0	0.7
Food and Drink	2,853	0.9	14.0	0.3
Source: Hardisty Jones Associates using BRES 2014 data and University of Exeter sector definitions				

A4.3 Size of sectors

A4.3.1 Size of sectors by 2 digit SIC sectors

The size of the sectors, measured by number of employees, is used as an indicator of the importance of each sector to the Dorset LEP area economy. A further step would be to consider the supply chains of sectors, to get a better measure of their overall importance to the economy. However, this has not been possible within the scope of this desk-based study.

Dorset has BRES total employment of 324,895 in 2014.

27 sectors each employ more than 1% of the total employment in the Dorset LEP area (i.e. more than 3,250 people). These are listed below. Retail is the largest 2 digit SIC sector in Dorset with nearly 11% of total employment, and wholesale trade also features as the seventh largest sector. Wholesale and retail of motor vehicles is also a large sector. Together these sectors employ over 54,000 people and account for nearly 17% of the Dorset LEP area economy. There are then a group of primarily public sectors, including education, health, care and public administration that jointly account for over 28% of the economy (albeit that parts of these sectors may be in the private rather than public sector). Ranking amongst these is food and beverage service activities which includes restaurants, cafes, take-aways, clubs and pubs, so plays an important part of the leisure and tourism role of the Dorset LEP area, along with accommodation which employs over 10,000 people, and sports, amusement and recreation activities which employs nearly 7,000. Together these two 2 digit SIC sectors employ over 38,000 people or nearly 12% of the Dorset economy. Financial, legal, accounting, related sectors and headquarters functions employ over 25,000 people or just under 8% of total employment in the Dorset LEP area. Construction and related sectors are similar in scale.

The two largest manufacturing sectors are the manufacture of fabricated metal products which employs over 5,000 people and the manufacture of other transport equipment which employs over 3,000 people.

BRES 2 digit sectors with more than 1% of total employment		
Sector	**Employment 2014**	**Percentage of total**
47 : Retail trade, except of motor vehicles and motorcycles (*Retail*)	35,582	11%
85 : Education	29,317	9%
86 : Human health activities	25,256	8%
56 : Food and beverage service activities (*part in Tourism and Leisure*)	21,358	7%
87 : Residential care activities (*Care*)	13,588	4%
84 : Public administration and defence; compulsory social security	13,316	4%
46 : Wholesale trade, except of motor vehicles and motorcycles (*Retail*)	13,073	4%
88 : Social work activities without accommodation	10,742	3%
43 : Specialised construction activities (*Construction*)	10,154	3%

BRES 2 digit sectors with more than 1% of total employment		
Sector	**Employment 2014**	**Percentage of total**
55 : Accommodation (*Tourism and Leisure*)	10,068	3%
78 : Employment activities	8,721	3%
68 : Real estate activities	8,446	3%
64 : Financial service activities, except insurance and pension funding (*Financial Services and Insurance*)	7,391	2%
93 : Sports activities and amusement and recreation activities (*part in Leisure and Tourism*)	6,830	2%
69 : Legal and accounting activities	6,293	2%
70 : Activities of head offices; management consultancy activities	6,078	2%
66 : Activities auxiliary to financial services and insurance activities (*Financial Services and Insurance*)	5,924	2%
45 : Wholesale and retail trade and repair of motor vehicles and motorcycles	5,847	2%
62 : Computer programming, consultancy and related activities (*Creative Industries*)	5,528	2%
41 : Construction of buildings (*Construction*)	5,056	2%
71 : Architectural and engineering activities; technical testing and analysis (*Creative Industries*)	4,953	2%
96 : Other personal service activities	4,771	1%
81 : Services to buildings and landscape activities	4,526	1%
49 : Land transport and transport via pipelines	4,252	1%
25 : Manufacture of fabricated metal products, except machinery and equipment	4,230	1%
30 : Manufacture of other transport equipment (*Advanced Manufacturing*)	3,673	1%
82 : Office administrative, office support and other business support activities	3,395	1%
Source: ONS Business Register and Employment Survey		

A further 21 sectors employ more than 1,000 people

A4.3.3 Existing key sectors

The existing key sectors account for 46% of total employment in the Dorset LEP area. Retail is significantly larger than any of the other existing key sectors, and is followed by Tourism & Leisure and then Construction. All but one account for more than 1% of the total employment in the Dorset LEP area.

