Dorset Local Skills Report

Annex | Indicators

DORSET
Local Enterprise Partnership

Skills Advisory Panel and Board

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ANNEX A | Core Indicators

Local Landscape

Local Landscape - Summary

- Over the past decade (pre Covid-19) Dorset has experienced near-full employment and higher than the national rates of economic activity, but lower labour productivity and slightly lower rates of pay than England.

- Within this overall picture, there are pronounced geographical and gender differences in certain aspects of the labour market, and earnings in particular. There is an estimated higher than national gap in of women's earnings and areas with higher prevalence of jobs earning below the Living Wage (reaching 30 per cent in some geographies). Zero hour contracts incidence is also raising concerns around job quality and security in the current volatile job market.

- Having amongst the highest proportions of people in retirement age in the country and a below average proportion of young and working-age population, Dorset also faces a serious demographic challenge. The proportion of the population of working age is expected to shrink further over the coming years. Those entering retirement will create a significant challenge for succession planning. This 'replacement demand' is projected to be 5 times higher than the anticipated growth in 'new' jobs.

- The effects of the pandemic appear to have been more profound in coastal areas and areas of natural beauty such as Dorset due to the concentration of employment in sectors most affected by social and travel restrictions, such as tourism, leisure, accommodation, food, arts, recreation, entertainment and retail.

- There are also pockets of deprivation, with 15 (3%) of the smaller geographical areas in Dorset amongst the 10% most deprived nationally. The combination of urban, rural and coastal characteristics also brings unique challenges in terms of accessibility to training opportunities and adds a layer of complexity to the skills mix. To emphasise the barriers to participation, aspiration and achievement, there is a notable social mobility challenge in certain areas. Weymouth and Portland for example are defined as social mobility 'cold spot' and ranked 322nd, out of 324 local authority areas in the UK in terms of social mobility, while Bournemouth is ranked 245th.

Employment by sector

Dorset's industry profile is similar to the broader UK picture. Reflecting Dorset's geography, demographic and economic characteristics, employment and output are larger in accommodation and food, healthcare, finance, agriculture, construction, manufacturing and property, and smaller in transport, ICT, administrative and professional activities, compared to the UK.

The most recent Annual Population Survey[1] (Annex B Figure 31) shows almost a third of people in employment in Dorset LEP (c104,000, 30%) were employed in public administration, education and health, close to a quarter (c79,000, 23%) in hotels, restaurants, retail and distribution and nearly a fifth in banking, finance and insurance (c.61,000, 18%). Other sizeable employment sectors were manufacturing and other services with 29,000 (8%) each and construction with 23,000 (7%).

The following figures illustrate the proportion of employee jobs per sector in Dorset (Figure 1) and England (Figure 2) showing the local industry mix largely mirrors national picture with a few notable exceptions:

- Hotels, restaurants, retail and health stand out in employment terms;
- Transport and communication sectors are less prevalent in Dorset.

Such employment concentration has meant the labour market in Dorset was more acutely exposed to the effects of the pandemic: hotels, restaurants and non-essential retailers have experienced the greatest shocks in 20/21, largely remaining closed, while transport and delivery services saw increased activity through thriving e-commerce.

Looking at the historic developments between 2015 and 2019, job volumes varied across industries with tourism and hospitality, construction, health, financial, professional services, property and retail seeing the biggest expansion, while transport, wholesale and motor trades declined over that period[2].

Another measure identifying areas of economic specialisation and industrial concentration of the productive sectors within geographies using employment data is **Location Quotient (LQ)**[3]. Dorset's top 3 highest LQ or employment concentration sectors (Annex B, *Figure 32*) are:

- *Agriculture, forestry & fishing* (employment is 1.7x more concentrated in Dorset in reference to England average concentration),
- *Property* (1.4x)
- *Finance and Insurance* (1.3x)

What is the relationship between employment levels and labour productivity?

Productivity differs across industries in a way that does not match the numbers in employment, raising questions whether the industrial makeup is a potential explanation for the lower productivity levels in Dorset. Whilst industries differ in their average levels of productivity – knowledge intensive services on average twice as productive as less knowledge-intensive sectors, research suggests that industry structure explains small variation within regional productivity. Less knowledge-intensive sectors are important in providing large proportions of jobs. Our skills analysis[4] work ascertains that supporting improved firm level productivity can have a significant effect on aggregate regional productivity. Ensuring both business and management practices, innovations at firm level and availability of the right skill mix for the industrial structure in Dorset is essential in driving growth and productivity forward. Employment and LQ measures align with Dorset's key established and growth sectors outlined in the 'Skills Strengths and Needs' section of this report. However, as discussed later in 'Mapping skills supply and demand', skills gaps, particularly in advanced and digital skills may stifle growth in these sectors.

[1] Note. Annual Population Survey (APS) reports people in employment while Business Register and Employment Survey (BRES) reports employee jobs. People can hold multiple jobs and individual jobs can be shared so these are not like for like comparisons.

[2] (BRES), 2019 (published 2020)

[3] LQ is introduced in detail in LEP Outlook 2019 Indicator Handbook (LEP-level version), 2020

[4] Dorset People & Skills Evidence Base, 2020

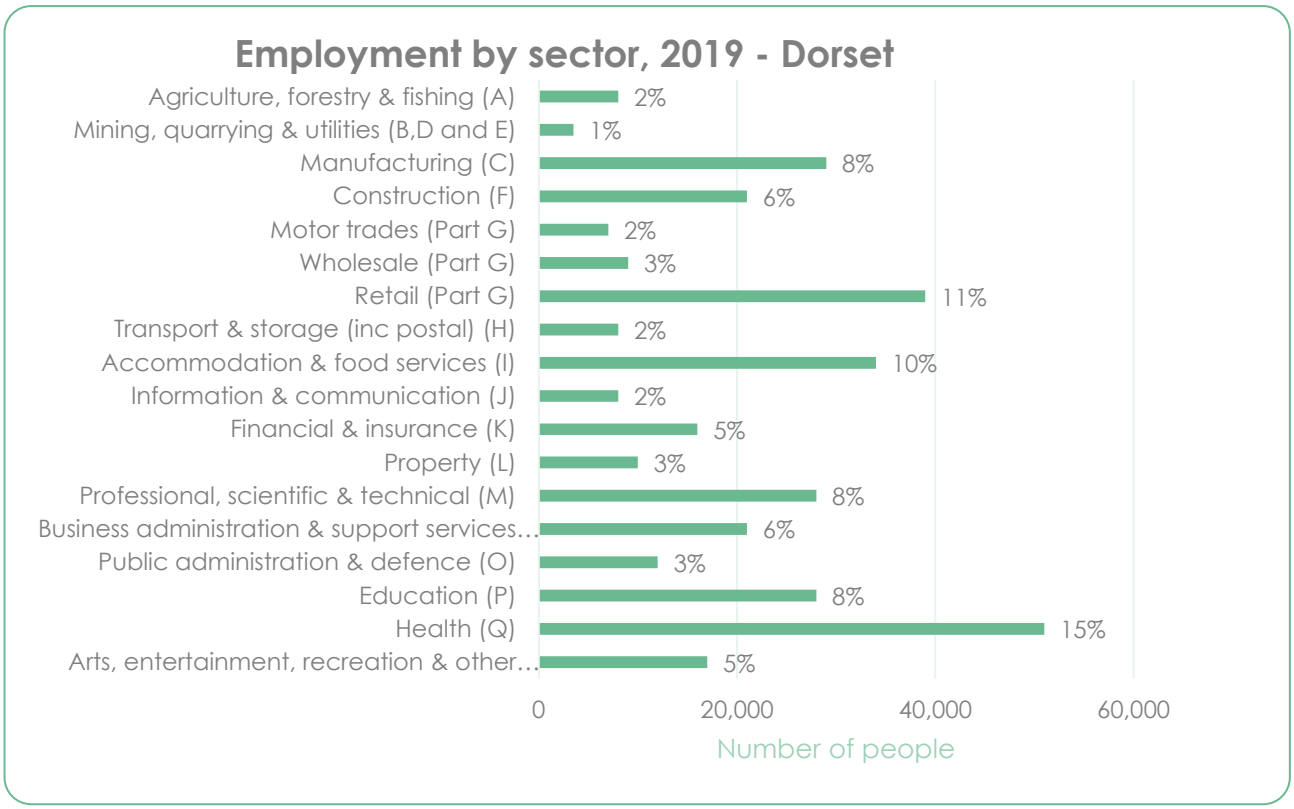


Figure 1. **Employment by sector - Dorset** - Business Register and Employment Survey, 2019 (published 2020)

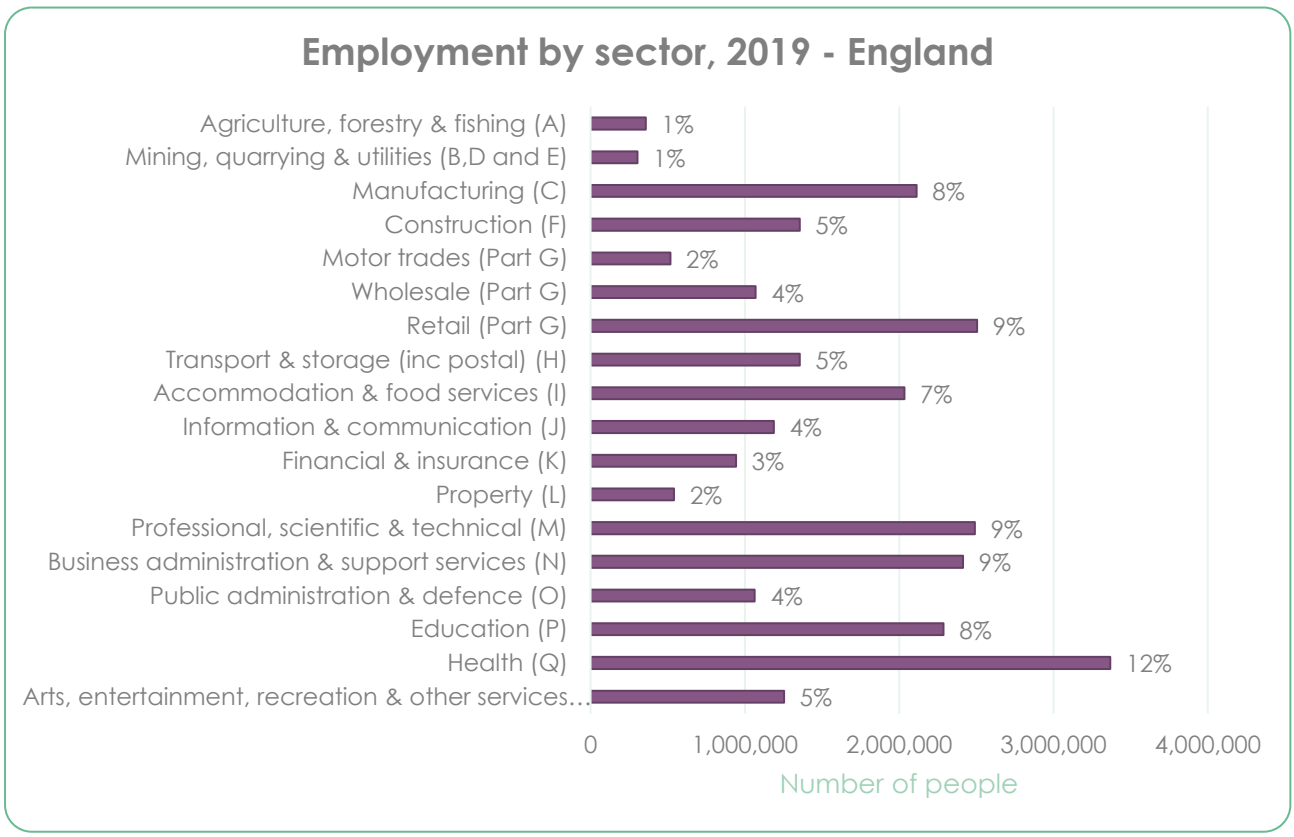


Figure 2. **Employment by sector – England** - Business Register and Employment Survey, 2019 (published 2020)

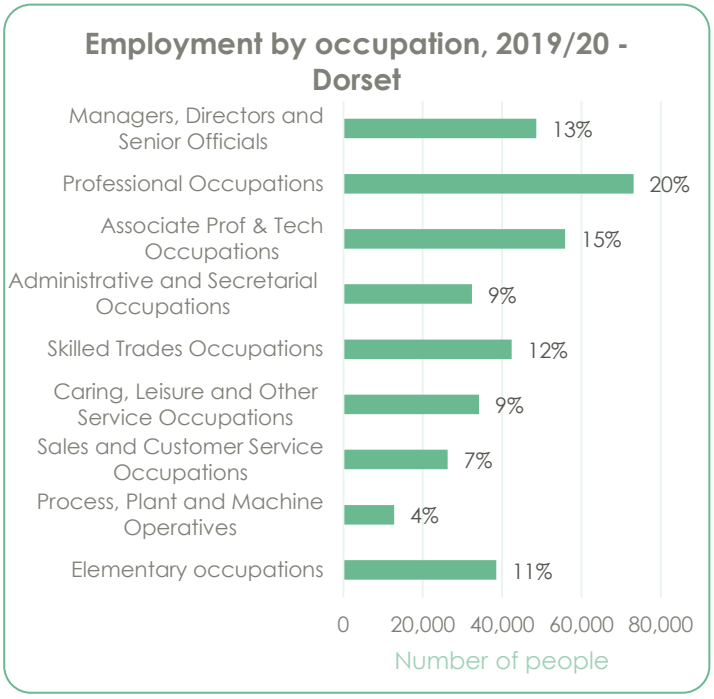
Employment by occupation

Dorset's occupational profile is also largely similar to the national picture, although with slightly higher proportions of the workforce engaged as:

- '*managers*', determined by the prevalence of company headquarters, sole traders and self-employed in the area;
- *skilled trades* including 'skilled metal, electrical and electronic trades' and 'skilled construction trades', linked to the relatively large construction and manufacturing sectors;
- '*elementary' occupations*.

The workforce occupational structure of the county has changed over the past decade and will continue to shift as structural changes emerge and are quickened and accentuated through the impact of Covid-19. It is expected that a major future trend in the workplace will be further polarisation of demand, with demand for mid-skilled workers (typically non-higher educated) diminishing and shifting towards either higher skilled and/or lower skilled activities. Much of this will be driven by increased use of technology and automation[5].

Low-medium skilled and repetitive work has higher automation potential. Many lower skilled jobs tend to have a 'people/personal' aspect which is less susceptible to automation. Future growth is projected to be in most professional occupations, some associate professionals, and management occupations. These are already occupations which represent with largest proportions of those in employment in Dorset (almost half - 49% of employed, c.178,000,). This largely reflects the longer-term shift from 'blue collar' to 'white collar' professions.



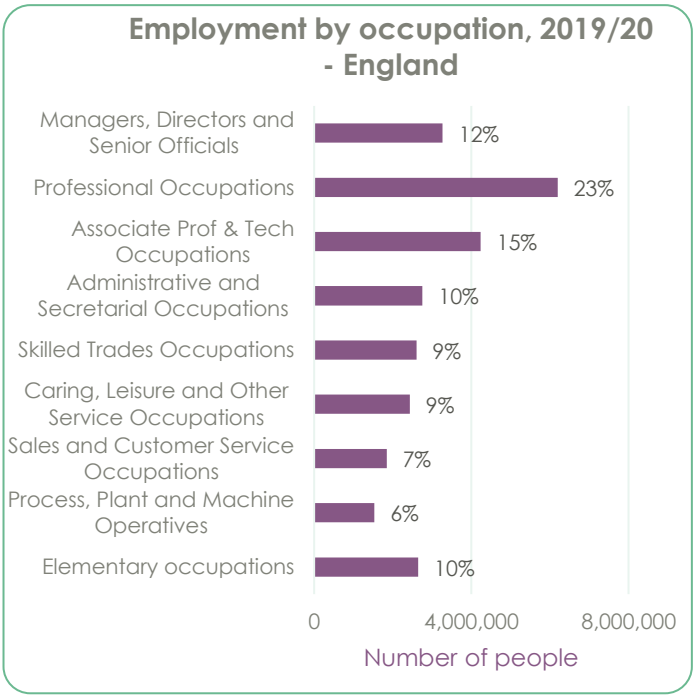


***Figure 2.* Employment by occupation –** Annual Population Survey, October 2019 – Sept 2020

[5] McKinsey & Company , May 2017, What's now and next in analytics, AI, and automation

Enterprise by employment size band

As with most places in the UK, the majority of businesses in Dorset tend to be micro, small or medium-sized (defined by the numbers employed).

As shown in Figure 3, almost all businesses (98%) in Dorset LEP fall within that category and employ fewer than 50 people. This profile largely matches the UK average and illustrates the importance of supporting SMEs with their growth, employment and operation practices.

Analysis at a national level[6] suggests that firm size can be a factor in differences in firm-level productivity, with medium-to-larger businesses tending to have higher levels of productivity. However, this is skewed by the performance of very few 'high performing' businesses at the top end of the productivity scale. If focusing on the median average (rather than the mean average), there is little discernible difference between firm sizes.

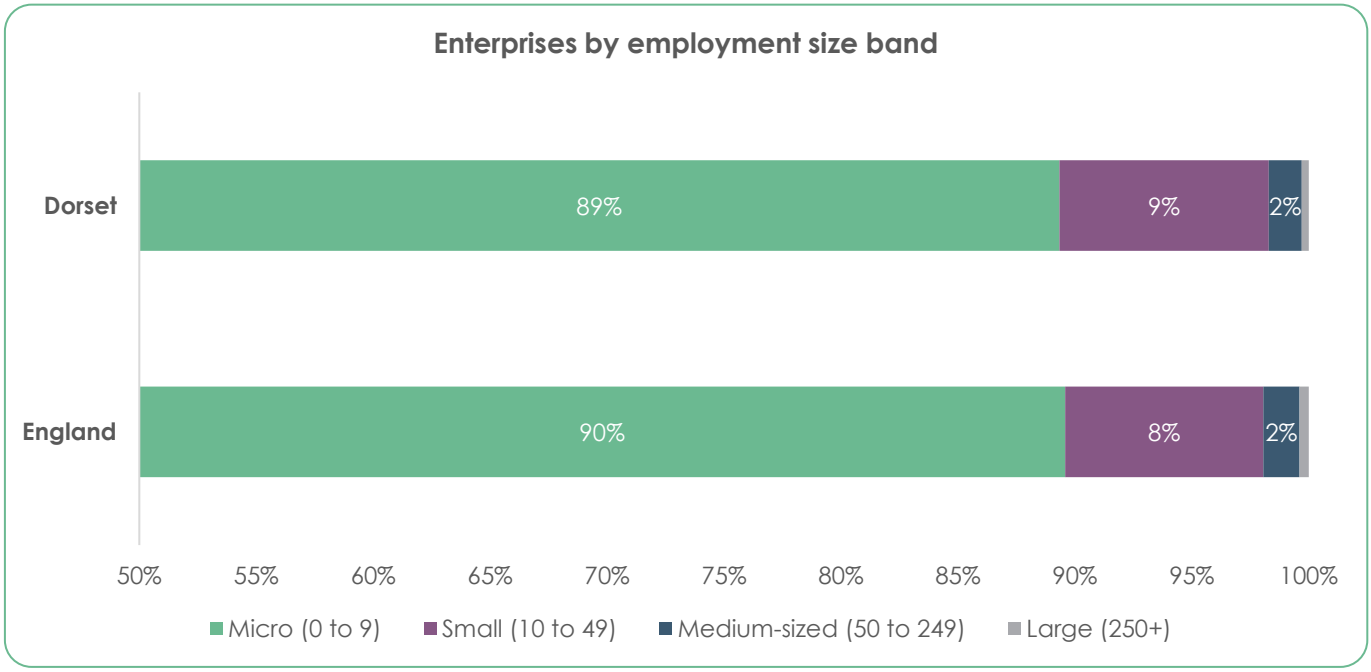


Figure 3. **Enterprises by employment size band**. UK Business counts, 2020

6 Firm-level labour productivity measures from the Annual Business Survey, Great Britain: 1998 to 2018 (published 2020)

Business birth and death rates

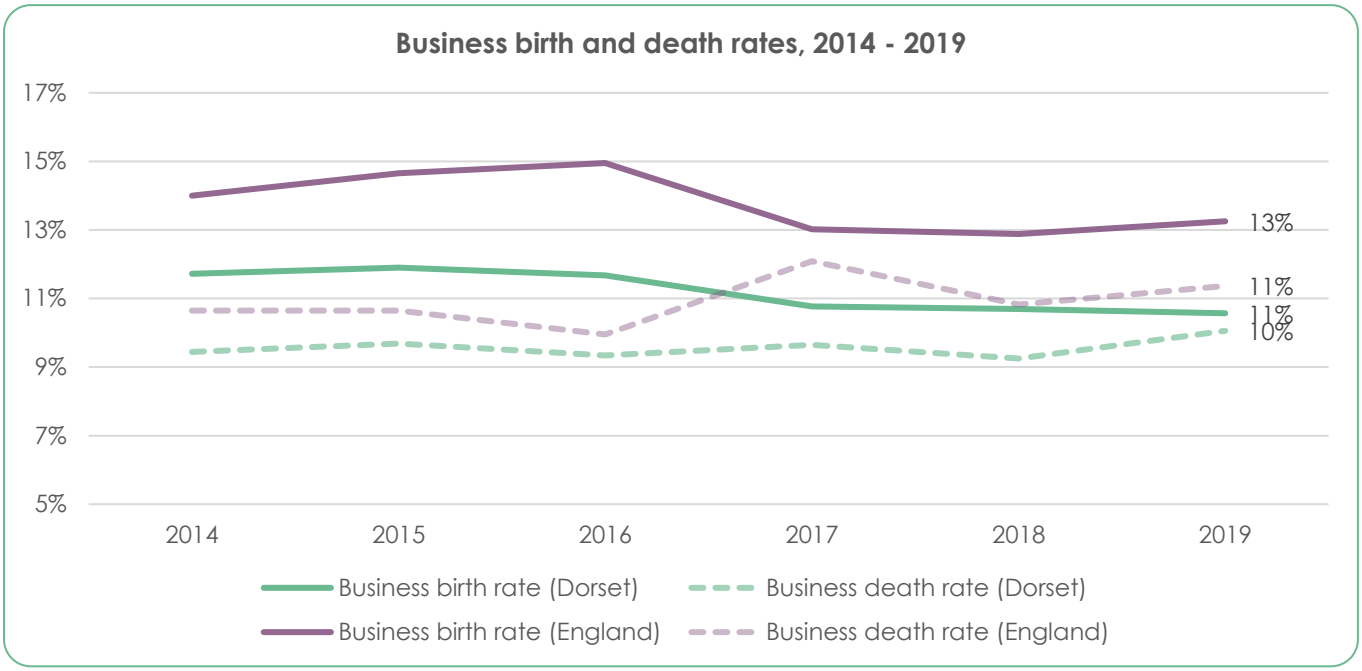


***Figure 4.* Business birth and death rates.** ONS Business demography, 2014-2019 (published 2020)

Measures of business start-ups, their survival and growth indicate how conducive the locality business environment is of survival and growth.