Total employment in existing key sectors		
Sector	**Employment**	**Percentage of total**
Retail	48,655	15.0
Tourism and Leisure	27,010	8.1
Construction	16,677	5.1

Total employment in existing key sectors		
Sector	**Employment**	**Percentage of total**
Financial Services and Insurance	14,322	4.4
Care Sector	13,145	4.0
Advanced Manufacturing	11,592	3.6
Creative Industries	8,876	2.7
Environmental Goods and Services	7,133	2.3
Food and Drink	2,853	0.9
Source: Hardisty Jones Associates using BRES 2014 data and University of Exeter sector definitions		

Appendix 5: Review of Existing Key Sectors

Sector	GVA per worker		Pay	Growth in employment		LQ	Size	Notional Score
	GVA per worker above national median in 2014	Forecast GVA per worker above national median in 2033	Pay above national median	Growth in employment 2009-2014	Forecast growth in employment 2013-2033	Location Quotient greater than 1.0	Employment more than 1% of Dorset total	
Advanced Manufacturing	✓	✓	✓	✓		✓	✓	6
Care Sector				✓	✓	✓	✓	4
Construction	✓		✓		✓	✓	✓	5
Creative Industries	✓	✓		✓	✓		✓	5
Environmental Goods and Services	✓		✓	✓	✓		✓	5
Financial Services and Insurance	n/a	✓	✓		✓	✓	✓	6
Food and Drink		✓						1
Retail						✓	✓	2
Tourism and Leisure				✓	✓	✓	✓	4

4.1 Advanced manufacturing

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
26 : Manufacture of computer, electronic and optical products	2,100
27 : Manufacture of electrical equipment	1,700
28 : Manufacture of machinery and equipment n.e.c.	2,500
29 : Manufacture of motor vehicles, trailers and semi-trailers	200
30 : Manufacture of other transport equipment	3,700
325 : Manufacture of medical and dental instruments and supplies	500
3313 : Repair of electronic and optical equipment	Less than 100
3316 : Repair and maintenance of aircraft and spacecraft	900
TOTAL	11,600

The sub-sectors included in Advanced Manufacturing are 'advanced' because: "*they include significant numbers of enterprises that: make intensive use of capital or knowledge; have high levels of R&D and technology expenditure; require strong specialist skills, particularly in science and technology; and are more likely to compete nationally or internationally*".

Employment in the sector is concentrated in Christchurch, Purbeck, Poole and East Dorset. The Dorset LEP area has a number of established businesses in the Aerospace and Advanced Manufacturing sector, including BAE and Siemens. This is a globally traded sector, and a UK Government priority. We want to increase the value and size of the sector in the Dorset LEP area, building on the businesses that are already here. Bournemouth Airport will be a significant growth location for this sector, with supply chain relationships throughout the Dorset LEP area and beyond.

Advanced manufacturing was identified as a national priority sector in 2012.

Most manufacturing sectors are forecast to decline in employment from 2013 to 2033.

Future employment demand will comprise both expansion demand and replacement demand.

4.1.1 Drivers of growth

Sector insights: skills and performance challenges in the advanced manufacturing sector, UKCES (June 2015), p.8-11

Advanced manufacturing is widely-reported to be an area of significant potential growth for the UK economy (UKCES, 2013; BIS 2010a). There are a number of key drivers shaping the performance of the sector:

- Translating innovation into growth;
- Increasing investment in Research and Development;
- Meeting low carbon policies and legislation;
- Maximising export opportunities; and
- Potentially transformative enabling technologies.

Aerospace and Defence Insights: Accelerating global growth, Price Waterhouse Coopers (2010), p.2

- Decline in political and economic barriers to trade;
- Growth in foreign direct investment (FDI);
- Improvements in electronics/computing technology and telecommunications; and
- Improvements in transportation.

The Future of Civil Aerospace, KPMG (June 2013)

The UK civil aerospace sector is in a strong position to benefit from significant growth in global aircraft demand.

- The expected surge of demand for fixed wing aircraft and helicopters is being led by high-growth economies from Asia, the Middle East and South America.
- Innovation is being driven by increasing investment in civil R&T
- Academia and industry are working in tandem to drive cutting-edge research into new technologies.
- Need for increased productivity and reduced cost;
- Quality improvement (100% on-time-in-full); and
- Evolving MRO needs (e.g. composite part repair).

4.2 Care

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
871 : Residential nursing care activities	3,300
8730 : Residential care activities for the elderly and disabled	6,200
8810 : Social work activities without accommodation for the elderly and disabled	3,600
TOTAL	13,100

This sector has grown significantly, and is expected to continue to grow in the future, driven by the increasing size of the population aged 65+. The sector is defined as: residential nursing care activities; residential care activities for the elderly and disabled; and social work activities without accommodation for the elderly/disabled.

The sector report in 2013 states that there were 499 establishments providing social care in the Dorset LEP area. Of these: 31% were Care Homes without Nursing; 10.5% were Care Homes with Nursing; 13.5% were providers of Domiciliary Care; and 12.5% were providers of Adult Community Care. The sector report suggests that there will be substantial growth in employment in Adult Social Care in the Dorset LEP area in the future.

4.2.1 Drivers of growth

Sector insights: skills and performance challenges in the health and social care sector, UKCES (May 2015), p.12

- Demographic change (increased demand for care);
- Social and political factors (including the push for resource efficiency);

- Technology and innovation (advances in treatments and opportunities for patients manage their own health); and
- Growing patient and service user expectations.

Analysis of UK long term care market, Technology Strategy Board, p.36

The long term care market will benefit from various demand factors, mainly:

- Ageing population trends;
- Changing demographics;
- Sources of funding and expenditure;
- Consumer trends, technology trends; and
- Political trends and regulation trends.

4.3 Construction

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
41 : Construction of buildings	5,000
42 : Civil engineering	1,500
43 : Specialised construction activities	10,200
TOTAL	16,700

With some exceptions, businesses in the Construction sector tend to be small, and there is a high rate of self-employment – at over three times the average rate of self-employment in the whole economy.

A large proportion of employment in Construction is in skilled trades occupations, and very little in elementary occupations. The sector is expected to grow, creating expansion demand for labour, but replacement demand for those who are leaving the workforce is much higher. It is suggested that over the ten years from 2010 to 2020, total recruitment need is equal to around 60% of the current workforce.

Employment in the Construction sector is highly cyclical, and dependent on the national economic cycle. Modern methods of construction are changing the demand for skills in the sector.

4.3.1 Drivers of growth

Sector Skills Insights: Construction, UKCES (July 2012), p.vi-vii

The construction sector is a key sector for the UK economy. Drivers of growth include:

- Access to foreign markets and increased export activity;
- People and skills (evidence on qualifications is positive, showing increasing proportions of individuals with higher level qualifications); and
- Supply chain development (The construction industry has a large supply chain, almost all of which is sourced within the UK).

Construction 2030 and Beyond: The Future of Jobs and Skills in the UK Construction Sector, CITB (June 2015), p.3

The construction sector is back. Total output is now close to its 2008 level, the start of the great financial crash. The number of jobs in the industry has reached 2.1m, nearly 100,000 more than two years ago and levels not seen before summer 2010.

- Economy: the construction industry is sensitive to the level of economic growth and is vulnerable to a cyclical economy.
- Market Sector Conditions: the level of activity in each of the main market sectors of the industry – defined for this research as new housing, new building, infrastructure and repair & maintenance – will have a significant impact on training needs as each has its own requirements for skills.
- Demography and Migration: the population in Britain is growing and changing rapidly, causing demand for infrastructure, homes and public buildings. The population is becoming more diverse. Immigration has recently become important to the construction industry in supplying labour.
- Sustainability: the issues of climate change and carbon mitigation and adaption are important as source of work and employment.
- Technology and Innovation: changes in technology have the possibility of significantly changing the industry. They are primarily digital technology – notably building information modelling (BIM) – and off-site construction processes.
- Business Model - Direct Employment: a significant change within the industry over the past decade has been the shift from direct employment to self-employment and sub-contracting.