Business birth and death rates indicate a marginally lower rate of business births in Dorset than in England, but with a commensurate lower rate of business deaths. It is worth noting the national average is skewed by major city regions like London and Manchester. This data suggests slightly lower level of business 'churn' in Dorset- a characteristic of many rural areas that arguably experience slightly lower competitive pressures when compared to major urban areas. Some commentators argue this could be a sign in some cases of suppressed 'creative destruction', referring to the process where less competitive businesses stop trading, which may now be accentuated in the Covid-19 environment, where the support mechanisms in place (e.g. loan repayment holidays, VAT payment deferrals, rent holidays etc.) may shield unsustainable businesses. Nevertheless, monitoring the number of insolvencies and business 'deaths' will be an important indicator of the impact of Covid-19 on the Dorset business community.

Business start-ups are a key driver of employment, economic growth and productivity. However, many start-ups fail within the first three to five years. The three-year survival rate is therefore an important indicator for start-ups' chances of long-term survival and sustainable business growth and Dorset LEP maintains among the highest business survival rates (65% 3-year survival vs 61% nationally).[7]

Many surviving start-ups however, remain small. The ratio of start-ups reaching higher turnover (£1m+) is therefore a broad indicator for long-term growth prospects and Dorset aligned with national averages on that measure[8].

Overall Dorset prides itself with a thriving start-up scene. Company house data analysis by the Centre for Entrepreneurs for example placed Bournemouth and Poole sixth in the UK's top 10 start-up cities, trumping Liverpool, Edinburgh and Bristol as entrepreneurial hotspots in 2019[9]. Unfortunately, the Covid-19 pandemic has clearly affected business confidence and the same index showed unsurprisingly the number of start-ups in Bournemouth, Christchurch and Poole fell in 2020 compared to the previous year. Interestingly, latest data suggests that business start-ups grew by over a third (38%) in the more rural Dorset Council area.

7 ONS Business demography, 2014-2019 (published 2020)
8 LEP Outlook 2019, BEIS, 2020
9 Centre for entrepreneurs, Business Start-up Index.2020

Employment rate and level

The recovery from the previous recession was a period of relatively slow output growth but a relatively robust labour market when measured by 'engagement'. That is, even throughout the recession, employment in Dorset remained surprisingly high. The evidence suggests that 'capital deepening' (business investment) fell sharply as a result of the credit squeeze, despite 'cheap money' (low interest rates) being available. The past decade has largely seen a significant downward pressure on wages. For a large part of the last decade, the cost of labour declined in real terms. Consequently, many businesses substituted labour for capital – partly explaining why employment levels remained high. Another explanation was that those sectors that experienced highest growth i.e. leisure, care, food and drink etc. were all relatively labour-intensive sectors. It was less easy to substitute labour in those sectors. However, those sectors also tend to be amongst the lowest paying. Recent analysis by the ONS suggests that business investment has been significantly affected by Covid-19[10]. The initial data suggests that business investment in Q2 2020 experienced the largest quarterly fall on record. Whilst this recovered slightly towards the end of 2020, business investment in Q3 2020 was c10% lower than in 2019. Given further lockdowns since, the expectation is that business investment remains under significant pressure. This has current and future implications in terms of productivity, skills and employment. The short-term indicators of labour productivity since the start of the pandemic suggest that productivity fell sharply in the spring of 2020, with only a modest recovery since.

As seen in *Figure 5*, prior to the Covid-19 outbreak, Dorset experienced a 'near-full employment' and among the lowest unemployment rates nationally. While employment has slightly declined with the pandemic developments in 2020, the sharp falls feared earlier in the pandemic have been avoided through support schemes and Dorset has maintained higher than average employment. The rate of self-employment is also higher than average, which is both an indicator of entrepreneur-friendly locality, but also suggests precarious employment with significant seasonality driven by prevalent employment in sectors such as tourism and agriculture[11].

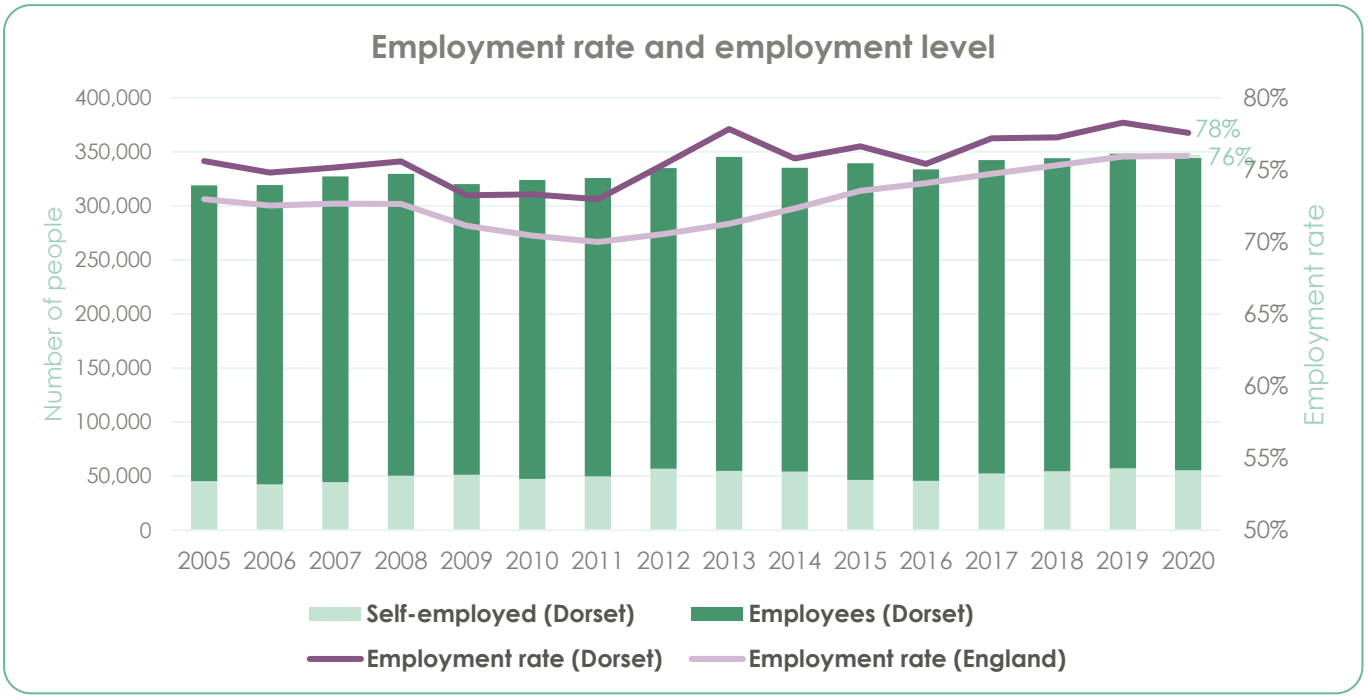


***Figure 5.* Employment level and rate.** Annual Population Survey, Oct - Sept, 2005-2020

10 Business investment in the UK, ONS 2021
11 LEP Outlook 2019, BEIS, 2020

Nominal GVA per hour worked

One of the consequences of employment growth being higher than output growth was inevitably the decline in labour productivity.

In the initial period following the financial crisis, labour productivity declined in absolute terms, while in the later period it began to slightly recover but largely stayed flat in real terms (i.e. accounting for inflation). Overall, it has struggled to recover to pre-recession levels. This has given rise to the concept of the 'productivity conundrum', with a continued policy focus on understanding why productivity growth continues to be muted in Britain.

Dorset's total Gross Value Added (GVA) has doubled (in nominal terms) over the past 20 years, reaching £18.5 bn in 2018 and in comparison with neighbouring areas has seen a sustained, albeit marginally slower growth. As shown in Figure 5, employment levels had been high prior to the pandemic. However, labour productivity in Dorset - as measured by GVA per hour and/or GVA per worker - has been persistently lower than national average. When measured on a GVA per hour basis, the Dorset average is now circa £3.90 per hour lower than the UK average.

If applied to the total number of hours worked, this is an 'output gap' of c£2.3bn per annum. Importantly, Figure 6 shows this gap has widened over time.

A brief overview of literature on labour productivity[12] shows that poor skills utilisation, alongside poor management quality, are an important part of the productivity problem nationally. Evidence suggests a negative relationship between skill utilisation (over-skilling and/or under-skilling) and firm productivity, with differences in managerial quality is partly an explanation for this relationship. That is, better managers tend to be more effective at matching the qualifications, knowledge, skills and competencies of their workforce to the requirements of the business.

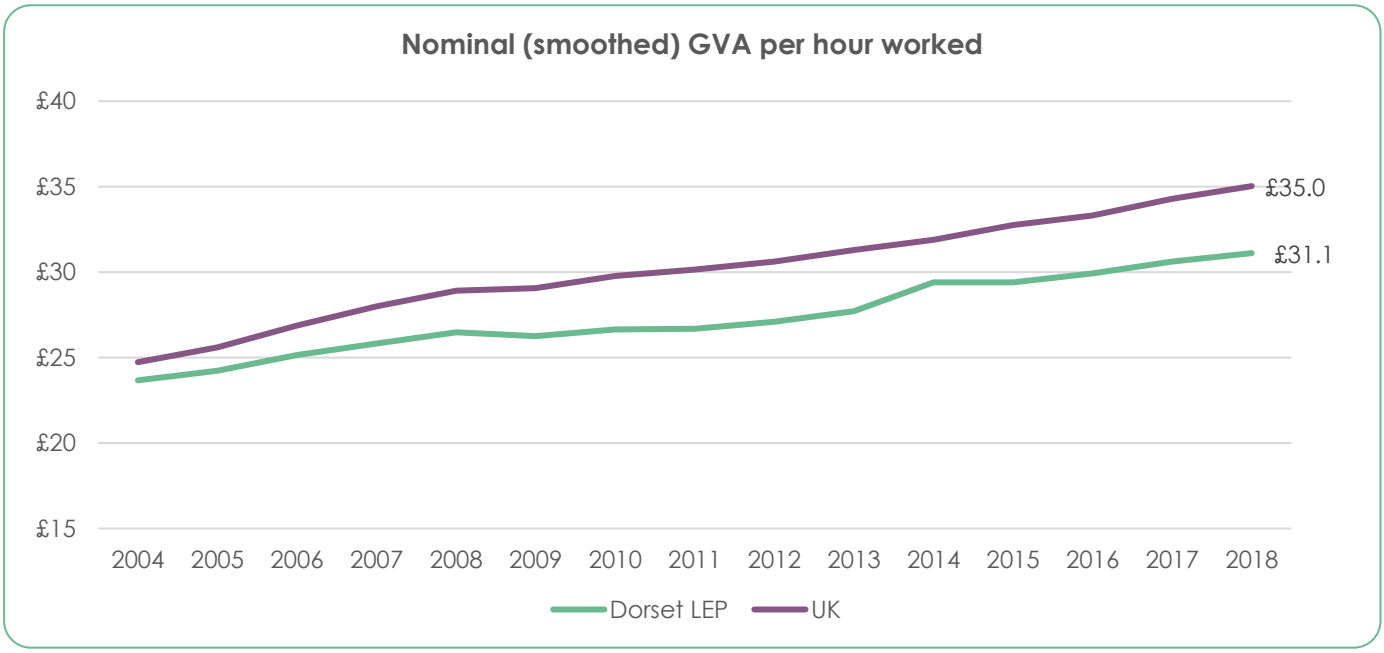


***Figure 6.* GVA per hour worked.** ONS Subregional Productivity, 2014-2018 (published 2020)

12 Dorset People and Skills Strategy Evidence Base, 2020

Median gross weekly wage

Average earnings in Dorset over the past years have shown some robustness in the demand for labour when compared to the UK average, given the UK average is influenced by earnings within London and Greater South East. The average (median) weekly wage was increasing in line with the national and, while slightly below the national reference, the difference has been narrowing up until 2020, when it widened again due to more pronounced decline of wages in Dorset throughout the pandemic (Figure 7).

The evidence suggests there is significant variance in earnings and the distribution of earnings across the Dorset LEP area, although data at smaller geographies is subject to relatively wide confidence intervals and should be treated with caution. As an example, the average earnings per week in Bournemouth West were £160 less than those in Christchurch[13].

There is also marked variability between individuals with the typical earnings for those in the 10% lowest paid jobs about 7X lower than the typical earnings in the top 10% and is 4X lower than the average across the Dorset workforce[14].

There are estimates of a significant proportion of the workforce earning below the National Living Wage (Figure 33, Figure 34) and the evidence also suggest a wider gender pay gap within the Dorset LEP area, particularly for full-time jobs (Figure 35).

Again, it is important to emphasise that Figure 7 shows growth in (median) average wages in nominal terms i.e. not accounting for inflation (with the residence and workplace measure exactly matching in England). In real terms, growth has been much more muted.

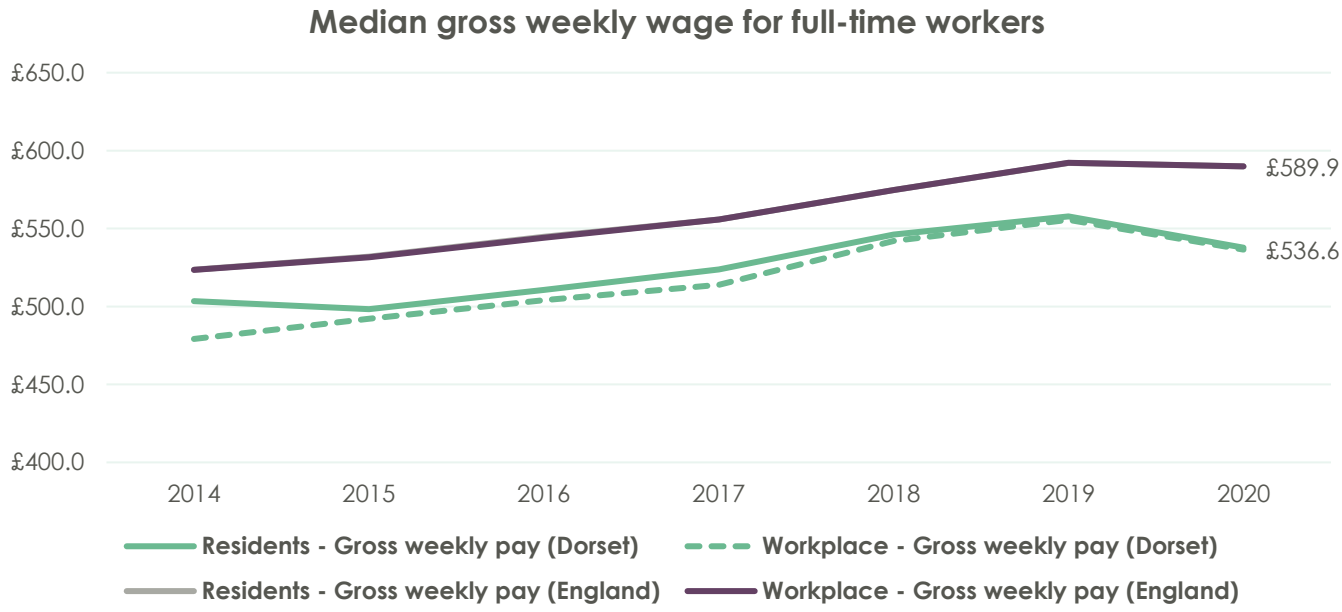


***Figure 7.* Median gross weekly wage for full-time workers.** Annual Survey of Hours and Earnings, 2014-2020

13 Annual survey of hours and earnings - residents analysis, ONS 2020
14 Annual survey of hours and earnings - workplace analysis, ONS 2020

Population by age group

Overall, the demographic challenge presented by an ageing population is more marked in Dorset when compared to most other areas in the UK.

The current and future projected demographic structure of the local population creates a major component of the contextual perspective.

The Dorset LEP area is amongst the most aged parts of the UK: 25% of the Dorset's adult population is aged 65+, compared to 18% nationally. The Dorset Council area has an even higher proportion: by 2025, over 40% of Dorset Council's residents will be within this age bracket. The average (median) age in the Dorset Council area is 51, compared to 40 across the UK.

With ageing continuing (although slowing), the simple conclusion is that there will be less labour resource – in proportional terms - available within the Dorset LEP area than typically found elsewhere. This assumes a relatively neutral policy scenario i.e. does not take into account any major shift in net inward migration.

A key influence on the scale and shape of future labour demand will therefore be related to 'replacement demand', which is expected to be much stronger than in other areas of the UK, although its exact nature and scale is difficult to confidently model.

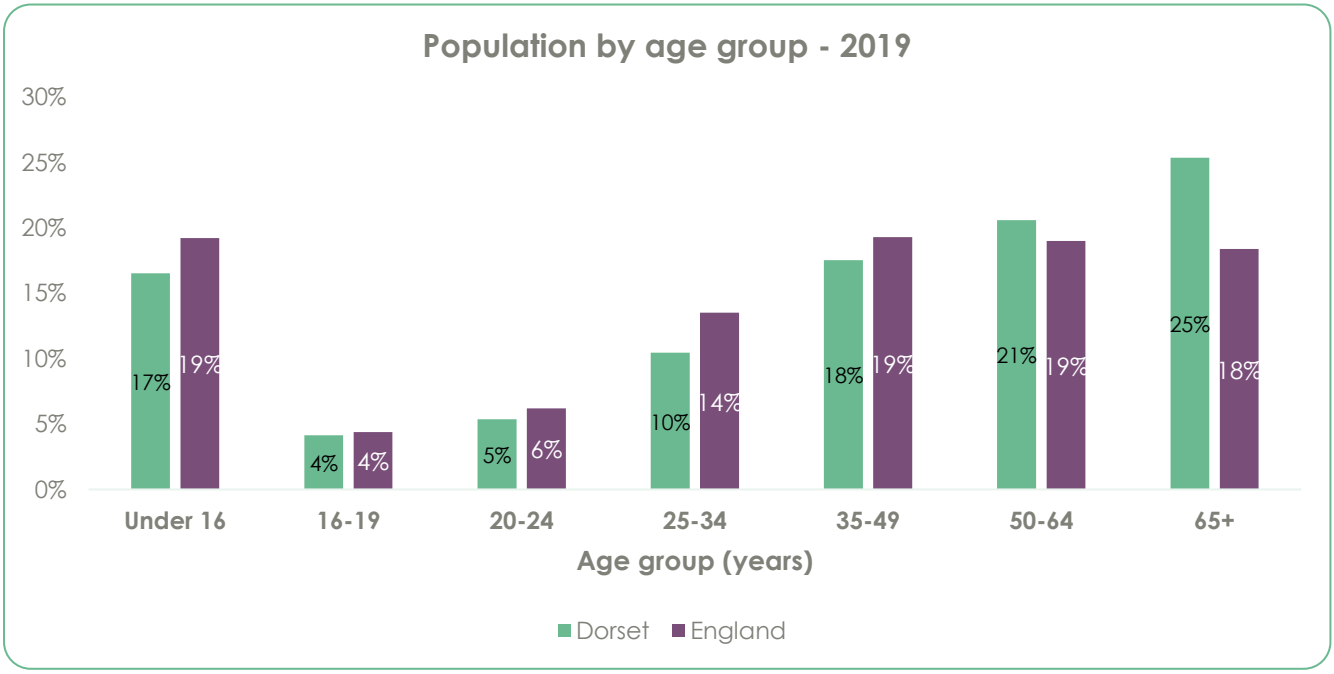


Figure 8. **Dorset and England population by age group.** Annual Population Survey 2005-2020

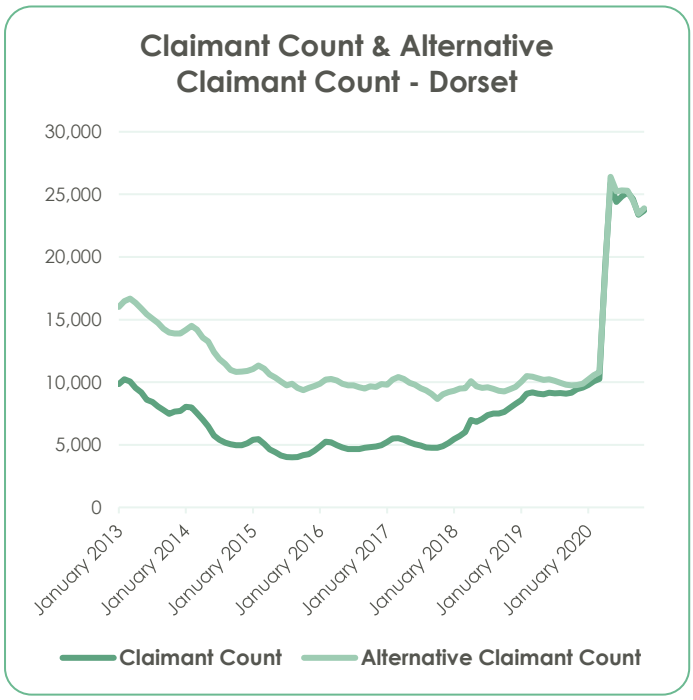
Claimant Count

Whilst the claimant numbers had previously fallen in the period 2013-2017, there had been some 'softness' over the past 2 years – with a slight increase in both local authority areas. The increase had been more marked in the BCP Council area where c10,000 were claiming unemployment benefits at the start of 2020. As shown in Figure 9, there was a significant spike following the initial Covid-19 lockdown with claimant numbers almost tripling over April-May 2020.

However, some care needs to be taken in terms of interpreting this data because it partly reflects the roll-out of Universal Credit, which is now reflected in the claimant count. In data terms, this effect has been attempted to be 'controlled' by an alternative claimant count measurement (also shown in Figure 9). Initial estimates suggest that around a half of the increase was due to this factor, rather than actual increases in unemployment.

Nevertheless, this relationship is expected to change over the coming months – as unemployment is expected to increase. The Government's decision to maintain many of the coronavirus support schemes will help shield the worst impact of increasing unemployment. However, a peak in unemployment is projected over the second half of 2021 as the full economic impact of the pandemic 'unwinds'.

Dorset LEP monitors these measures and the effects of the pandemic through the Dorset Labour Market Insights dashboards published on www.dorsetlep.co.uk/labour-market-and-skills-research.



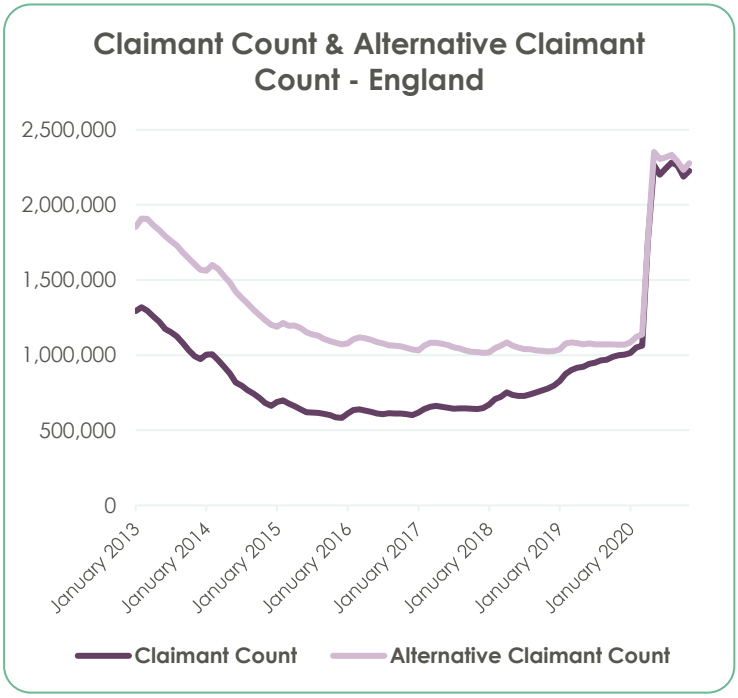


***Figure 9.* Claimant Count and Alternative Claimant Count.** ONS Claimant Count & DWP Stat Xplore, January 2013-December 2020

Income, Employment and Education deprivation

Indicators of social mobility, highlighting how socioeconomic background affects life outcomes, illustrate some difficulties in Dorset. The measure of social mobility applied by the Social Mobility Commission covers factors such as proportion of children eligible for free school meals, attainment against expectations, proportion of the population earning below the living wage etc. Poor social mobility tends to be a characteristic in many coastal communities, alongside larger urban areas.

Whilst deprivation is not widespread, there are pockets of deprivation across Dorset. Figure 10 shows the proportion of neighbourhoods in the 10% most deprived nationally for certain 'domains' within the Index of Multiple Deprivation.

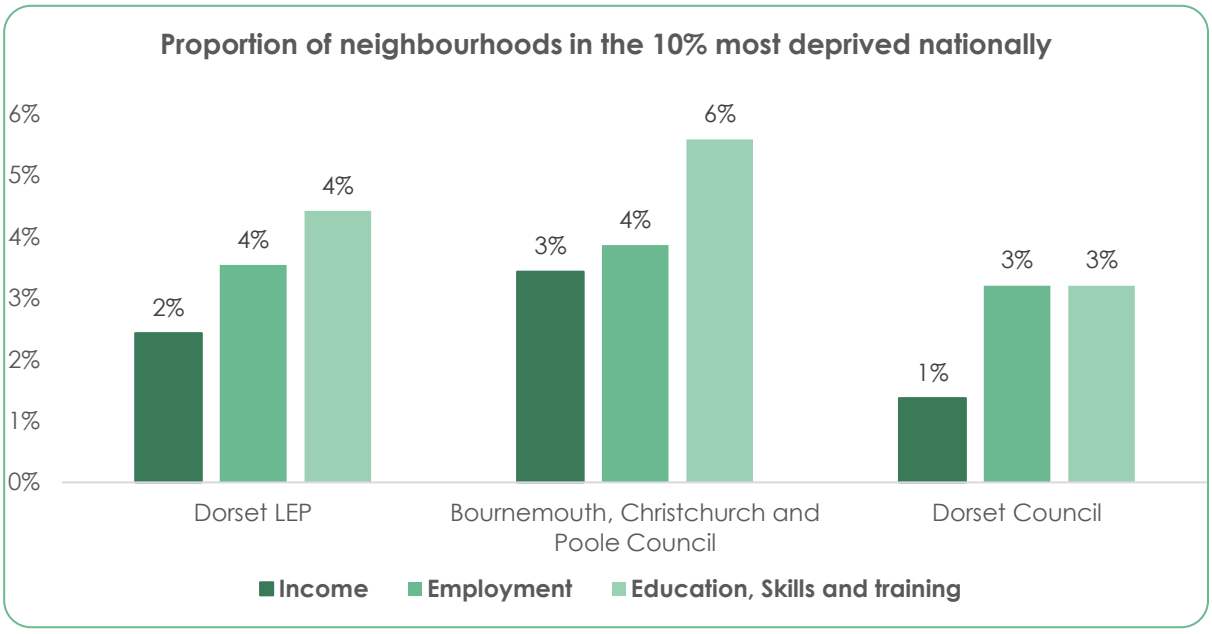


Figure 10. **Proportion of neighbourhoods in the 10% most deprived nationally.**
Index of Multiple deprivation MHCLG, 2019

Skills Supply

Skills Supply - Summary

- Overall, Dorset has sufficient post-16 education provision and an extensive range of courses with relatively good performance in skill levels and educational attainment.
- However, there has been a medium-term downward trend in adult participation in lifelong learning and a fall in apprenticeship participation. Overall, there were c.6000 less FE learning participants in Dorset in 2018-19 compared to 2014-15 with the largest fall affecting Dorset Council area. These trends are connected with funding and eligibility changes, although they are not necessarily occurring through the main FE providers, with data indicating that adult learning is holding up better.
- The decline has been accentuated by the impact of Covid-19, with the evidence suggesting that the number of available apprenticeships is falling, and some apprentices have been affected by redundancy. This is an important factor, as increasing adult participation and apprenticeships are expected to play a key role in the recovery and meeting future labour demand. Evidence shows that apprenticeships also have a positive impact on social mobility and life outcomes. For young people, apprenticeships are an important channel in improving employability, social mobility and earnings.
- The national trends towards more people achieving higher qualifications has been reflected in Dorset, albeit the upward trend is slower in Dorset and uneven across geographies. The proportion of the workforce qualified to level 4 and above currently stands at 38%, which is 2 ppt behind the national average. Also, almost a quarter of the working age population (23%) does not have a Level 2 qualification, which is regarded a benchmark for employability.
- Social disadvantage also creates a clear differential in terms of attainment, destinations and outcomes between disadvantaged school students and the wider pupil cohort. Disadvantaged students are more likely not to enter a sustained 'destination' (either education, employment or training) following mandatory education, with the difference being quite marked in areas such as North Dorset and Weymouth & Portland. For example, in the Dorset Council area, disadvantaged students attainment is on average 23 months behind their disadvantaged peers. The evidence suggests that this gap has widened over the past 5 years and widens as school life progresses but is apparent at an early stage – with significant gaps in attainment already established pre-school. At a national level, analysis suggests that 40% of the gap that exists at the end of school is already apparent by age 5.
- Disadvantaged pupils are also less likely to move into continued forms of education after Key Stage 4 and more likely to move into outcomes/destinations, which are not sustained. This raises concerns about whether those individuals simply move into some form of transient state i.e. temporary employment opportunities.

Qualification levels

Over the past decade, the workforce in Dorset has broadly mirrored the strong national pattern of increased proportions of higher-level qualifications and shrinking pool of people with no formal qualifications. This trend is largely associated with the expansion of higher education and illustrate a significant structural change taken place over a relatively short space of time. The biggest increases since 2010 are in Level 3 qualifications (by 9pp) where Dorset outperformed national increase, followed by Level 4 and above (by 8 pp), although the increase in Dorset was marginally lower than seen nationally.

While Level 4+ qualifications have increased significantly in absolute terms, they have not done so well in relative terms. In 2014, the proportion of Dorset workforce qualified to Level 4 and above slightly exceeded the national average, but progress since that date has been marginally slower. Consequently, the estimated proportion of the Dorset workforce is now lower than seen nationally (by 2 ppt).

Over the same period, the proportion of those working age people with no qualifications fell to 4.9%, compared to the England average of 7.5%.

Still, almost a quarter of the working age population in Dorset (23%) does not hold a Level 2 qualification, which is regarded a benchmark for employability and the trends of increased higher qualifications have not been uniform across the county. There are lower proportions qualified to Level 4 and above in Dorset Council (36%) and proportions actually fell in Purbeck, Weymouth & Portland. These geographical differences are illustrated in Annex B (Figure 36).

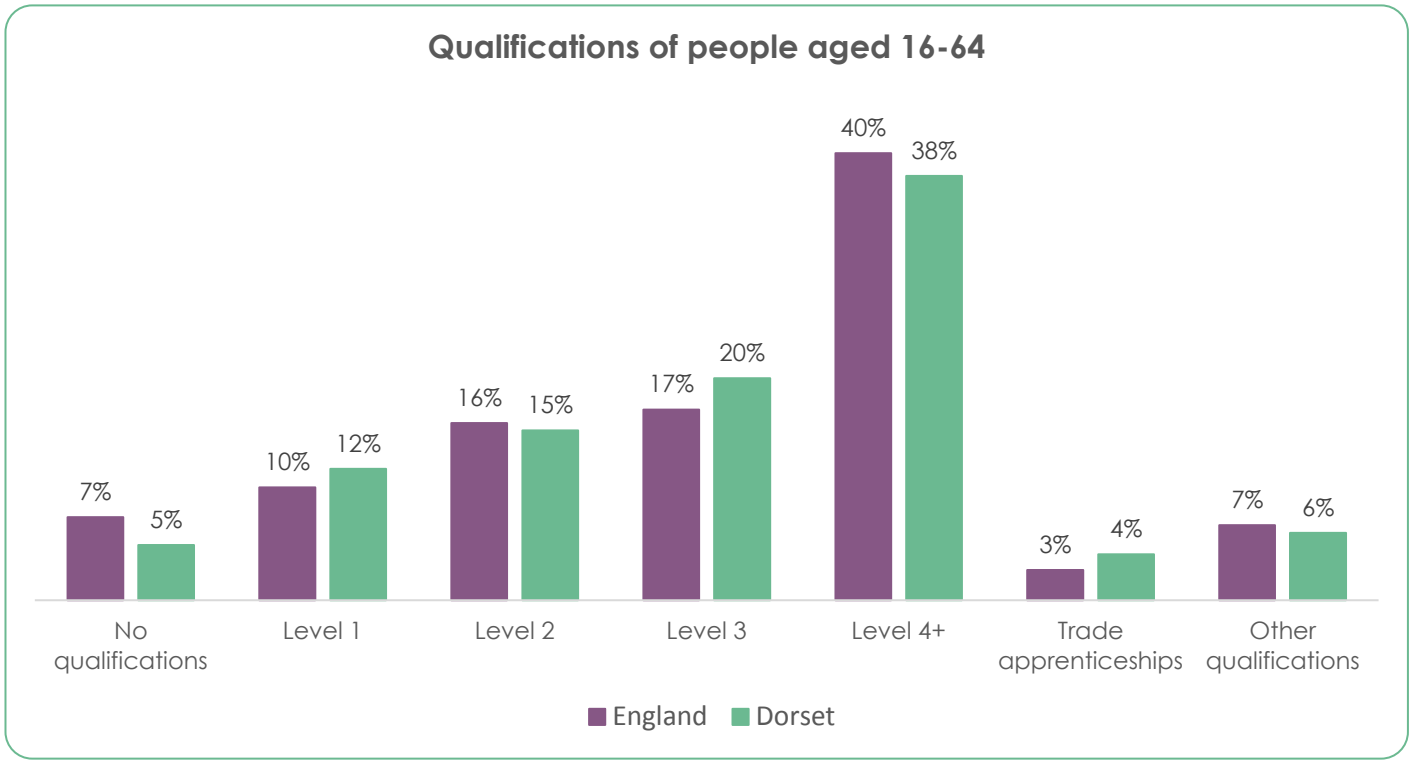


Figure 11. Qualifications of people aged 16-64, Annual Population Survey, January-December 2019

FE Education & Training Achievements

Between 2014/15 and 2018/19 a significant shift occurred in adult participation in education and training. A combination of cuts in funding and changes in eligibility to the adult education budget have had a considerable impact on the propensity of providers to offer subsidised learning opportunities, and for individuals to pursue a learning opportunity.

A fall in FE participation has occurred nationally throughout this period and mirrored in Dorset with c.6000 fewer FE learning participants in 2018/19 compared to 2014/15 (Further education and skills geography: 2014/15 to 2018/19). The decline in achievements is catching up with c4500 fewer achievements over the same period. The decline occurred across all age groups, but slightly more pronounced for adult learners also partly reflecting the cohort demographics, with fewer 16-18 year olds coming through the education system, which will be reversed over the coming few years, based on demographic projections. Nevertheless, the largest falls in participation and achievement between 2014/15 and 2018/19 occurred in Dorset Council area, where they fell by a quarter, albeit this reflects a change in local authority structures, so should be taken with caution.

The latest annual estimations from 2019/20 illustrate the pandemic has affected participation and achievements further, with a further decline of c.2000 occurring in Dorset (DfE Localism Dashboard 2019/20). Participation and achievement among male learners was particularly affected, falling almost by a half over the past year.

In terms of subject areas, Dorset's FE education and training achievements closely reflected the national picture but had higher proportion of achievements in health, public services and care which reflects the higher demand locally.

All subject areas saw declines in achievements, with Construction hardest hit with both starts and achievements in 2019/20 barely at 20% of their 2018/19 levels raising alarms for the industry.

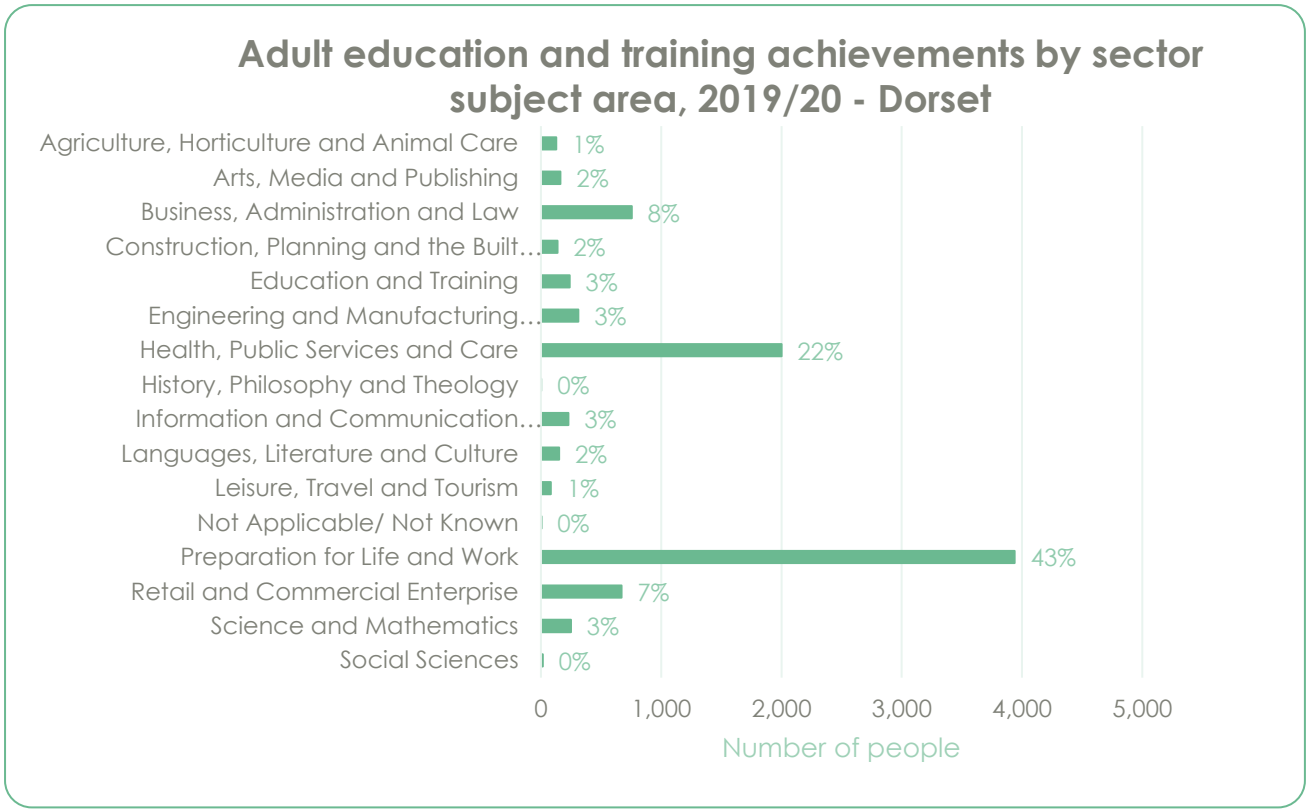


Figure 12. **Education & Training Achievements England** DfE Localism Dashboard 2019/20

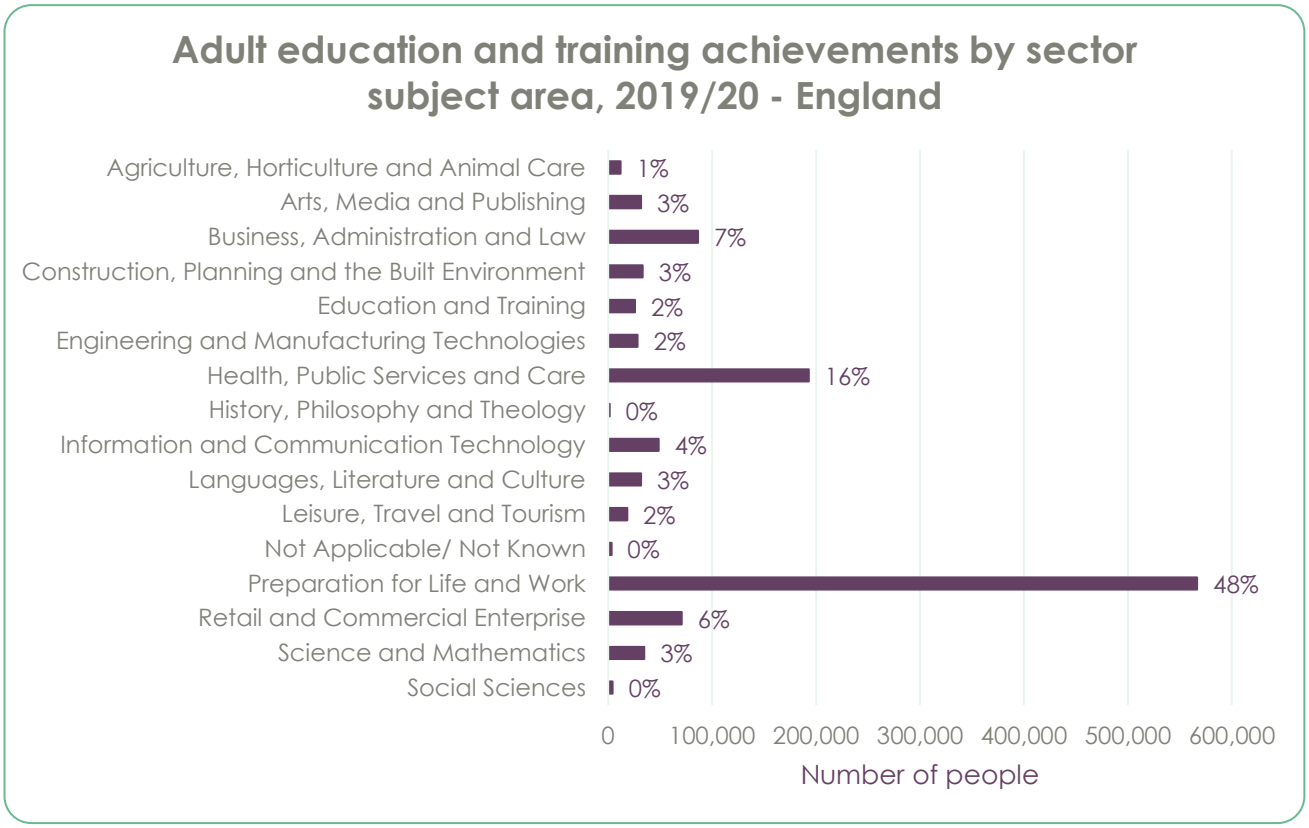


Figure 13. Education & Training Achievements England DfE Localism Dashboard 2019/20

Apprenticeship Achievements

Regardless of their many benefits, apprenticeships have seen a continuous decline in both starts and achievements over recent years, which was further accentuated by the coronavirus pandemic.

Dorset saw apprenticeships starts dropping by a third between 2016/17 and 2019/20: 10% of the decline was recorded in 2019/20 alone associated with the pandemic developments (Figure 37). Evidence from 2020/21 shows that thus far there were only c2,900 apprenticeship starts in 2020/21 – compared to c7,200 in 2017/18

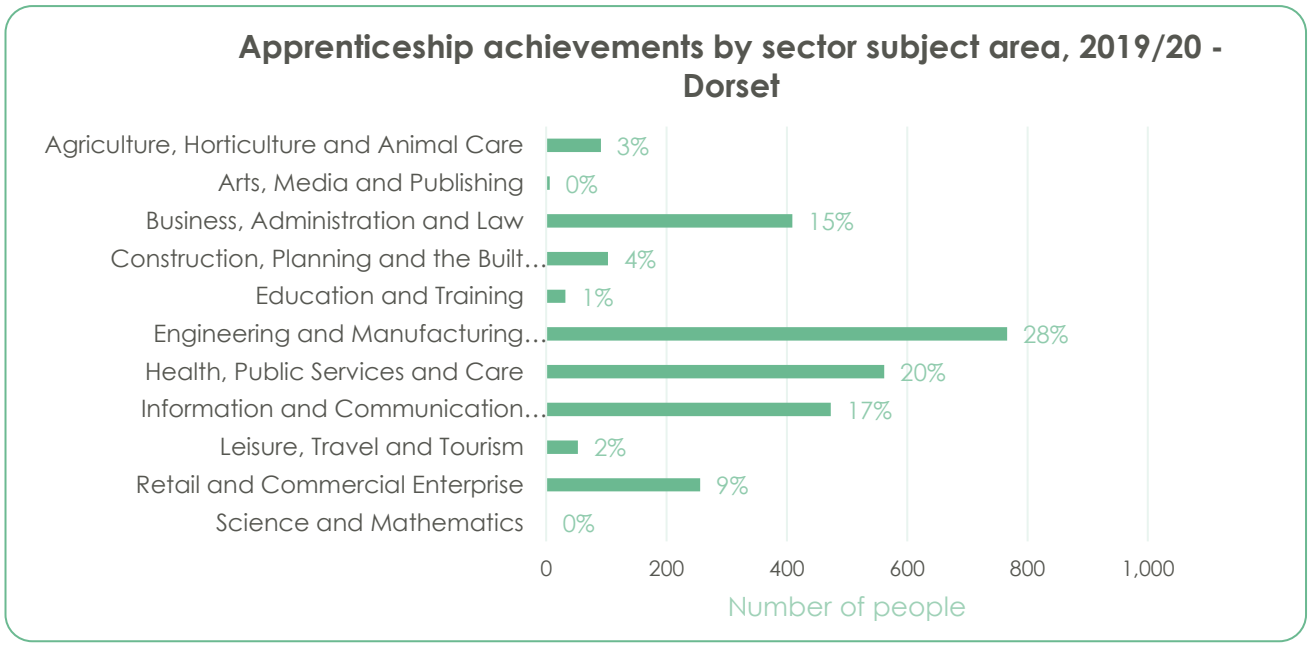
Achievements have been even harder hit. The number of apprenticeship achievements in 2019/20 was c25% lower than in 2018/19 and a third lower than 2017/18 (Figure 37). There are thus far only c1300 apprenticeship achievements recorded in 2020/21, which highlights the challenges with vocational qualifications assessments experienced over the pandemic and indicates worrying attrition rates for apprenticeships.