4.4 Creative industries

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
59 : Motion picture, video and television programme production, sound recording and music publishing activities	600
60 : Programming and broadcasting activities	Less than 100
90 : Creative, arts and entertainment activities	600
182 : Reproduction of recorded media	Less than 100
741 : Specialised design activities	500
742 : Photographic activities	200
5811 : Book publishing	100
5813 : Publishing of newspapers	300
5814 : Publishing of journals and periodicals	300
5819 : Other publishing activities	100
5821 : Publishing of computer games	*
5829 : Other software publishing	Less than 100
6201 : Computer programming activities	900
6202 : Computer consultancy activities	3,400
6391 : News agency activities	*
7111 : Architectural activities	900
7311 : Advertising agencies	800
7312 : Media representation	Less than 100
TOTAL	8,900

There are a large number of freelance workers in the Creative sector. Digital and Creative Industries were identified by national Government as a priority sector for growth. The review of the sector in the Dorset LEP area[8] states (p.9) that the sector is: "… *diffuse with no clear concentrations of specialised activity in particular geographic areas. There is some evidence of some clustering in the urban centres of Bournemouth and Poole, with some concentration of activity in software, computer games and electronic publishing in these locations. However, this clustering effect is, as yet, nascent and not well developed*."

4.4.1 Drivers of growth

Sector insights: skills and performance challenges in the digital and creative sector, UKCES (June 2015), p.75-82

The UK digital and creative sector has grown rapidly in recent years. It contributes almost nine per cent of total UK GVA and employs 2.1 million people. Digitisation of the wider economy is driving extremely strong demand for digital services, and the recent widening of tax relief has stimulated very strong growth in certain areas of the creative industries.

- Continued rapid technological change
- Economy-wide digitisation
- Increasing risk of cyber threats
- Convergence of content across platforms
- Mobile and cloud computing
- Big data
- Increased automation of routine tasks
- Social media
- New business models and collaborative platforms
- Tax incentives
- Population ageing
- 'Digital natives'
- Globalisation

UK Creative Industries – International Strategy: Driving global growth for the UK creative industries, UK Trade & Investment (June 2014), p.2

From film to fashion, games to software, music to media, advertising to architecture, the UK's £71 billion creative sector is one of the UK's most important industries, driving economic growth and supporting jobs across England, Northern Ireland, Scotland and Wales. The value of the sector increased by 15.6 percent between 2008 and 2012, compared with an increase of 5.4 percent for the UK economy as a whole.

The Creative Nation: A growth strategy for the UK's creative industries, CBI (January 2014), p.4

[8] University of Exeter/SLIM (2013) Dorset LEP: Creative Industries

In video games, the UK's games development sector contributes approximately £1 billion to UK GDP per annum. Globally the sector is projected to grow at an annual growth rate of 6.5% between 2012 and 2016.[6]

4.5 Environmental goods and services

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
36 : Water collection, treatment and supply	400
37 : Sewerage	200
381 : Waste collection	300
383 : Materials recovery	Less than 100
712 : Technical testing and analysis	300
749 : Other professional, scientific and technical activities n.e.c.	1,200
2712 : Manufacture of electricity distribution and control apparatus	300
7112 : Engineering activities and related technical consultancy	3,700
7219 : Other research and experimental development on natural sciences and engineering	600
TOTAL	7,100

Environmental Goods and Services is a broad and diverse sector which includes: some manufacturing; materials recovery; waste collection, treatment and supply; some engineering and technical consultancy; technical testing and analysis; sewerage; waste collection remediation acts; and other research and experimental development.

A recent estimate of the size of the 'environmental economy' in Dorset commissioned by Dorset County Council produced a range of estimates of the size of the sector, with a central estimate of £1.5 billion of GVA and 30,000 jobs i.e. around 10% of the size of the Dorset LEP area economy.