Prior to the pandemic, the decline was largely associated with the 2017 reforms that introduced the apprenticeship levy and service and changed the funding regimes with an emphasis on higher-level qualifications. Consequently, we find the falling number of apprenticeships in Dorset is mainly accounted for by decline in Intermediate (Level 2) and Advanced (Level 3) apprenticeships, while Higher apprenticeships almost tripled in starts since 2017/18 and accounted for almost a quarter (23%) of all apprenticeship starts in 2019/20 from just 7% in 2017/18 (Figure 38 and Figure 39). Again, these trends have been extended into 20/21 – with intermediate apprenticeships being the hardest hit. It is yet to transpire whether this translates in completion rates.

Apprenticeships subject areas – As seen in Figure 14, most apprenticeships are associated with occupations identified as high demand and essential in responding to employer need – with manufacturing, engineering as well as health, public services and care being most prevalent in Dorset and making up over a half of all achievements in 2019/20.

In proportional terms, technical subject areas were more prevalent in Dorset with engineering and ICT making up almost a half of all achievements (45%) compared to a quarter in England.

Over the past year, the starts in the subject areas most affected by the pandemic include tourism, hospitality and retail, where they declined by a third, while there was increase in healthcare and education (Figure 40). This simply reflects the considerable distress that those sectors have experienced as a consequence of the pandemic.



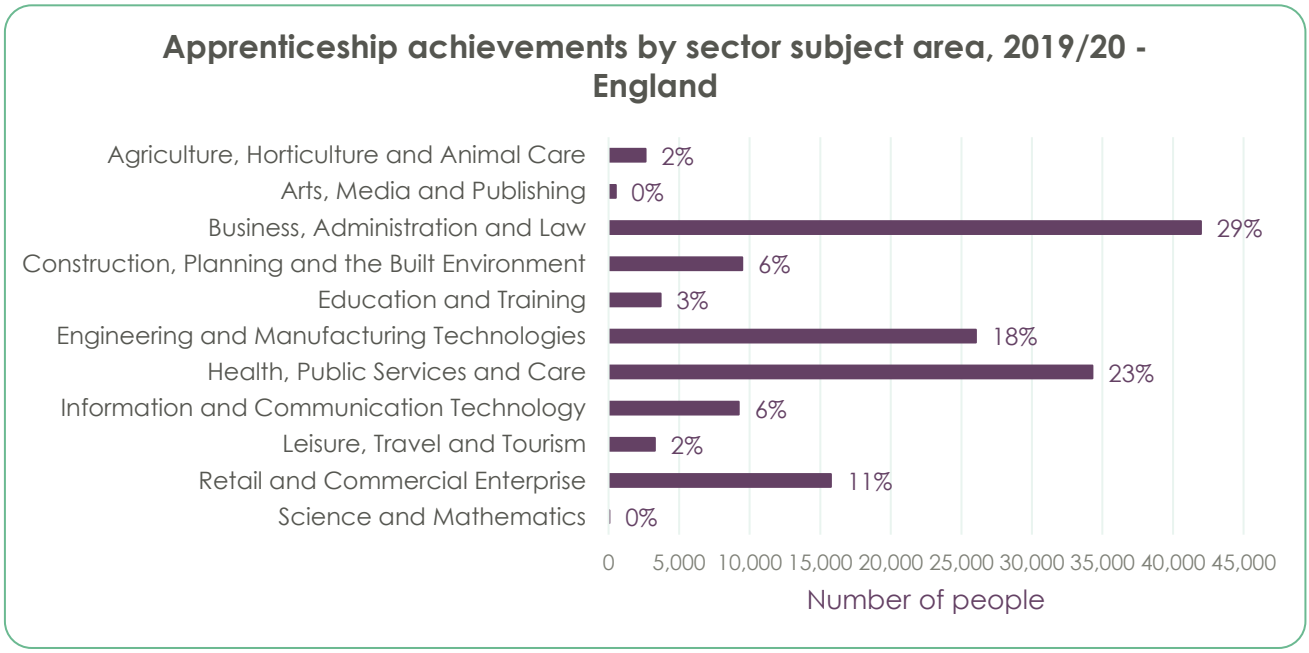


Figure 14. **2019/20 Apprenticeship Achievements Dorset LEP and England.** DfE Localism Dashboard

HE Qualifiers

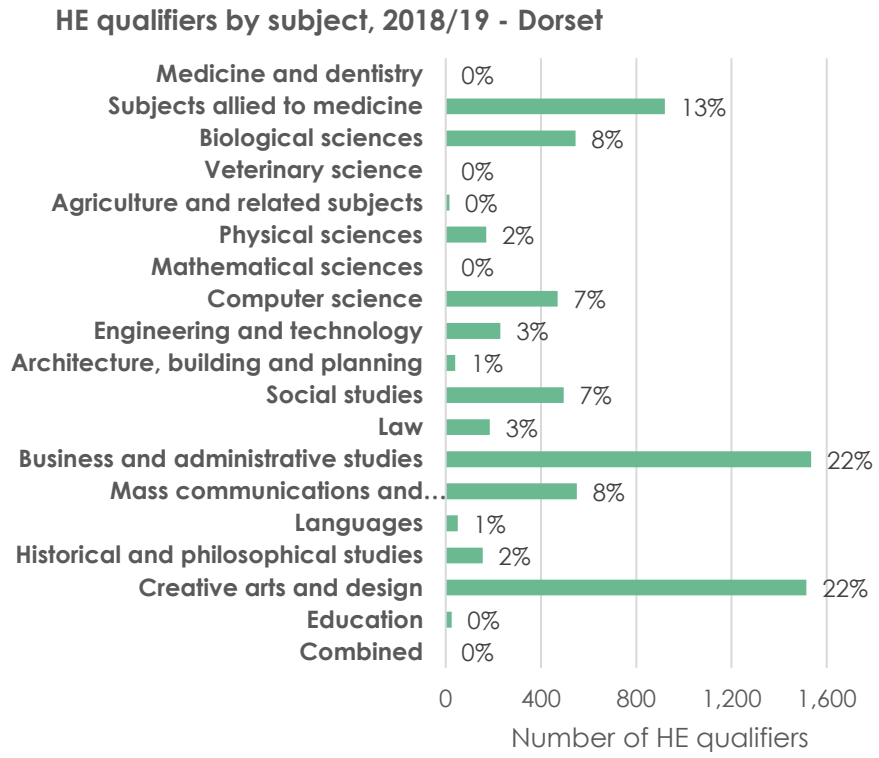


Figure 16. **Dorset 2018/19 HE Qualifiers by Subject**, HESA (published 2020)

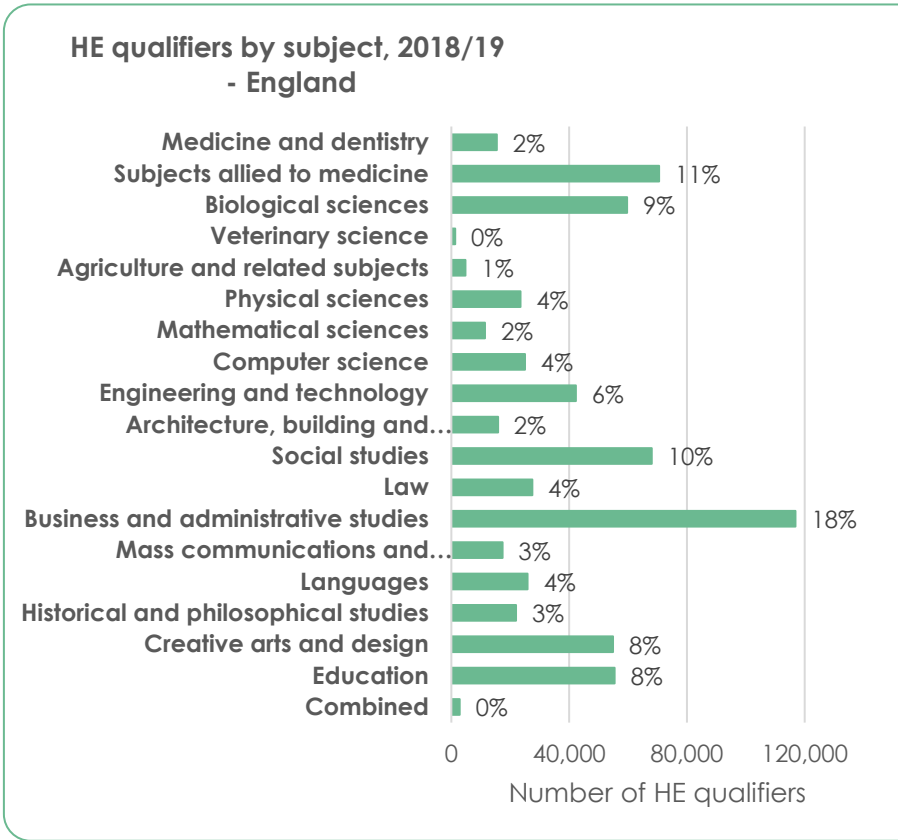


Figure 15. **England 2018/19 HE Qualifiers by Subject**, HESA (published 2020)

Our universities attract global talent to Dorset.

The high demand for places is a testimony to the quality of their provision, with applications to placements ratio broadly equating to 5:1 – although differing across subject areas.

Their contribution to the skills mix of the local economy is important with higher than average representation of qualifiers in creative arts and design, business and communications, as well as subjects allied to medicine and computer science, reflecting the specialist areas our local institutions are recognised for.

Key stage 4 destinations

What do young people in Dorset go on to do after year 11?

In Dorset the vast majority (95%) of the c. 6680 pupils who finished key stage 4 (GCSE and equivalent) from state-funded mainstream schools in 2017/8, continued in a sustained education, apprenticeship or employment in the following academic year.

This is marginally higher than nationally (94%) but marks a small 0.3 ppt decrease from the previous year. The most common destination is education (86% in Dorset vs 87% nationally), which is 5 ppt up from 2010/11, reflecting the change in statutory requirement introduced in 2013. Half went to school sixth form and just over a third into Further Education. Dorset's young people were also slightly more likely to be in an apprenticeship.

The outcomes for disadvantaged young people however continue to be considerably less favourable. There was a difference in destination for post-16 education, disadvantaged pupils tend to go to further education providers (49%), whilst more non-disadvantaged pupils tend to progress to school sixth form (55%). Given FE College's location for many disadvantaged pupils, it highlights the important role that FE Colleges can play in improving the life outcomes and tackling disadvantage. Disadvantaged pupils were three times more likely to enter an un- sustained destination – 1 in 10 compared to 1 in 30 of their non-disadvantaged peers.

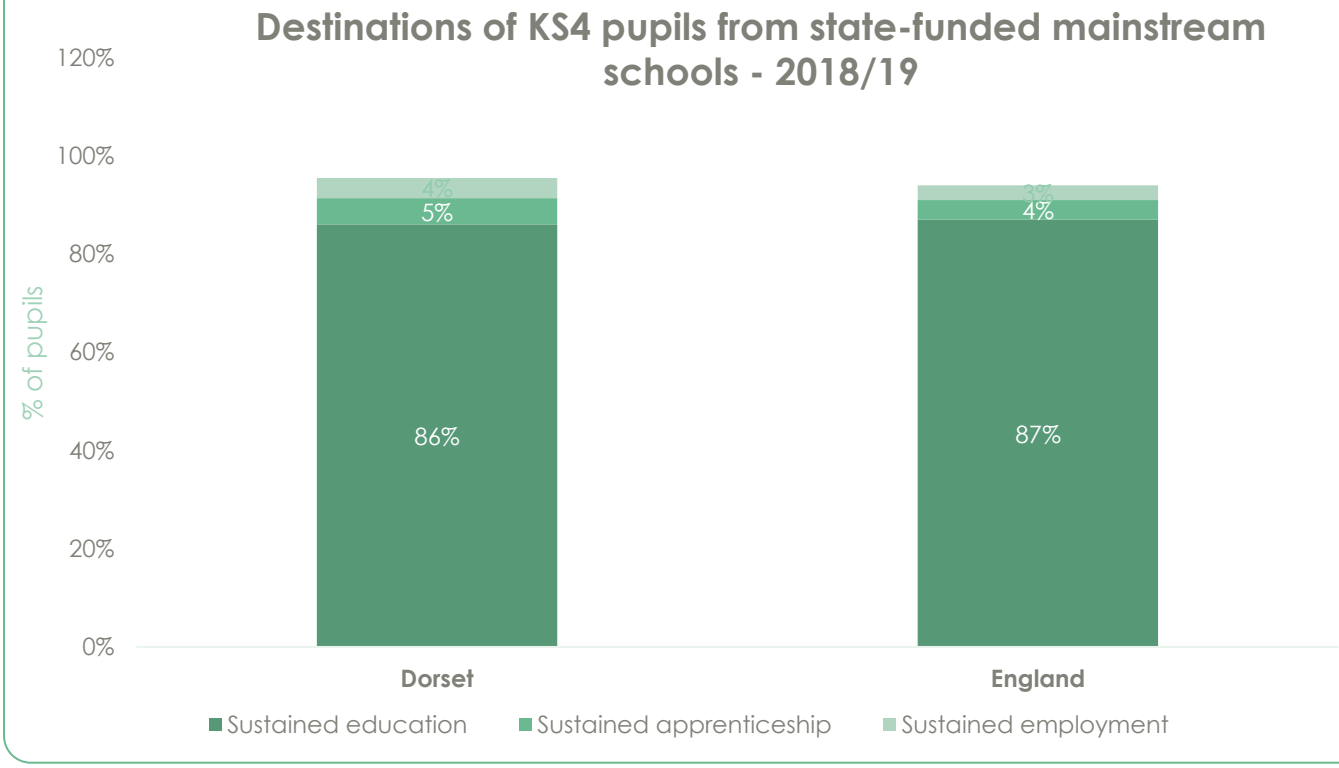


Figure 17. **KS4 & KS5 destinations of 2018/19 leavers,** DfE, (published 2020)

Key stage 5 destinations

The destinations in Dorset one year after key stage 5 (A Levels or equivalent, aged 16-18) vary more markedly. While the overall proportions in positive destinations are in line with those in England (81% with 82% national reference), larger proportions of young people in Dorset are in employment destinations (33%, vs 25% in England), while fewer are in education (38% vs 47% nationally). Over a third (35%) went to Higher and 6% to Further Education. Reference values for England were 35% and 10%.

Destinations varied for disadvantaged students and across geographies (Figure 41).

For example, students who were eligible for pupil premium in year 11 in Dorset were 7 ppt (and 12 ppt nationally) less likely to have an overall sustained destination compared to their non-disadvantaged peers.

Illustrating variability across geographies, almost half of the students in Bournemouth (46%) went to higher education compared to less than a fifth in Weymouth and Portland (16%). Conversely, Weymouth and Portland had the largest proportion continuing into employment (41%) and apprenticeships (12%).

Young people who took lower level qualifications were less likely to have a sustained outcome. Only 6% of Level 3 students entered an unsustained destination compared to 21% of those who took level 2 and 30% of those who took lower qualifications.

- About two thirds (67%) of the young people who reached the end of 16 - 18 study took qualifications at level 3 (A levels, applied general qualifications and tech levels), 21% took lower qualifications at level 2 (GCSE) and 12% other qualifications.
- While 85% of those who studied at level 3 had a sustained destination, the corresponding numbers for level 2 and below were 73% and 58%.
- Level 3 students mostly continued in education, while lower level students tended to go into employment and apprenticeships. These trends were more pronounced in Dorset than nationally.

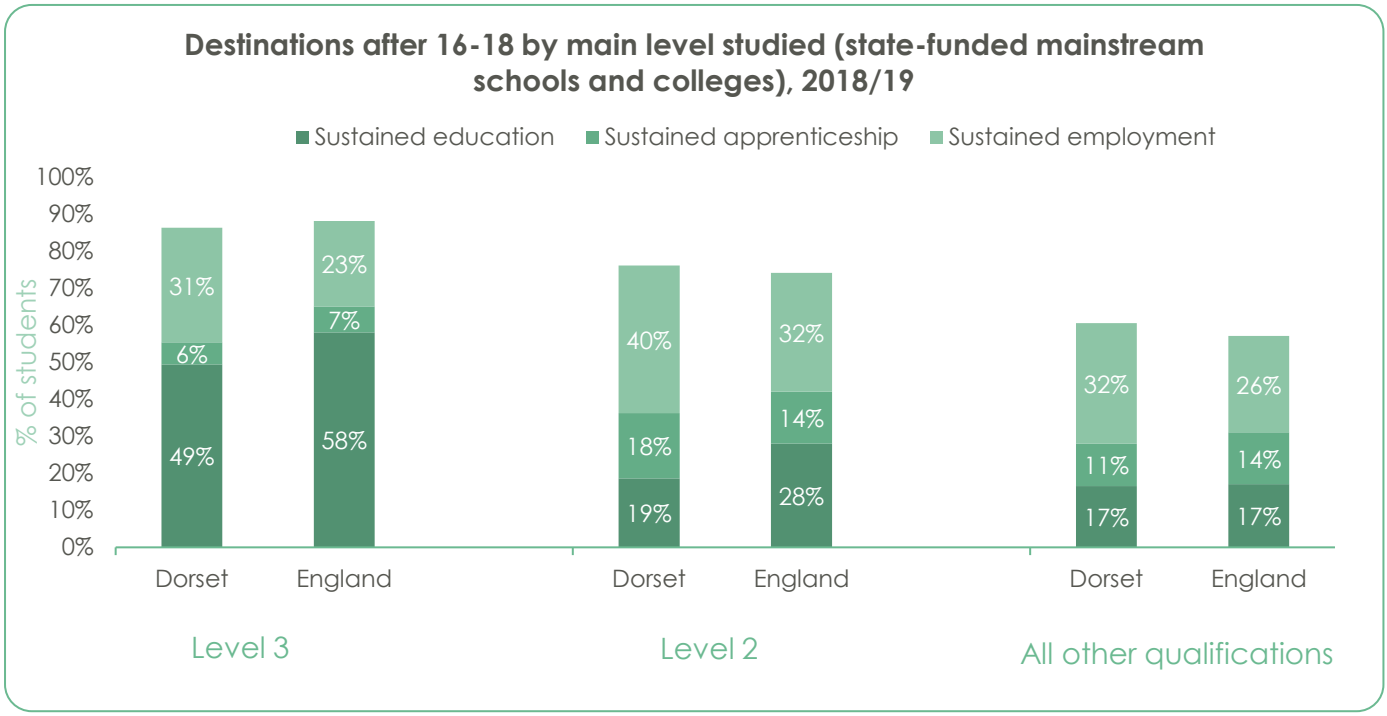


***Figure 18.* KS5 destinations** DfE, (published 2020)

Adult FE and skills destinations

In terms of destinations for adult FE and skills learners across most levels of study, they were more favourable in Dorset than in England with broadly two-thirds (64%) moving into sustained employment destination and 28% into sustained learning. These are not mutually exclusive categories, e.g. individuals may participate in both learning and employment.

In general, the proportion of individuals who move into a sustained employment destination tends to peak for those who have complete Level 3 qualifications, while those completing Level 4+ qualifications being more likely to continue into another form of sustained learning.

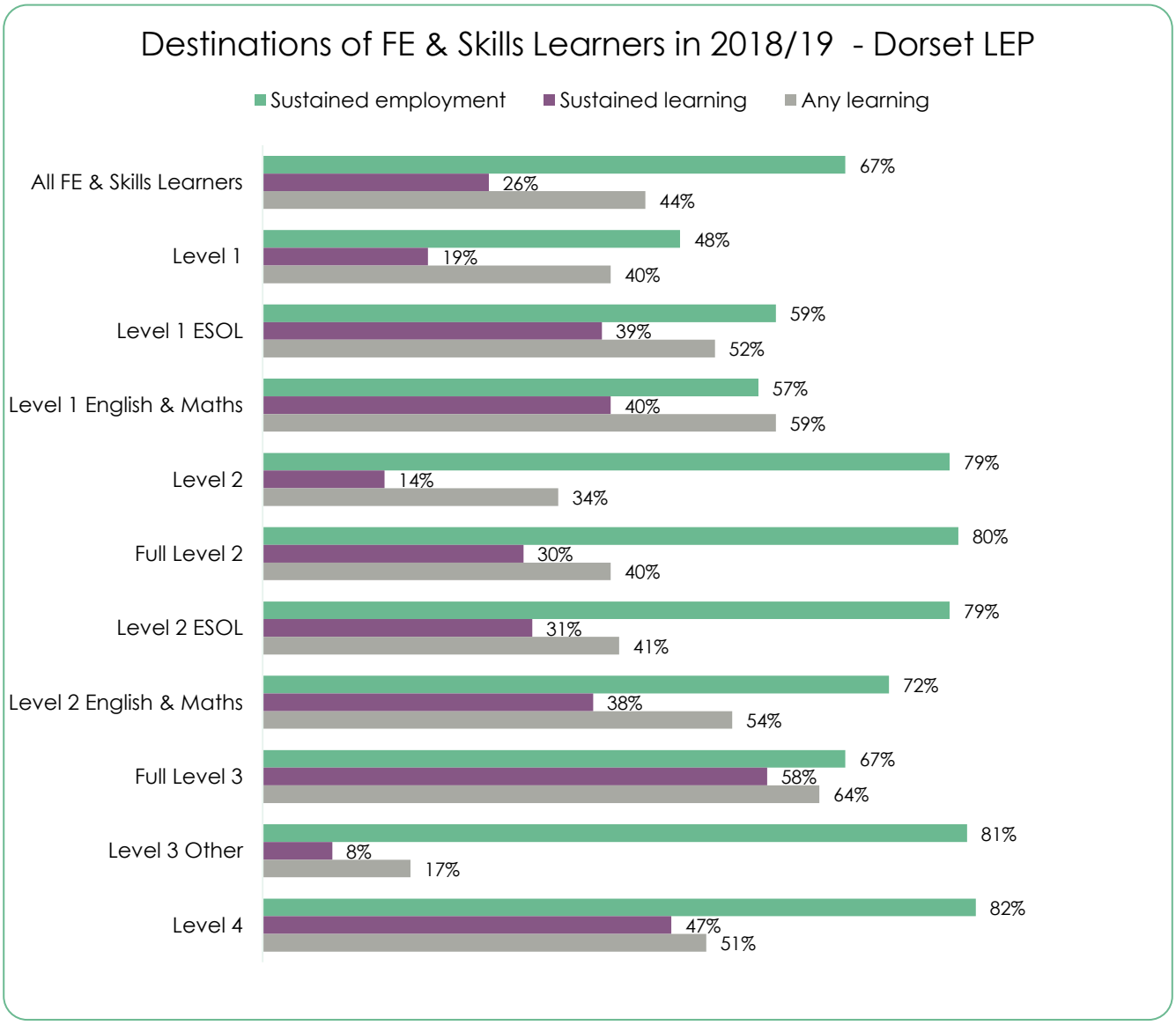


Figure 19. **Dorset FE outcome-based success measures, 2017/18 achievements,** DfE, (published 2020)

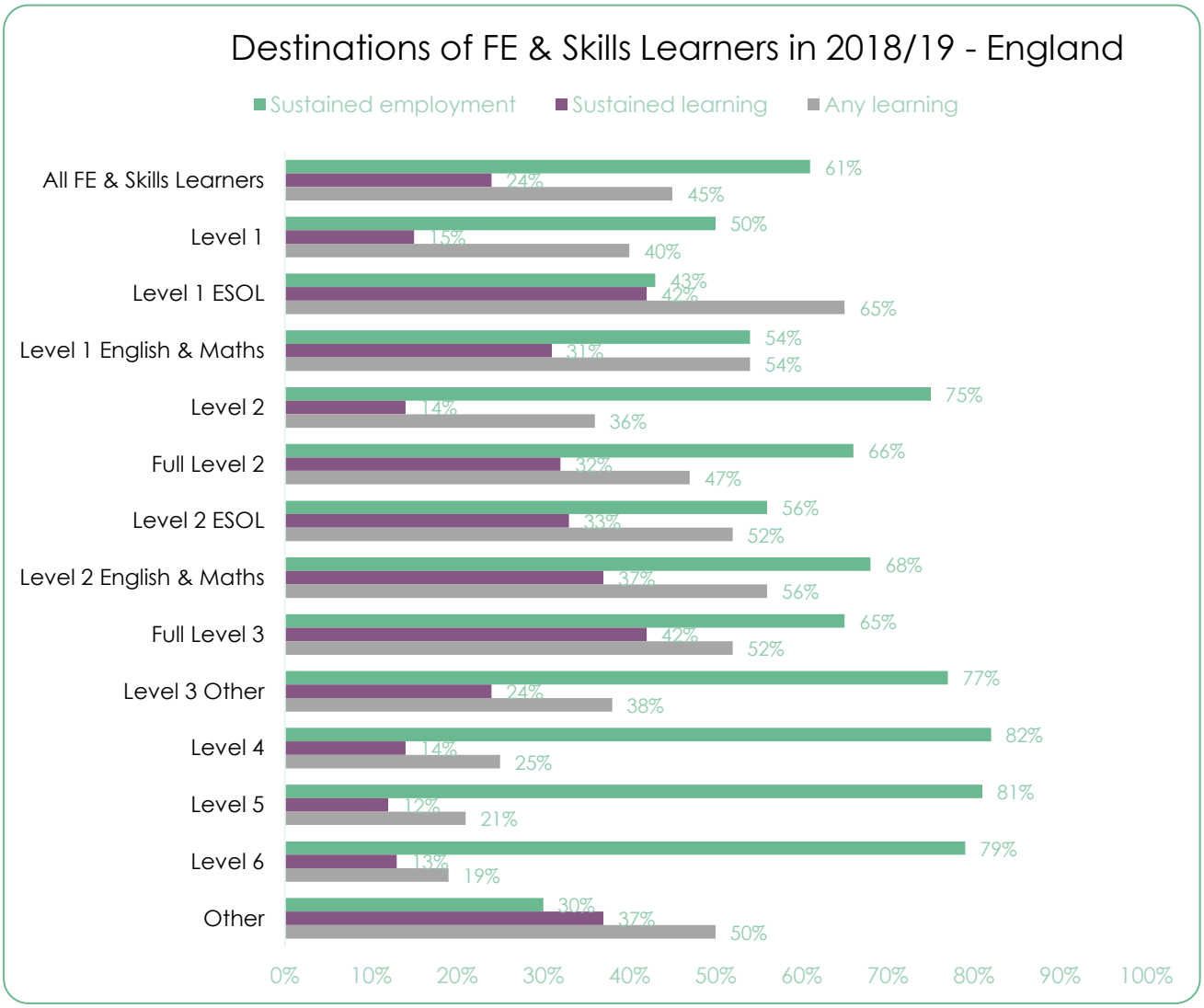


Figure 21. **England FE outcome-based success measures, 2017/18 achievements,** DfE, (published 2020)

Destination measures demonstrate the effective pathway that adult learning provides to many. The high proportion of those who have moved into either employment or further learning demonstrates that it often provides a stepping-stone to other opportunities.

Of the 5180 adult learners in Dorset who achieved a further education (FE) and skills course in 2016/17, 76% had a sustained positive destination in 2017/18 (the national reference was 71%), which has increased each year from 70% back in 2013/14.

The proportion of adult learners who entered a sustained employment (64%) was 6ppt higher than nationally and had also increased over time (by 5ppt since 2013/14). Similarly, those who moved onto further sustained learning (28%) was 3 ppt higher than nationally, marking a 6 ppt increase since 2013/14.

Most of adult learning takes place at Level 1 and 2. As would be expected, achieving higher-level qualifications was more likely to secure a sustained positive destination[15], with many moving onto learning at higher levels.

Proportion of learners by level of study:	**Average sustained positive destination by qualification levels:**
Level 1 – 38% **Level 2 – 33%** **Level 3 – 25%** **Level 4 – 1%**	**Level 1 - 74%,** **Level 2 - 79%,** **Level 3 - 89%, and** **Level 4+ - 100%** **(based on low number of students)**

However, it is important to reiterate the point that the number of adult learners in Dorset almost halved from around 10,000 back in 2013/14 to 5,180 in 2016/17. This decline has occurred across all subject areas, with largest decline in ICT, Business, Admin and Law, Art and Media, and Engineering and Manufacturing. The number of learners in these subject areas are a third lower than their 2013/14 levels.

In terms of positive outcomes, the subject areas where individuals tended to have the highest sustained positive destinations (Figure 42) were in Science and Maths, Education and Training, Business, Admin and Law, History, Engineering, Agriculture, Horticulture and Animal Care and Art and Media (all with 80%+).

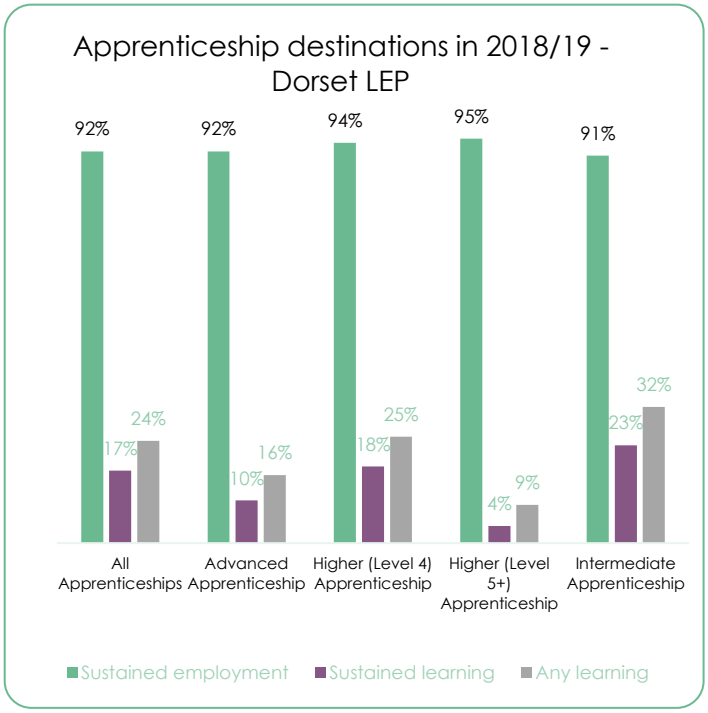
Interestingly, ICT had the lowest rate (66%).

Subject areas with highest sustained *employment* destinations rates were Education and Training, Business, Admin and Law, and Engineering and Manufacturing (all with c80%+), while subjects such as History. Philosophy and Theology had the lowest *employment* rate (less than 50%).

[15] Positive destination in this context is either a sustained employment and/or further learning outcome

Apprenticeships destinations

The evidence suggests that apprenticeships play a particularly positive role in providing a pathway to sustained employment. Within Dorset, the evidence suggests that 90% of completed apprenticeships ended in a sustained employment destination. This is marginally higher than the rate seen nationally, and this positive differential exists across all apprenticeship levels.



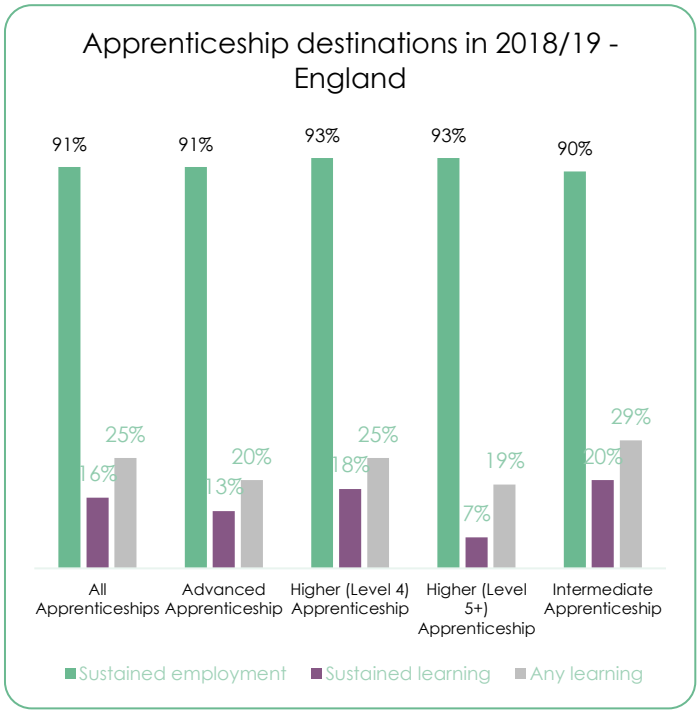


Figure 22. Destinations in 2018/19 of Apprenticeships achievements from 2017/18 academic year.

Comparing favourably to other learner cohorts, apprenticeships had the highest average earnings of £18,770 per annum (12 months after completion of the apprenticeship). Average earnings differed considerably across subject areas. For example, average salaries in ICT (£28,250) and Engineering and Manufacturing (£21,660) were considerably higher than in Leisure, travel and tourism (£14,690).

In 2016/17 there were over 4450 apprenticeships achieved in Dorset and over half (55%) of them were at level 2 (Intermediate) and under 43% were at level 3 (advanced).

There is a reasonable earnings differential between the apprenticeship levels. Higher apprenticeships had the highest employment rate and highest average earnings (£27,740). This compares to average earnings for intermediate apprenticeships of £17,140.

The most popular Sector Subject Areas were Engineering and Manufacturing, Health, Public Services and care, accounting for over a half of all apprenticeships in 2016/17.

Sustained employment destinations were notably high in subject areas such as Business, Administration and Law, and Communication Technologies. Employment was lower in Agriculture, Horticulture and Animal care (83%), but this was partly compensated by relatively high self-employment rates (9%). Construction and Planning was the area with the highest proportion of self-employed – almost a quarter of all apprentices in sustained employment destinations were self-employed.

HE graduate destinations

According to the latest Graduate Outcomes survey, the employment outcomes for those who graduate from HE institutions in Dorset was favourable and considerably higher than the outcomes experienced at a national level.

From those who graduated in 17/18 from our three universities, 92% of the survey respondents were in employment or unpaid work, including those who were engaged in both employment and further study (national reference was 82%).

Around 80% of those who completed higher education within Dorset in 2017/18 and 70% of those in England were either in full-time or part-time employment one year after graduation and around 5% of the surveyed graduates were unemployed, although a proportion was due to start work or studies soon.

Approximately, 10% of Dorset graduates (these are individuals who graduated from Dorset HE institutions rather than being domiciled in Dorset) and 18% on average of those graduating in England move into some form of further study, often combining that with some form of employment.

At an institutional level –the local universities perform strongly.

The latest data indicates that c90% of graduates (undergraduate and postgraduate) from the Arts University Bournemouth are engaged in either employment (87%) or further study 12 months after leaving the institution. A comparable figure is found at Bournemouth University, with 91% of those who graduated in 2017/2018 either in some form of employment and/or further study.

In terms of salaries, for Bournemouth University the evidence suggests that the initial earnings post-graduation tends to broadly match the national profile. Just over-half (c53%) of graduates earnt above £24,000 for their first job – comparable to national profile. In comparison, initial earnings at AUB tended to be lower – with approximately one-third earning more than £24,000. This may reflect some of the creative occupations where AUB graduates enter, as well as a greater tendency for graduates to be self-employed – again reflecting higher levels of self-employment in the creative industries.

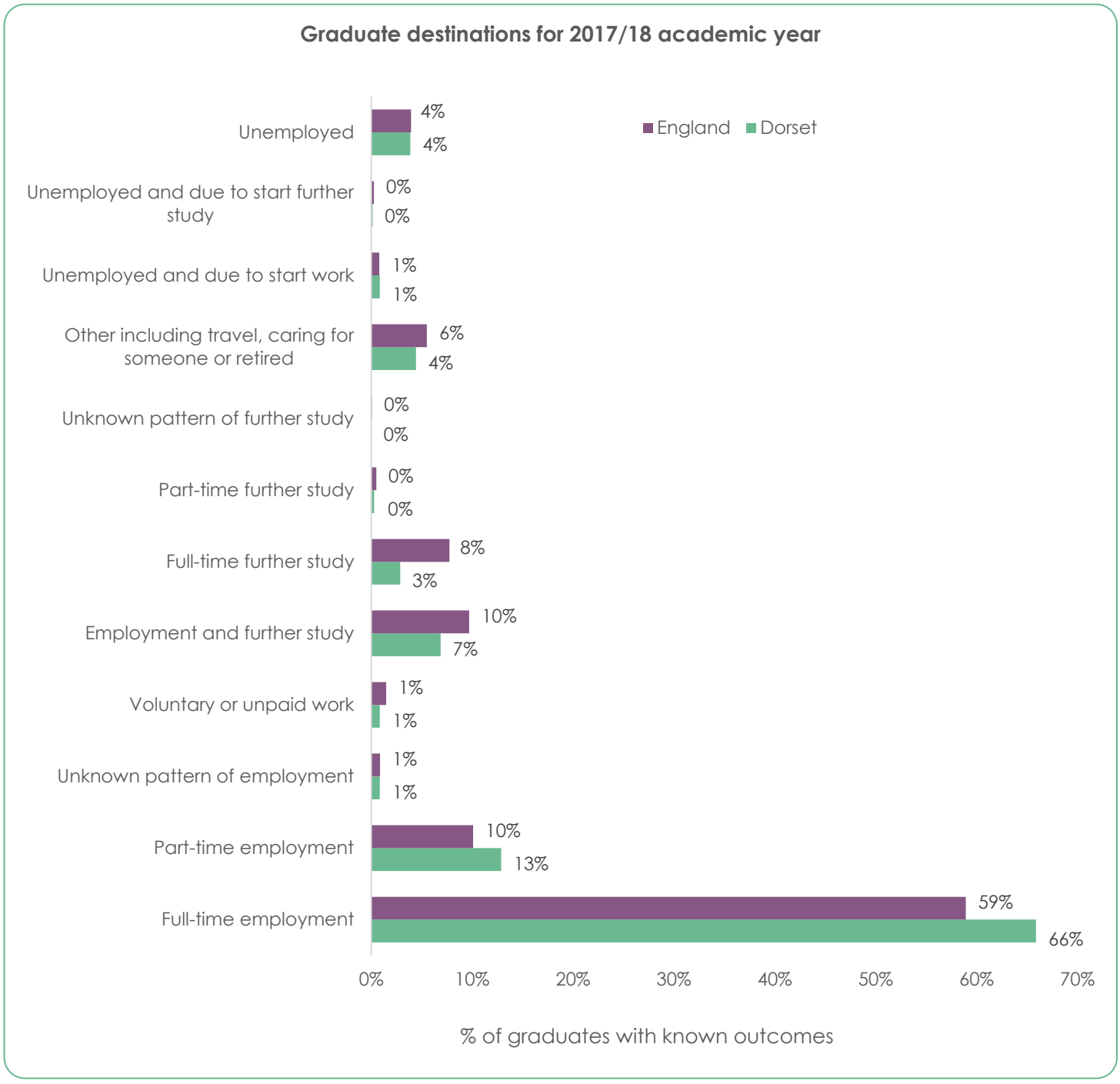


Figure 23. HESA, 2017/18 graduates (published 2020)

Graduate retention

Graduate retention and the ability of the Dorset LEP area to provide the quality employment opportunities to incentivise more graduates to stay in the area remains a key area of work.

Fully understanding the graduate retention picture is constrained by a lack of more granular data of where graduates specifically choose to live after graduation i.e. at a town/city level. However, reasonably robust data available at a regional level is shown in Figure 24. It indicates that 1 year after graduating from an HE institution in Dorset, one-third of graduates have chosen to live in the South West, and we assume that a reasonable proportion would be living in Dorset (and the BCP area). Half of the graduates live in either London or the South East. Presumably, this indicates the employment opportunities that are available there. The remainder of the Dorset graduates (c17%) are spread across the rest of the UK.

A comparison between those graduating in Dorset with the average national destinations trajectories, shown in Figure 42, indicates the greater propensity of those graduating from HE institutions in Dorset to remain in the South (South East and South West in particular) with fewer proportions than nationally moving to London. This clearly highlights the role of Dorset universities in attracting and retaining high skilled talent to the local area.

Provider analysis of the 2016/17 Destination of leavers survey from Bournemouth University (BU) – Dorset's largest HE provider – indicates positive net gain of talent with around a fifth of BU's students originating from Dorset and 23% of its employed graduates remaining within Dorset. Retention of Bournemouth University students originating from Dorset is even higher – 78% of them were employed within Dorset 6 months after graduation. This analysis goes on to explore factors linked to graduate retention in Dorset indicating students experience of work placement strongly correlated of employment within the local area. This indicates some strong local employer linkages and a 'flow' into the local economy (see Dorset People and Skills evidence for details).

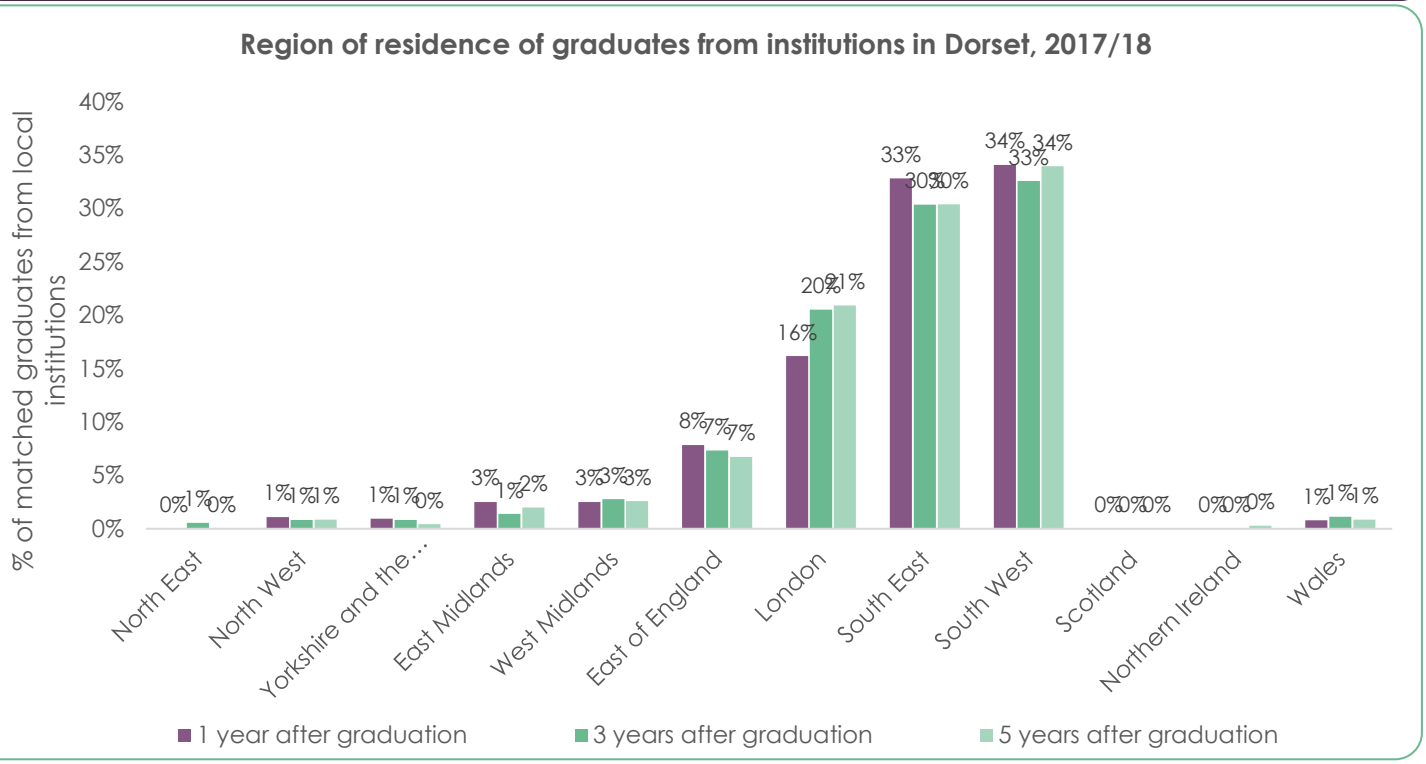


***Figure 24.* Graduate Outcomes of those who graduated in Dorset in 2017/18.** DfE, (published 2020)

Employer provided training

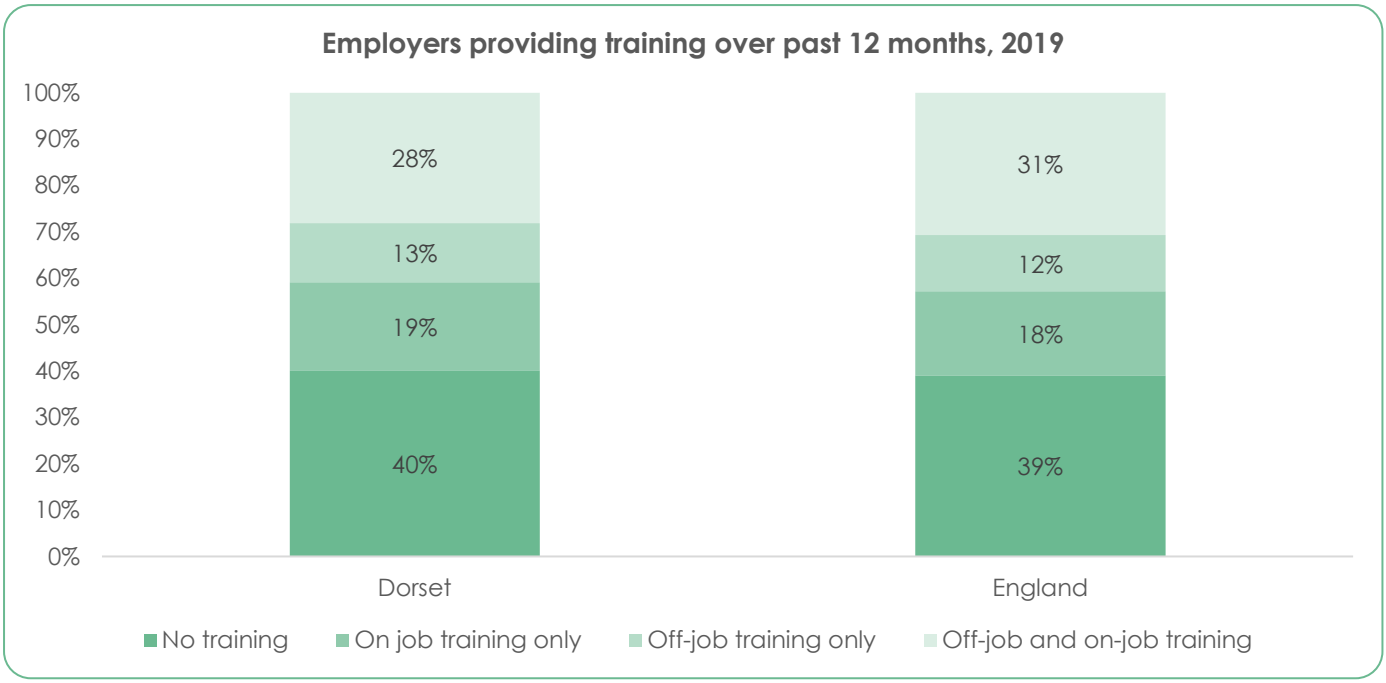


Figure 25: Employers providing training or funding training in the last 12 months – Employers Skills Survey

The latest Employer Skills Survey was undertaken in 2019. This acts as the largest survey of employer's views of skills shortages, training provision etc. It has acted as an important resource to understand in-job training and the scale of skills shortages within businesses. Obviously, this was undertaken prior to Covid-19 and does not reflect the significant impact it will have had on employers' views. Nevertheless, it remains a useful resource to reflect the skills and recruitment issues that employers tend to face in a 'steady state' environment. In terms of training in-job provision, it shows that 60% of employers who responded to the survey in Dorset had provided some form of training in the previous 12 months. This was a combination of both on-the-job and off-the-job training (85% of those who had provided training had been in the form of on-the-job training). This broadly matches the national picture. The remaining 40% had not provided any training.