Future growth in the sector is largely driven by Government policy, both fiscal and regulatory. Changes in government policy (e.g. relating to subsidies for solar photo-voltaic) and locally specific decisions (e.g. regarding off-shore wind-farms) mean that there is some uncertainty about the future prospects of the sector.

4.5.1 Drivers of future growth

Skills for a green economy, DfBIS/DfECC/DEFRA (2011)

It is widely acknowledged that the green economy has a huge, long term potential in terms of both environmental stability and financial growth.

- Low carbon energy generation: the UK has 40% of Europe's wind resource. The nuclear industry is also well-placed to take advantage of the opportunities of increased demand for low carbon energy.
- Low carbon vehicles: the UK leads Europe in the manufacture and development of low emission vehicles.

4.6 Financial services and insurance

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
64 : Financial service activities, except insurance and pension funding	7,400
65 : Insurance, reinsurance and pension funding, except compulsory social security	1,000
66 : Activities auxiliary to financial services and insurance activities	5,900
TOTAL	14,300

Expansion driven demand for workers in the sector is forecast to be largely in higher level occupations. Replacement demand, also in higher level occupations, is expected to be around five times the level of expansion demand. Increased use of ICT in the sector means the need for more ICT-related skills in the future.

4.6.1 Drivers of future growth

Financial, Insurance and other Professional Services: Sector Skills Assessment, UKCES (November 2012), p.99-100

Financial intermediation is one of the largest sectors in the UK and has grown significantly faster than the rest of the economy in recent years. It has been identified by the UK government as a priority sector in terms of skills, jobs, growth and it is also of particular economic significance in providing support services to the wider economy. By 2008, the overall contribution of the Financial intermediation sector was £117 billion, accounting for nine percent of the UK economy. This represents the fourth largest GVA contribution across the economy.

- Demographic change: ageing population, older workers working longer;
- Environmental change: growing market in carbon trading;
- Economic and globalisation: development of new markets;
- Technological change: development of new technology systems and increased systems reliability

Financial Services Trade and Investment Board: annual report 2014-2015

As well as being a key service provider to businesses globally, the financial services sector is a significant asset to the UK economy. Financial services continues to make a large contribution to the UK economy.

4.7 Food and drink

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
01 : Crop and animal production, hunting and related service activities	300
03 : Fishing and aquaculture	100

10 : Manufacture of food products	1,900
11 : Manufacture of beverages	500
TOTAL	2,900

The sector covers farming, fishing and the manufacture of food products and beverages. Future employment in the sector is expected to decline, but there will still be a demand for replacement workers.

4.7.1 Drivers of future growth

High-level Skills for Food, Food Research Partnership Skills Sub-Group (January 2010), p.11

- Climate change
- Sustainability
- Increasing understanding around nutrition.

Driving Export Growth in the Farming, Food and Drink Sector, FDF/FDEA/UKT&I/DEFRA (2012)

Maximising the international trade opportunities for the agri-food and drink sector can be an engine for driving strong, sustainable growth in the UK economy. As an industry responsible for over 3.5 million jobs, we are committed to promoting the benefits of international trade.

The potential for continued growth in exports from the farming, food and drink sector is significant. 2010 saw the sixth consecutive year of growth in value.

The main drivers of growth will be:

- Emerging markets;
- Exports.

Lloyds Bank Research Series – Food and Drink: Investing for Growth, Lloyds (2015)

Food and drink manufacturers are continuing to generate fresh investment, innovation, export activity and job creation, making the sector a key driver in the UK's economic recovery. With a total turnover of £95.4bn in 2014, the industry remains the single largest manufacturing sector in the UK[1]. Food and drink manufacturers continue to buck a broader decline in total UK exports over the last 10 years[2] while the sector maintains its reputation as a world leader in improving the quality of its products, beating its sustainability targets and driving new product development.

The pace of job creation looks set to pick up further in the coming years too, with firms planning to create more net roles over the next five years, generating more than 73,000 new roles.