Of those organisations that did not provide any training, c70% stated that they felt that all of their staff were already full proficient and did not require any further training. Other significant reasons stated included that training was not currently considered a priority (12%) and that there was no relevant training provision in their area (8%).

Skills Demand

Skills Demand - Summary

- Despite the current challenges, there are exciting economic opportunities for Dorset going forward. With emerging growth areas in advanced engineering, agri-tech, fin-tech, defence, health, digital and creative, and Dorset's aquaculture identified as a high potential opportunity by the Department for International Trade, the demand for new skills and fresh talent taking on apprenticeships and emerging job opportunities promises to recover from the coronavirus disruption as it has remained resilient throughout previous economic downturns.
- There has been strong employment growth in healthcare, tourism, arts and entertainment, property and construction over the past 4 years and robust economic output from our established property, retail, manufacturing, healthcare, finance, construction, professional, scientific and technical sectors.
- Reflecting the long-term issue of demographic structure and ageing, there is unsurprisingly a high demand for jobs in health and care. In the short-term, this has been accentuated by the particular need raised by the pandemic.
    - In terms of specific skills requirements of businesses, using the latest National Employers Survey as the source, many of the skills cited appear to be very specitic to the requirements of the individual business. Skillsets that are required to address these specific organisational requirements outweighed more generic skill acquisition. This may partly explain the high proportion of on-the-job training that is provided. IT skills act as a good demonstration of this. Whilst 38% of Dorset businesses cited that 'skills using new or updated company software or systems' were required, only 9% cited basic Microsoft Office applications as a requirement. Overall, this evidence seems to suggest that job/organisation specific skills acquisition is more important to organisations than generic skills acquisition. This specificity may represent a problem that training providers need to understand. Employers indicate that the highest prevalence of vacancies caused by skills-shortages occurred in occupations such as skills trades, and professional occupations. Whilst vacancies were high in occupations such as caring, these were not necessarily caused by skills shortages, but rather other factors such as working hours, low pay etc.
    - The impact of skills shortages on businesses can be multi-faceted, from increasing workload of existing staff to an inability to introduce new practices within the organisation.

Online vacancies

Overall recruitment for most sectors was lower in 2020, but demand fluctuated considerably over the course of the year and across industries. Recruitment activity sharply decreased across all sectors with the first lockdown and started to recover in the following months. Labour demand fell by a half in accommodation and food services, arts and entertainment, but it was largely maintained in financial services, utilities and professional, scientific and technical activities and actually grew by a quarter in the health and social care sector. The latest evidence suggests a further weakening in vacancies alongside further lockdown.

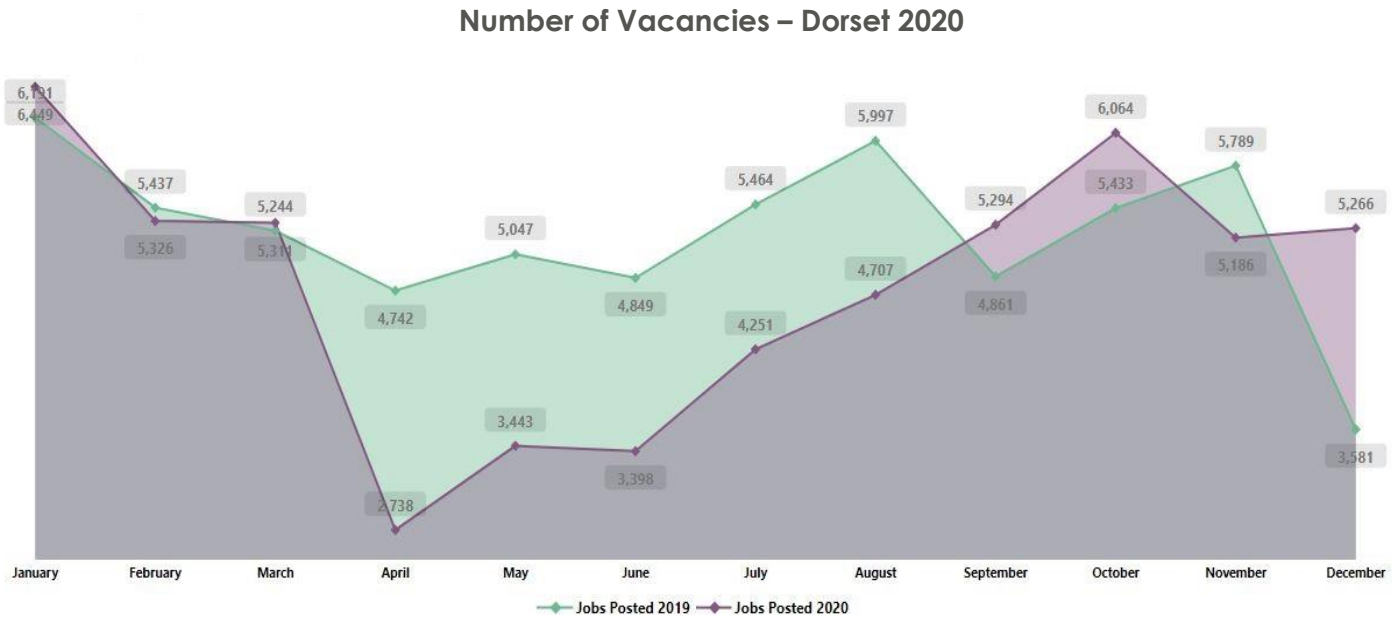


***Figure 26.* Dorset LEP Vacancies, January-December 2020 vs 2019.** Burning Glass Technologies: Labour Insight. 2021 accessed under Dorset LEP license. 2021

Dorset's vacancy figures illustrate some robustness within the local labour market. The recent impact of Covid-19 and the related economic and social restrictions has resulted in a decline of advertised vacancies. Advertised vacancies in 2020 were 8% lower (compared to the same period in 2019) and 12% since the first lockdown measures began in March 2020 (again, compared to a similar period in 2019).

Yet, recruitment activity recovered relatively well after crashing by half with the first lockdown. The second lockdown in November caused a slight fallback, but nothing of the extent seen earlier in the year and was followed by a swift bounce back in December. There were 57,433 vacancies advertised throughout the year and, remarkably, there were 47% more vacancies in December 2020 than a year earlier, which is 18ppt higher than the UK average.

Overall observations of changes throughout the year show:

- **Demand for service roles**, e.g. sales, customer service, office administration, chefs, machine operatives, skilled trades ***declined.***
- Dorset saw significantly ***higher than average increase in demand*** **for health and care roles**. Carers made the Top 3 most in demand job roles, joining registered nurses and software developers and replacing office/ administrative jobs.

Outside of health and care – job roles with increased demand were *accountants, lawyers, web developers and general cleaners* – see Figure 46.

Key areas of demand that stand out in Dorset are:

- **Healthcare**, where ***demand is notably higher in Dorset than elsewhere in the UK*** (c.14,200 jobs in 2020, accounting for a quarter of all vacancies, compared to 15% in UK)
    - With over 5,200 vacancies, the National Health Service was by far the largest individual employer and a significant source of labour demand.
    - Unsurprisingly, the single job with largest demand (3,500 vacancies in Dorset) was 'Registered Nurse' – 6% of all advertised jobs over the year.
    - Social and residential care sector in Dorset is also seeing demand of higher rates than the rest of the UK and expected to increase further because of the pandemic, and Dorset's demographic profile. There are consistent shortages in this area due to the relatively low pay and high physical demand, which is making the attraction and retention of workers progressively challenging in a post-Brexit climate (given a high proportion of staff had been drawn from the EU).

- **STEM jobs** were a significant group in demand based on vacancy data in Dorset. There were 9,600 vacancies that had STEM requirements advertised throughout 2020 (17% of all Dorset vacancies). Within the group of STEM vacancies, the highest demand was for software developers/ engineers (c. 2040) representing 4% of all vacancies in Dorset (in line with proportions seen nationally).

The above trends are illustrated in the job roles most in demand:

Top 3 job roles most in demand

Dorset

2020
- Registered General Nurse (RGN)
- Caregiver / Personal Care Aide
- Software Developer / Engineer

2019
- Registered General Nurse (RGN)
- Office / Administrative Assistant
- Software Developer / Engineer

UK-wide

2020
- Software Developer / Engineer
- Registered General Nurse (RGN)
- Office / Administrative Assistant

2019
- Office / Administrative Assistant
- Software Developer / Engineer
- Registered General Nurse (RGN)

Figure 27. Top occupational groups as a proportion of all vacancies. Dorset LEP 2020. Burning Glass Technologies: Labour Insight. 2021 accessed under Dorset LEP license. 2021

Sector growth forecasts

Recent projections (published prior to the coronavirus pandemic and therefore should be interpreted in that context) estimate Dorset industries to *largely maintain employment levels* over the coming years. *Where decline is expected, it is marginal* over a 10-year period. Across all industries, *growth in levels of employment is mainly concentrated in professional occupations.* A notable increase is expected in healthcare and business with projected expansion of c.7,000 and c. 6000 jobs respectively over the studied period (2017-27).

Much now depends on how these opportunities materialise post Covid-19. Equally, some of those sectors which had experienced strong employment growth over the past 4-5 years i.e. retail, tourism, arts, property and construction have been badly hit by the pandemic.

Sector-specific forecasts at this time are inherently uncertain and volatile. It will probably take a return to near normality (in economic terms) to understand where some sectors are now positioned. The hope is that some of those sectors which have been previously robust in Dorset i.e. healthcare, finance, manufacturing, scientific and technical, can regain momentum quickly.

Table 1. Sectors with highest and lowest forecast growth, 2017-2027, Working Futures (published 2020)

Dorset LEP	
Sectors with highest forecast growth (2017-2027)	Sectors with lowest forecast growth (2017-2027)
1) Health and social work	1) Food drink and tobacco
2) Support services	2) Engineering
3) Arts and entertainment	3) Public admin. and defence
4) Information technology	4) Agriculture
5) Water and sewerage	5) Media

Replacement demand – The larger proportion of people aged 50+ in Dorset means that a key influence on the scale and shape of future labour demand is related to what is termed replacement demand. Replacement demand relates to those who are projected to retire and/or move jobs. Given the demographic profile within Dorset, it is the former that presents a particular question for the area – with the retirement trend likely to be much stronger than elsewhere in the UK.

Local modelling shows that despite our remarks on uncertainty, it is clear that replacement demand will have a substantial effect for most occupations and industries in Dorset. These projections estimate an overall c.26,000 new jobs to be created (between 2017-2027 and associated with economic growth) while the vacancies created through replacement are expected to be over 132,000 - 5 times the projected expansion. Again, given the demographic structure of the workforce, over a third (36%) of those currently employment in Dorset (c371,000) may need to be replaced by 2027.

Replacement demand creates a unique conundrum. Not only will it require the direct replacement of those who leave the workforce, but also those other jobs in the workforce which are vacated as they themselves move into the vacated roles. This is, of course, extremely difficult to model or predict. However, the need to replace those older more experienced workers require creative approaches to work, up and re-skilling of the existing workforce, rethinking views on ageing in the workplace and collaborative management to ensure best utilisation of talent in Dorset.

Occupation growth forecasts

A major trend expected for the future is a shift of demand in favour of more highly skilled occupations. For example, in professional, associate professional, and management occupations. In contrast, declines are projected for roles such as administrative & secretarial, skilled trade occupations and process, plant and machine operatives. In part, this reflects an expectation of even greater automation and machine learning in such roles.

The projected occupational structure within industries is presented in **Figure 47**, illustrating that across all industries **growth in levels of employment is mainly concentrated in *professional occupations*,** seen to a different extent across all industries. The most notable increase is seen in non-marketed services (mainly in healthcare and education) and business where there is a projected need for c5,000 and c. 3000 more professionals respectively over the studied period (2017-27).

Consequently, forecasting models show a continued shift to high-level qualifications within the workforce - with c55% holding a Level 4+ qualification. The proportion of those with Level 1 or no formal qualifications is expected to reduce from 1-in-8 to less than 1-in-10. Again, this in part reflects changes to the educational/training system, with post-16 education now compulsory it is less likely that someone will leave education/training with no qualifications. Therefore, there are elements of demand and supply factors playing into these forecasts.

In the short-to-medium term, tackling the expected 'scarring effects' of unemployment as a result of the pandemic will be a key policy focus. From a policy perspective, combining these short-term issues alongside the longer-term focus on skill gaps and shortages of some skills will be key to enhancing business competitiveness and allowing Dorset to take full advantage of economic opportunities as they arise. There is now a delicate balancing act between the (hopefully) short-term focus on recovery, and the longer-term structural changes that were already taking place.

Table 2. Occupations with highest and lowest forecast growth, 2017-2027, Working Futures (published 2020)

Dorset LEP	
Occupations with highest forecast growth (2017-2027)	Occupations with lowest forecast growth (2017-2027)
1) Caring personal service occupations	1) Secretarial and related occupations
2) Health and social care associate professionals	2) Process, plant and machine operatives
3) Health professionals	3) Textiles, printing and other skilled trades
4) Customer service occupations	4) Skilled metal, electrical and electronic trades
5) Corporate managers and directors	5) Administrative occupations

As shown above, the latest work undertaken by Working Futures (pre-pandemic) forecast that occupations such as caring and health would remain those roles which have the greatest demand in Dorset. This reflects longer-term trends – not least the impact of longer lives.

The Employers Skills Survey (again, noting this was pre-pandemic) provides a useful insight into the type of generic skills sought by employers. Around a half of employers felt that they required specialist skills. It is also useful to note that other skills/aptitudes such as complex problem solving was also identified by c40% of employers, actually exceeding computer literacy/IT skills in terms of scale of requirement.

Skills that need developing

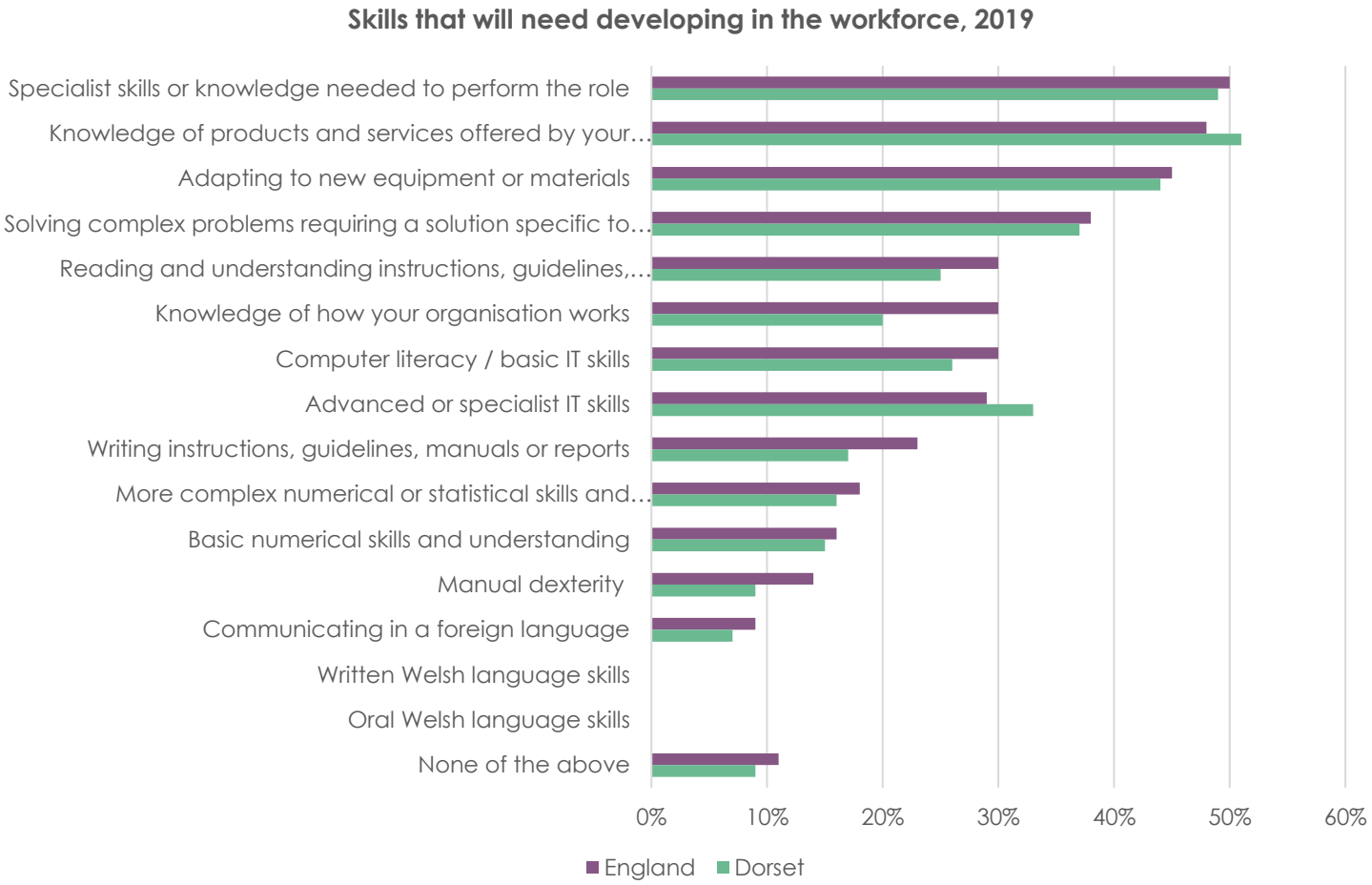


Figure 28. Skills that will need developing in the next 12 months. Employer Skills Survey, 2019 (published 2020)

Mapping skills supply and demand

Mapping skills supply and demand - Summary

- Dorset scores relatively high on a range of indicators that illustrate an overall unmet demand for labour (LEP Outlook 2019, BEIS, 2020). The county has higher than average vacancy rates (LEP Outlook 2019, BEIS, 2020 -the total number of vacancies divided by the total employment), and scores among the top 3 LEP areas for the proportions of hard-to-fill and skills shortage vacancies reported by employers (Figure 30).

- While the pandemic has disrupted the labour market, significantly increasing the available labour resource, these indicators give an overall idea of the imbalance between the supply and demand for labour in Dorset LEP, particularly in knowledge intensive jobs and occupations. These classifications highlight shortages in local skills and qualifications that are pertinent to higher skilled job market and could be partly explained with prevalence of more rural areas in Dorset, yet require further investigation and attention.

- Having higher and further education institutions with global reputations on their doorstep, many businesses across Dorset could access directly the skills and talent needed for their businesses to thrive, grow and compete. There is some evidence however that many of them are not making the most of this opportunity and barriers to investment in training, apprenticeships and productive partnerships exist among employers. The Dorset Employers Skills Survey 2020, commissioned by Dorset LEP, highlighted that only a quarter of employers engaged with colleges and private providers in meeting their skills needs and even fewer (14% and less) worked directly with universities and schools.

- Skills utilisation issues within the existing workforce are widely prevalent, which together with staff proficiency, (Figure 29) and significant skills gaps identified provide explanation for the productivity conundrum. Over half of employers (56%) surveyed in the Dorset Employers Skills Survey 2020 reported a skills gap for at least one type of skills and over one-third (36%) were affected by multiple skills gaps. The majority of employers (c70%) stated these skills gaps impacted their productivity, and over a half felt negative effects on business profitability and growth.

Proficiency of workforce

The latest Employers Skills Survey[16] results highlight a key question around optimal utilisation of the existing workforce skills. The responses shown below seem to suggest that skills utilisation is an equally significant issue as the skills gaps. Whilst only c5% felt that their staff were not fully proficient, one-third felt they had under-utilised staff.