4.8 Retail

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
46 : Wholesale trade, except of motor vehicles and motorcycles	13,100
47 : Retail trade, except of motor vehicles and motorcycles	35,600

TOTAL	48,700

The future employment demand generated by forecast growth in the sector is less than one-tenth of the demand generated by the need to replace workers over the period from 2010 to 2020. The sector has traditionally recruited many young people.

4.8.1 Drivers of future growth

Sector insights: skills and performance challenges in the retail sector, UKCES (July 2015)

The retail sector has seen year on year growth since 2008, and contributed £90bn to the UK economy in 2014. The sector is dominated by small businesses, but large retailers make a significant contribution to the workforce size and economic performance of the sector.

Over three million workers were employed in the retail sector in 2013. The workforce is dominated by customer service assistants who account for almost half of the workforce. The total sector workforce is predicted to increase to 3.2 million people in 2020.

- Internet: in 2014 internet sales accounted for 11 per cent of all retail spending and by May 2015 this had risen to 12 per cent.
- More sophisticated programming languages.
- Extension of broadband services.
- Rapid take up of mobile devices.
- Logistics advancements.
- Higher customer expectations.

Specific technology available to retailers includes:

- Systems capable of recording vast amounts of customer and behaviour data such Point of Sale (POS) devices;
- Self-service check-outs;
- Robots to assist customers in finding products in store;
- 'Beacon' technologies providing information direct to customer's mobile devices (also enabling customer in-store tracking);
- 'Browse and order' hubs and virtual and augmented reality opportunities for retailers to showcase reviews and product videos.

4.9 Tourism and leisure

The composition of the elements of the sector can be seen in the figure below.

Sub-sector	Employment in 2014
55 : Accommodation	10,100
79 : Travel agency, tour operator and other reservation service and related activities	1,100
90 : Creative, arts and entertainment activities	600
501 : Sea and coastal passenger water transport	100
503 : Inland passenger water transport	Less than 100

511 : Passenger air transport	200
823 : Organisation of conventions and trade shows	500
931 : Sports activities	5,600
932 : Amusement and recreation activities	1,300
4939 : Other passenger land transport n.e.c.	500
7721 : Renting and leasing of recreational and sports goods	100
9102 : Museum activities	300
9103 : Operation of historical sites and buildings and similar visitor attractions	100
9104 : Botanical and zoological gardens and nature reserve activities	300
56101 : Licensed restaurants	6,300
77341 : Renting and leasing of passenger water transport equipment	Less than 100
77351 : Renting and leasing of passenger air transport equipment	Less than 100
TOTAL	27,000

This is a broad and diverse sector which includes Accommodation, food retail, transport, museums, leisure, entertainment and others. International education is not explicit in the sector definition.

Earnings in many of the sub-sectors are low, both in terms of overall earnings and earnings per hour worked. The biggest challenge facing the sector is the recruitment of high quality staff. Tourism is noted as providing employment opportunities for those on the fringes of the labour market. There is generally a high rate of staff turnover in the Tourism sector.

4.9.1 Drivers of future growth

Hospitality, tourism and sport sector: Sector Skills Assessment, UKCES (2012)

Hospitality, tourism and sport is set to grow at a faster rate than the economy as a whole (with a forecast 11 per cent increase in workforce size compared to five per cent for the period 2010 to 2020). Furthermore, the fastest growth is forecast in higher skilled occupations, with 32 per cent growth predicted in professional occupations, 26 per cent in associate professional and technical, 24 per cent in caring, leisure and other service occupations, and 19 per cent in managers, directors and senior officials.

Drivers of growth include:

- Migration: high levels of migrant employment in the sector;
- Environmental change: ‘green’ issues becoming more important to general public;
- Consumer preference: growing demand for local produce, holidaymakers more aware of pollution caused by air travel, less disposable income for travelling abroad;
- Technological change: online training, customer relationship management systems, management information systems, front of house technologies, food preparation and cooking technologies; and
- Increased healthy living awareness.

UK hotels forecast, PwC (2015)

PwC's latest UK hotels forecast predicts that UK hotels will continue to see further Revenue Per Available Room (RevPAR) growth in 2015 and 2016, with the strongest growth forecast for the Provinces (4.2%) rather than London (2.3%) which already operates at a very high level.

UK consumer spending and business investment will be the main growth drivers. Consumer spending growth is projected to be stronger than GDP, with consumers benefitting from low oil and food prices and positive real earnings growth. Robust consumer confidence also suggests people will be more willing to spend on leisure activities, supporting growth for hotels.

In general, demand continues to outpace supply growth but supply continues to increase and above average growth is expected in 2016.

UK casual dining market, PwC (December 2013)

- Consumer/lifestyle: eating out has become embedded in UK consumer behaviour. This has been a structural shift over the last c.20 years.
- Socio-demographic: greater number and proportion of more affluent and cash-rich/time-poor ABC1s, who are more likely to eat out, greater proportion of women in work and single person households may drive future growth.
- Improved proposition: The growth in casual dining chains has driven an improvement in variety of cuisine available, consistency and quality of offerings, the nature of informal propositions which cater to a wide range of eating out occasions.

Appendix 6: Other Parts of the Dorset Economy

Sector	GVA per worker		Pay	Growth in employment		LQ	Size	
	GVA per worker above national median in 2014	Forecast GVA per worker above national median in 2033	Pay above national median	Growth in employment 2009-2014	Forecast growth in employment 2013-2033	Location Quotient greater than 1.0	Employment more than 1% of Dorset total	
20: Manufacture of chemicals and chemical products	▯		▯	▯		▯		
68: Real estate activities	▯			▯		▯	▯	
21: Pharmaceuticals		▯				▯		
68: Real estate		▯				▯		
Other services: 94 : Activities of membership organisations 95 : Repair of computers and personal and household goods 96 : Other personal service		▯			▯	▯	▯	

Sector	GVA per worker		Pay	Growth in employment		LQ	Size	
	GVA per worker above national median in 2014	Forecast GVA per worker above national median in 2033	Pay above national median	Growth in employment 2009-2014	Forecast growth in employment 2013-2033	Location Quotient greater than 1.0	Employment more than 1% of Dorset total	
activities								
13 : Manufacture of textiles				✓		✓		
16 : Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials				✓				
82 : Office administrative, office support and other business support activities				✓			✓	
78 : Employment				✓			✓	Likely to be employment

Sector	GVA per worker		Pay	Growth in employment		LQ	Size	
	GVA per worker above national median in 2014	Forecast GVA per worker above national median in 2033	Pay above national median	Growth in employment 2009-2014	Forecast growth in employment 2013-2033	Location Quotient greater than 1.0	Employment more than 1% of Dorset total	
activities								agencies servicing other sectors
92 : Gambling and betting activities				✓				
69 : Legal and accounting activities				✓			✓	
70 : Activities of head offices; management consultancy activities				✓			✓	
75 : Veterinary activities				✓				
22 : Manufacture of rubber and plastic products				✓				
86 : Human health activities					✓	✓	✓	Mostly public sector

Sector	GVA per worker		Pay	Growth in employment		LQ	Size	
	GVA per worker above national median in 2014	Forecast GVA per worker above national median in 2033	Pay above national median	Growth in employment 2009-2014	Forecast growth in employment 2013-2033	Location Quotient greater than 1.0	Employment more than 1% of Dorset total	
85 : Education								Mostly public sector
25 : Manufacture of fabricated metal products, except machinery and equipment								
88 : Social work activities without accommodation								Mostly public sector
84 : Public administration and defence; compulsory social security								Mostly public sector
45 : Wholesale and retail trade and repair of motor vehicles and motorcycles								
81 : Services to buildings and								

Sector	GVA per worker		Pay	Growth in employment		LQ	Size	
	GVA per worker above national median in 2014	Forecast GVA per worker above national median in 2033	Pay above national median	Growth in employment 2009-2014	Forecast growth in employment 2013-2033	Location Quotient greater than 1.0	Employment more than 1% of Dorset total	
landscape activities								
49 : Land transport and transport via pipelines							✓	