Optimising the utilisation of existing skills and matching them with the employer demand is a key consideration in understanding how productivity (both at a firm-level and within the wider Dorset economy) can be improved and recovery supported. Better utilisation of skills by employers would act as a key driver for performance. The evidence suggests that better organisational management is a major influence on skills utilisation[17].

This may also suggest that the 'matching process' (matching those with the requisite skills to the jobs/roles that require those skills) may also not be working as well as it could be. Similar observations were made around partnering with educational providers for recruitment activities, highlighting the need for improved collaboration and understanding of provision. Employers report particular issues with accessibility of training, lack of funding and insufficient relevance to their business. This highlights the issue of educational/training accessibility in Dorset. In a similar vein to some of Dorset's schoolchildren having amongst the longest journeys to school, the workforce of rural businesses may also be located relatively distant to the training providers. This has been addressed by outreach provision being provided by the FE Colleges. However, that is an expensive model to maintain and accessibility is viewed as a problem for some employers. What is interesting is whether this is a perceived or actual problem.

Staff that are not fully proficient and under-utilised

	Proportion of staff not fully proficient	Proportion of establishments with any under-utilised staff
Dorset	5.1%	35.0%
England	4.6%	34.0%

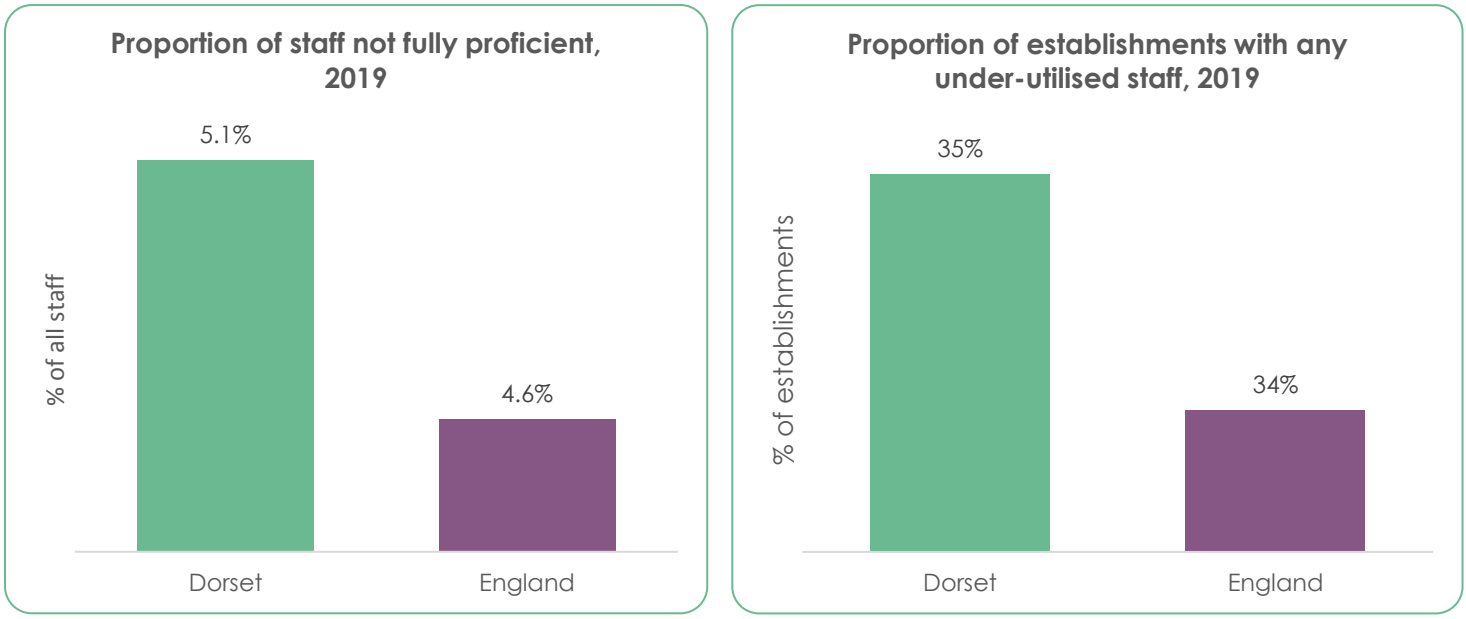


***Figure 29.* Staff that are not fully proficient and under-utilised.** Employer Skills Survey, 2019 (published 2020)

16 Employer Skills Survey, 2019 (published 2020)

17 Dorset People and Skills Evidence Base, 2020

Hard-to-fill and skills shortage vacancies

The Employers Skills Survey[18] results suggest that the proportion of employers who were experiencing vacancies caused by skills shortages was higher than seen nationally. 61% of employers had at least one hard-to-fill vacancy (national average 44%) and 50% of all vacancies were hard-to-fill (national average 36%).

One-third of vacancies – compared to one-quarter nationally – were vacancies specifically caused by skills shortages. Whilst noting that the data at a lower geography is associated with wider confidence intervals, this suggests that the labour market in Dorset was experiencing more 'tighter' conditions than nationally. The difficulty for Dorset organisations to address these skill shortage vacancies may be influenced by factors such as higher house prices, which sometimes act as a barrier for people to move into the area to fill those roles.

While the survey data was collected was pre-pandemic and with the advent of much 'looser' labour market conditions i.e. higher unemployment, this may be less of an issue locally, national reports actually suggest shifting and deepening of the skills issues experienced by employers.

The specific skills that were most commonly experienced across industries were in digital, sales and marketing, analytical, leadership and management skills as well as technical and practical and job specific skills, such as engineering (systems, technical engineering and manufacturing), health and social care (nurses, carers, physiotherapists), finance (accountancy, tax advice, financial management and planning), construction (plumbing, electrical work, carpentry).

How skills shortages/gaps will be affected by a larger available labour resource to draw on is currently unknown. Much will depend on who is now searching for work and the ability to match them against employers who continue to have skills gaps. This 'matching' will be important.

The significance of these skills gaps was highlighted by c70% of Dorset employers stating that these skills gaps were impacting their productivity, while over a half felt they were having negative effects on business profitability and growth. Almost a quarter (23%) of Dorset employers also report having had one or more hard-to-fill vacancies in the previous 12 months. These hard-to-fill vacancies tended to be in those technical areas noted above. The biggest challenge in filling these vacancies was accessing sufficient numbers of applicants with the required skills, motivation and personal attributes. Again, it will be important to understand whether this will change in a post-pandemic environment. Labour mobility then becomes an important associated factor. As well as matching available individuals to employment opportunities, on occasion it may mean that that labour needs to be mobile i.e. able to move to Dorset to take up those opportunities.

[18] Employer Skills Survey, 2019 (published 2020)

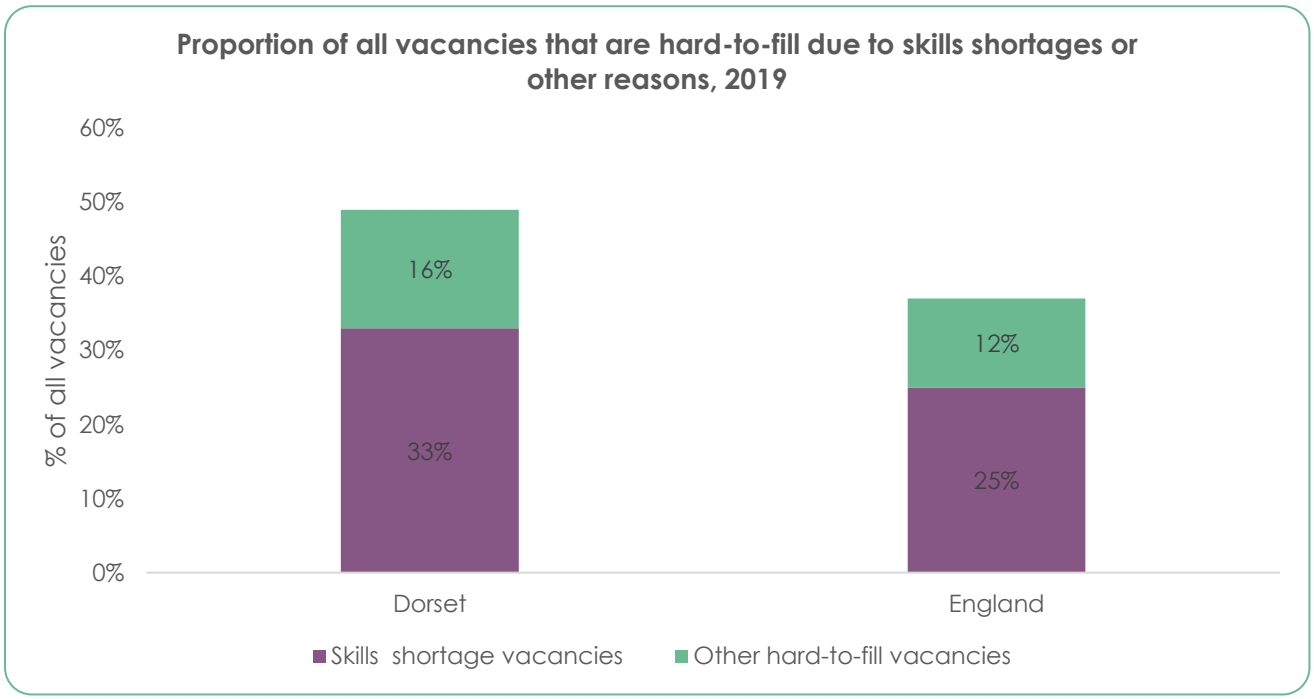


Figure 30. **Proportion of vacancies that are hard-to-fill or skills-shortage.** Employer Skills Survey, 2019 (published 2020)

ANNEX B | Additional Indicators

Local Landscape

Employment in industry sectors

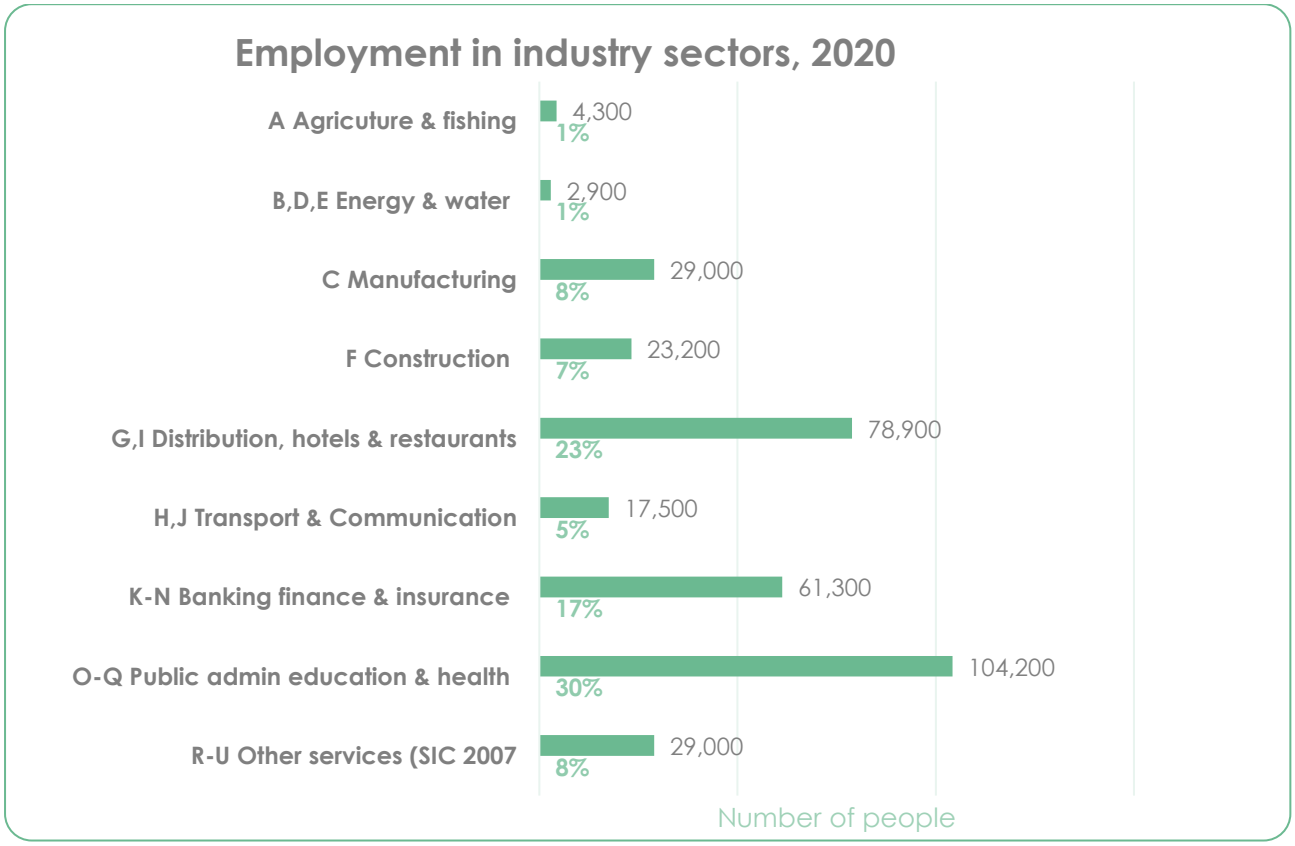


Figure 31. **People in employment in sectors in Dorset LEP** – Annual Population Survey, September 2020 (published January 2021)

Sectors with higher concentration of employment in Dorset than England (2019)

Sector	Employment Dorset LEP	Employment England	Location Quotient
Agriculture, forestry & fishing (A)	8,000	357,000	1.73
Property (L)	10,000	541,000	1.43
Financial & insurance (K)	16,000	942,000	1.31
Accommodation & food services (I)	34,000	2,033,000	1.29
Retail (Part G)	39,000	2,504,000	1.20
Construction (F)	21,000	1,355,000	1.20
Health (Q)	51,000	3,368,000	1.17
Manufacturing (C)	29,000	2,113,000	1.06
Arts, entertainment, recreation & other services (R,S,T and U)	17,000	1,253,000	1.05
Motor trades (Part G)	7,000	517,000	1.05
All Sectors	349,500	27,154,000	

Figure 32. **Employment sectors with LQ>1. Source data: BRES, 2019**

Jobs earning below the Living Wage

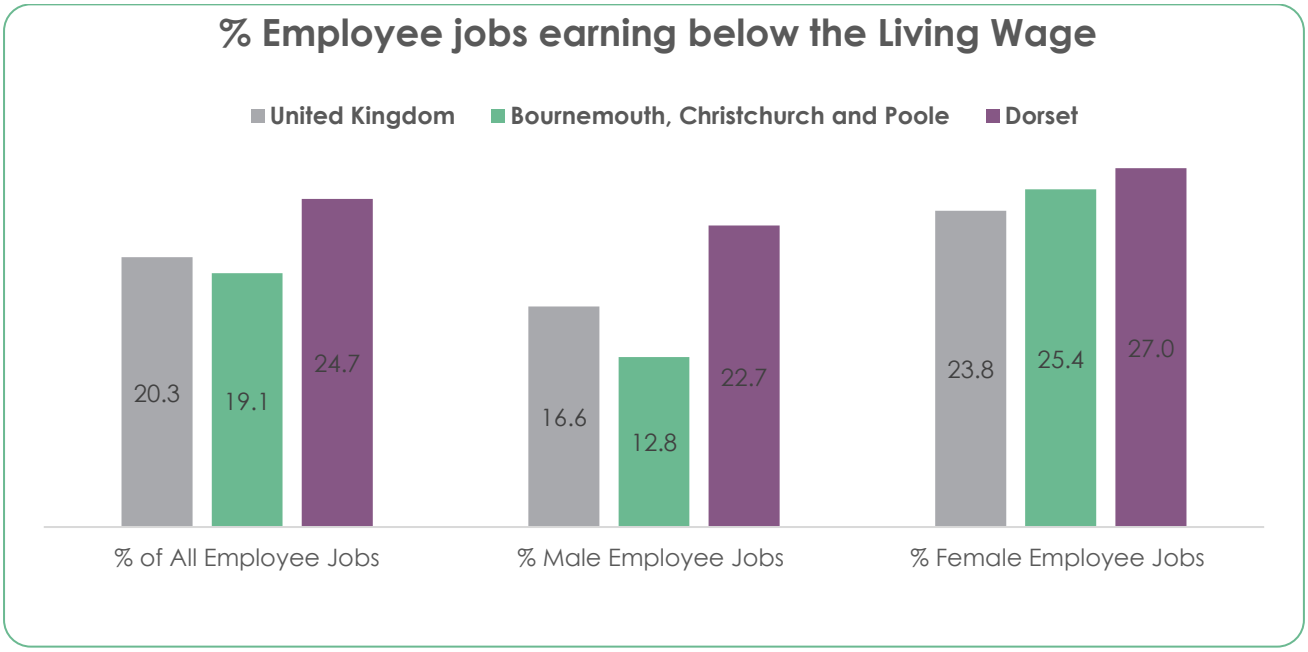


***Figure 33.* Estimates of the proportion of employee jobs with hourly pay below the living wage, by work geography and gender.** Annual Survey of Hours and Earnings - April 2020, Published November 2020

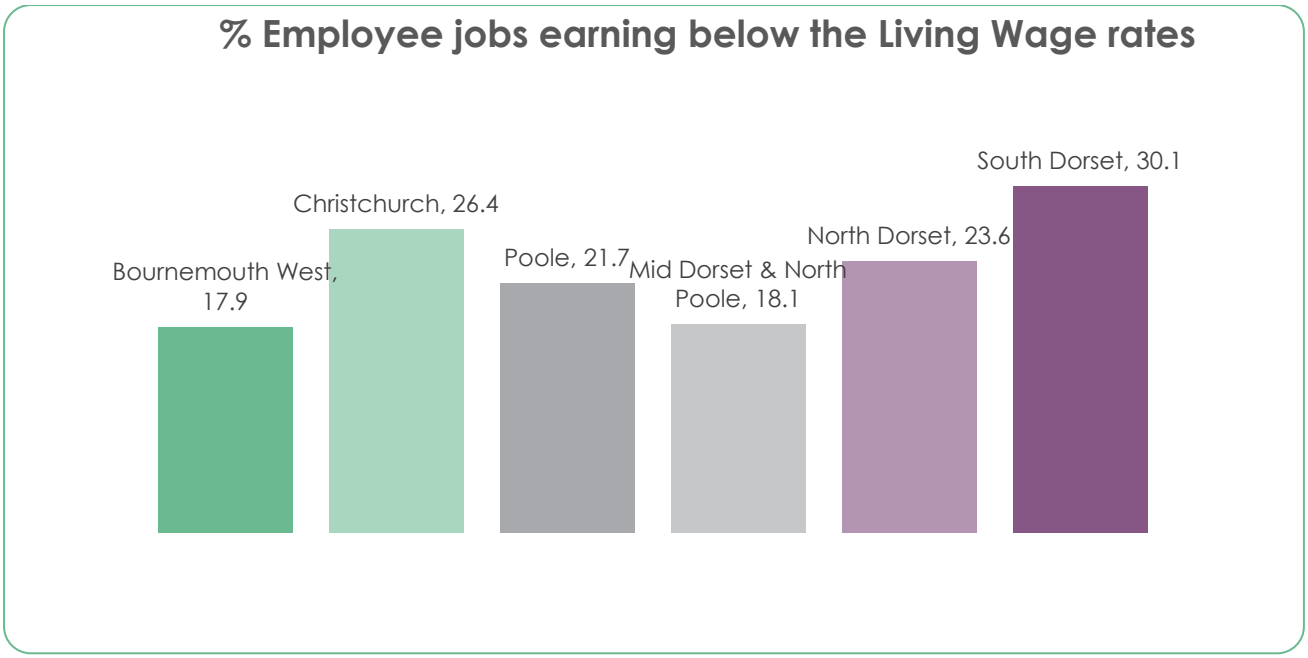


Figure 34. Estimates of the proportion of employee jobs with hourly pay below the living wage, by parliamentary constituency. (ASHE) - April 2020, Published November 2020

Wage by gender

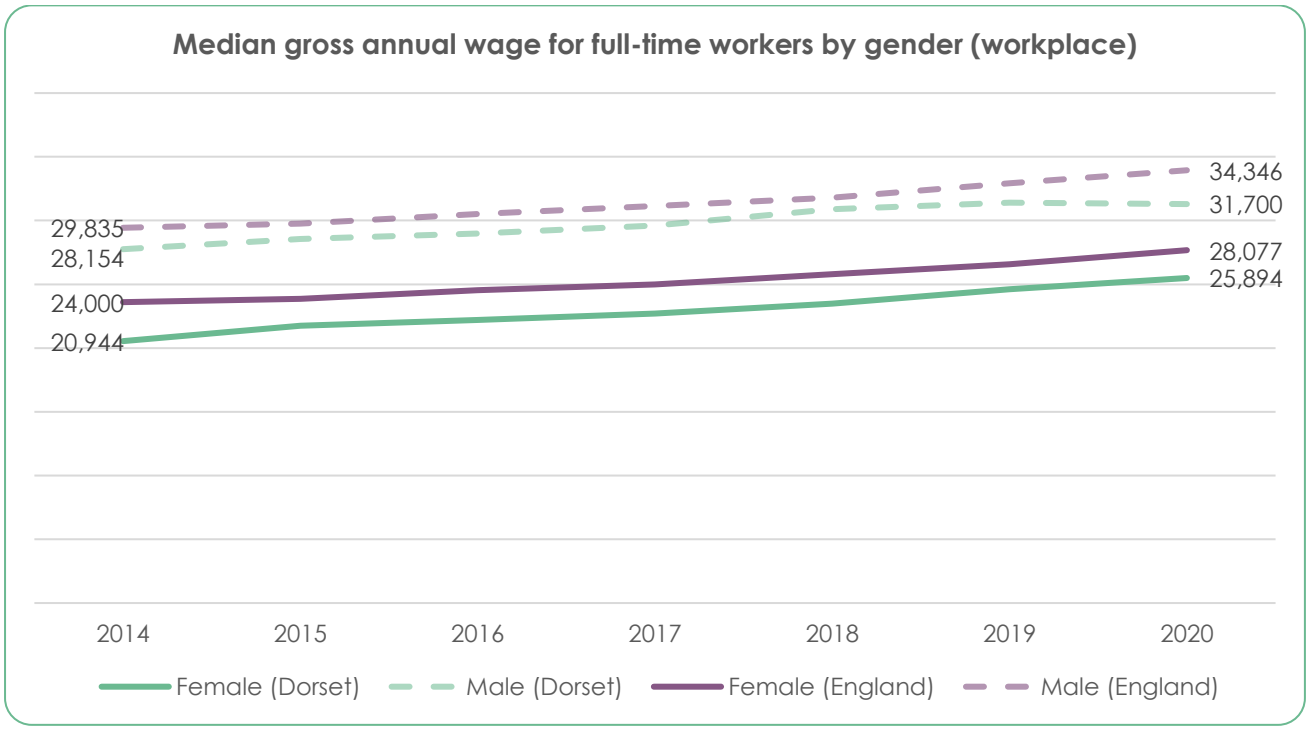


***Figure 35.* Salary comparison.** Annual Survey of Hours and Earnings, 2014 – 2020

Skills Supply

Qualifications by geography

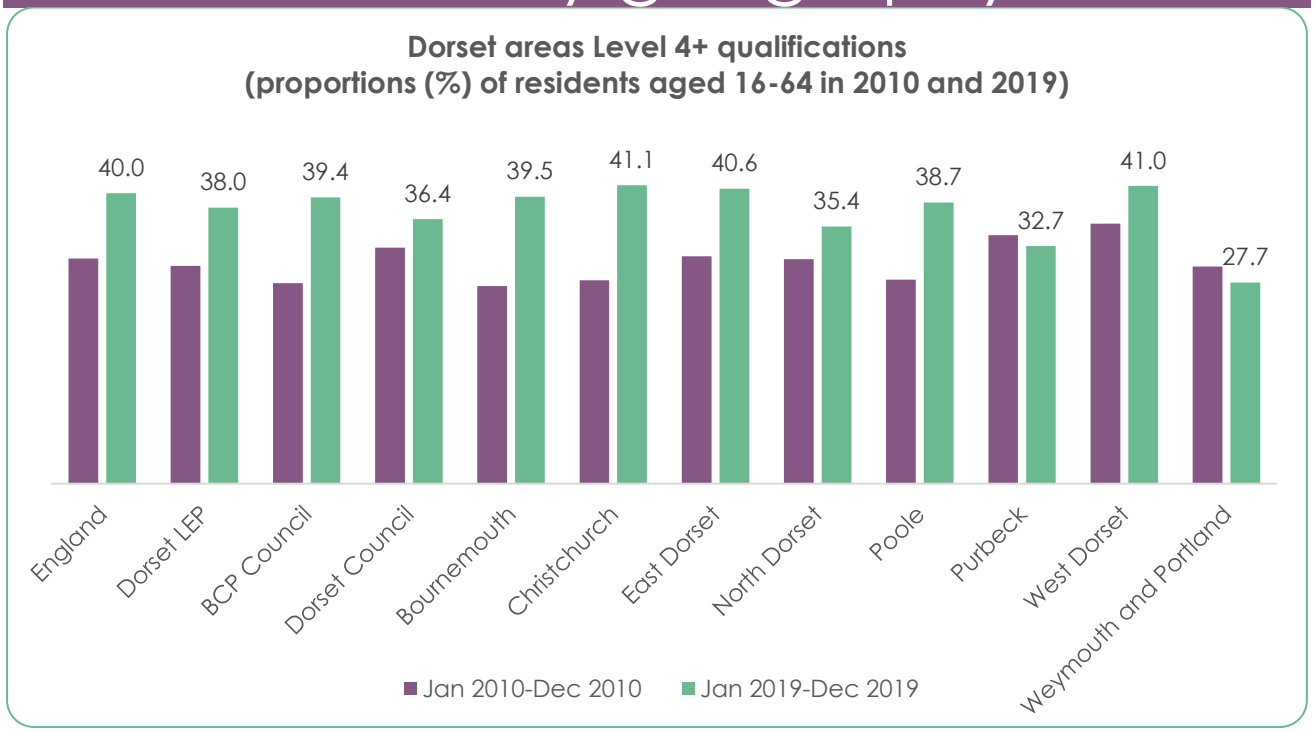


***Figure 36.* Proportion of residents aged 16-64 qualified to Level 4+, Dorset areas.** Annual Population Survey, 2019 (published 2020)

Apprenticeships starts/achievements

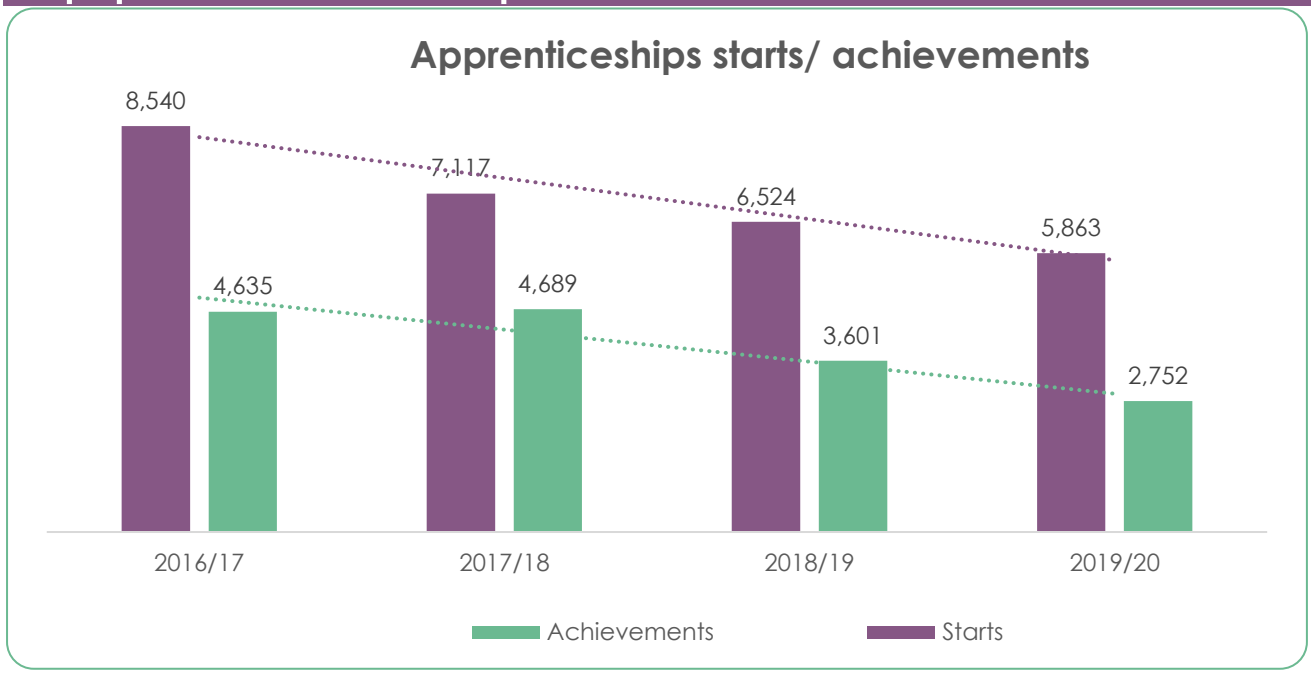


***Figure 37.* Apprenticeships Starts and Achievement 2019/20.** DfE Datacube, 2020

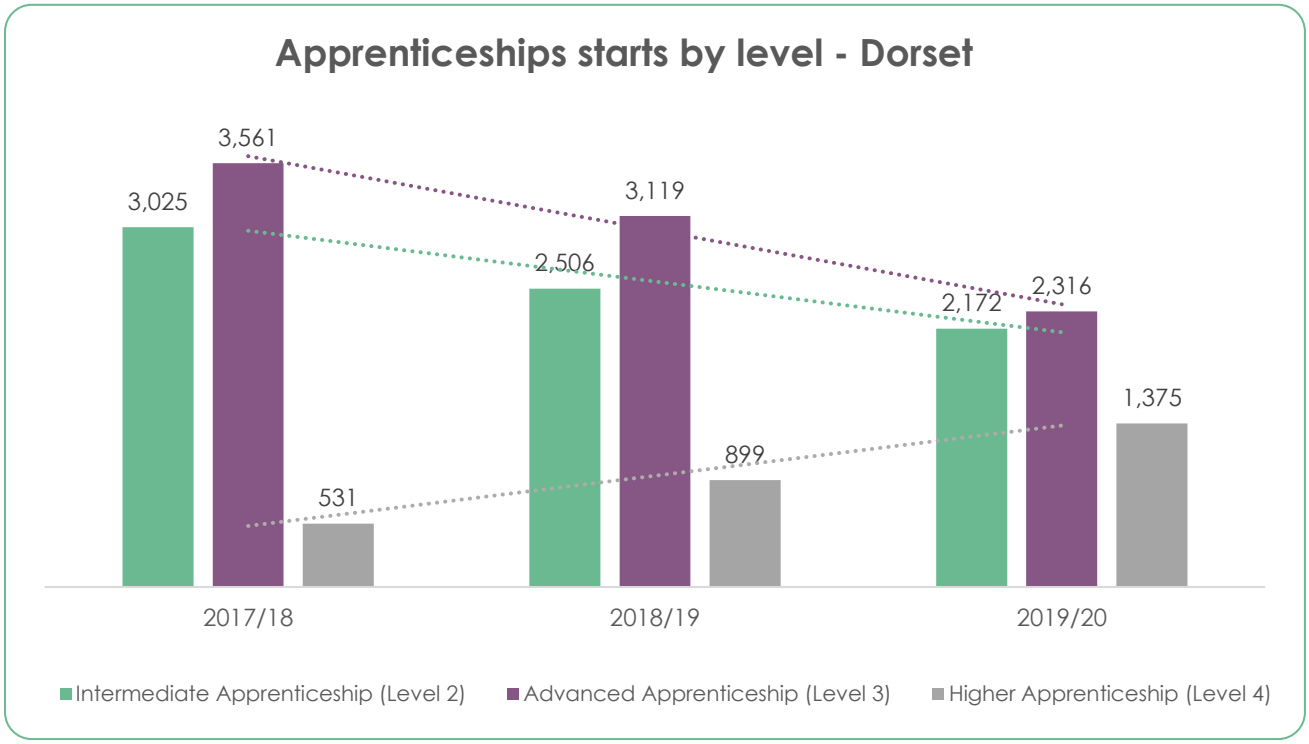


***Figure 38.* Apprenticeships starts by level.** DfE Datacube, 2020

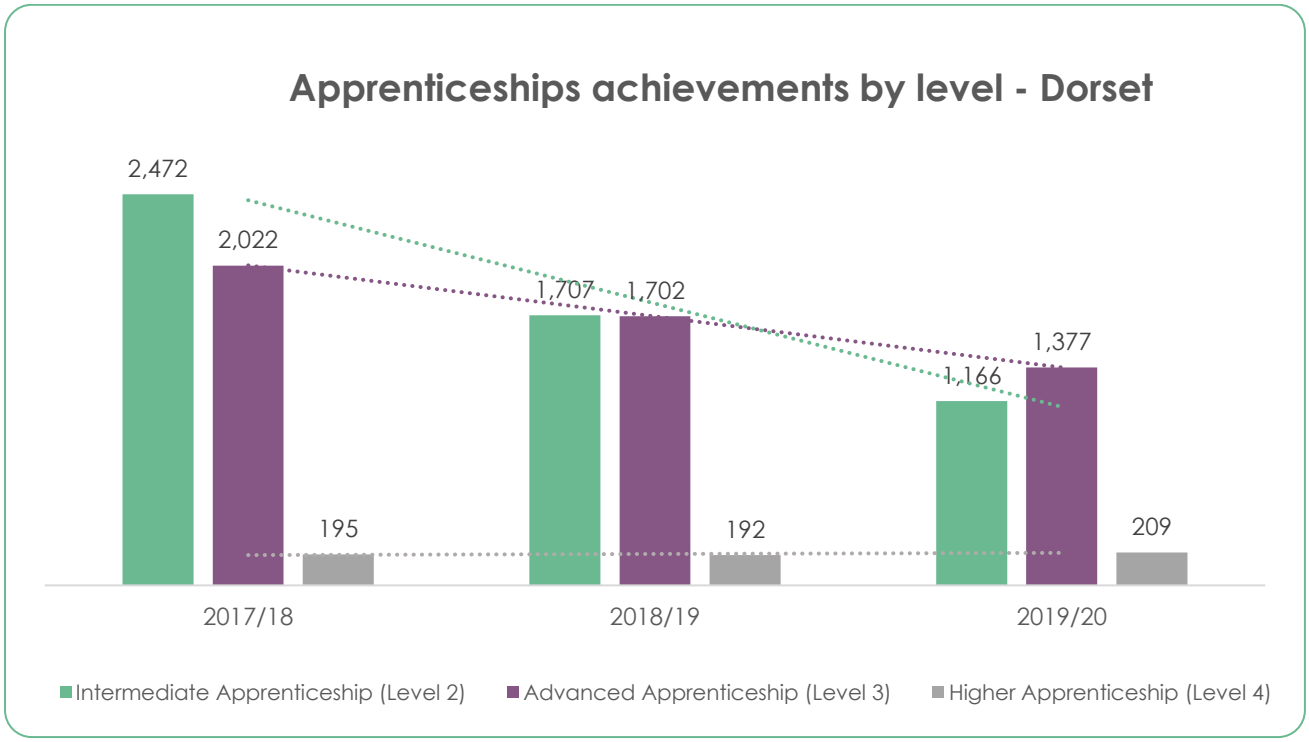


***Figure 39.* Apprenticeships achievements by level.** DfE Datacube, 2020

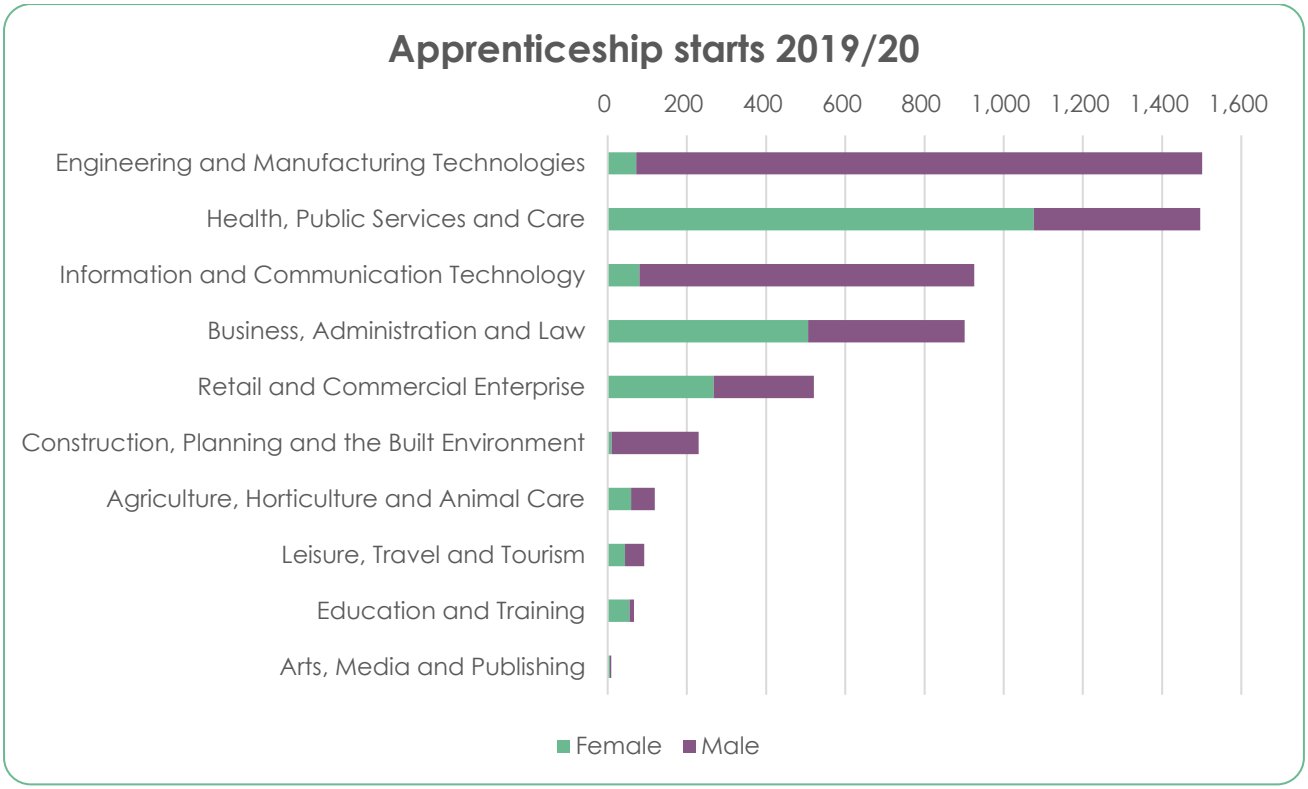


Figure 40. **Dorset apprenticeships Starts by subject area and gender 2019/20.** DfE Datacube, 2020

Destination specifics

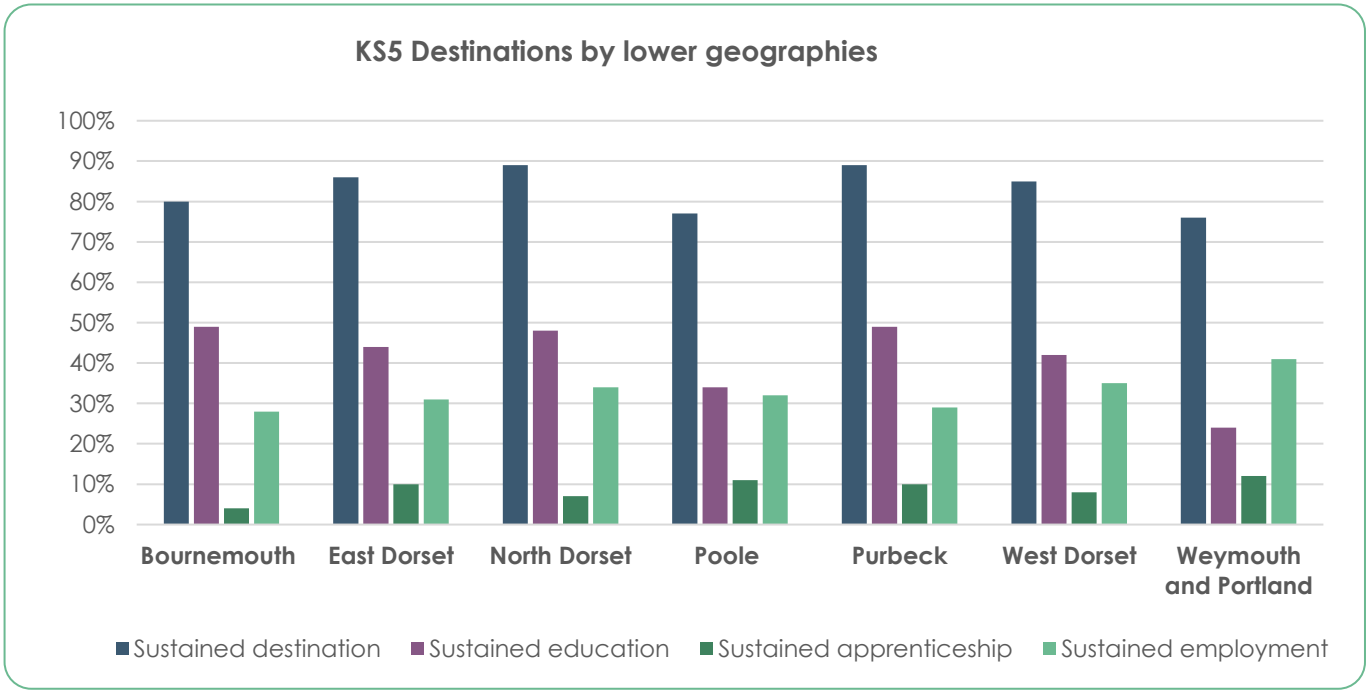


Figure 41. **KS5 Dorset geographies destinations** - 2018/19, DfE

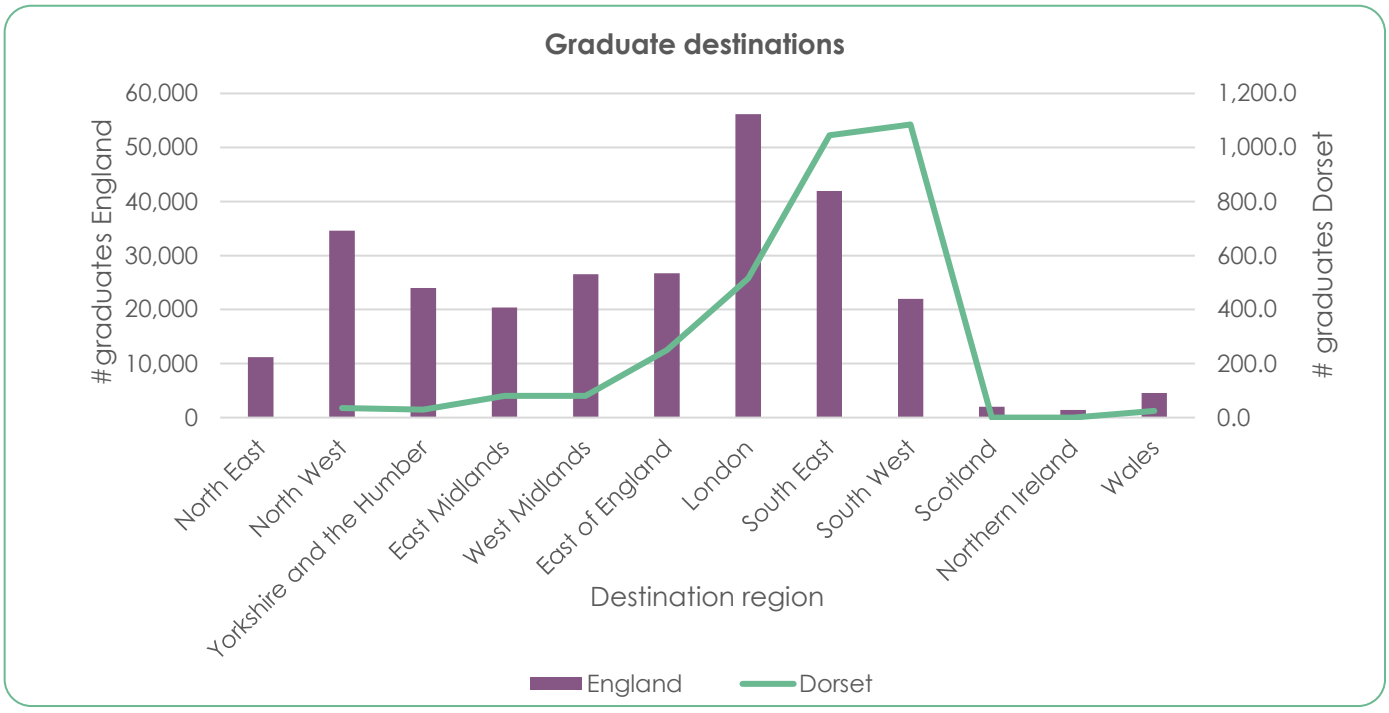


***Figure 42.* Graduate Outcomes in 2017/18 – Comparison of those who graduated in Dorset and the average destinations nationally,** DfE, (published 2020)

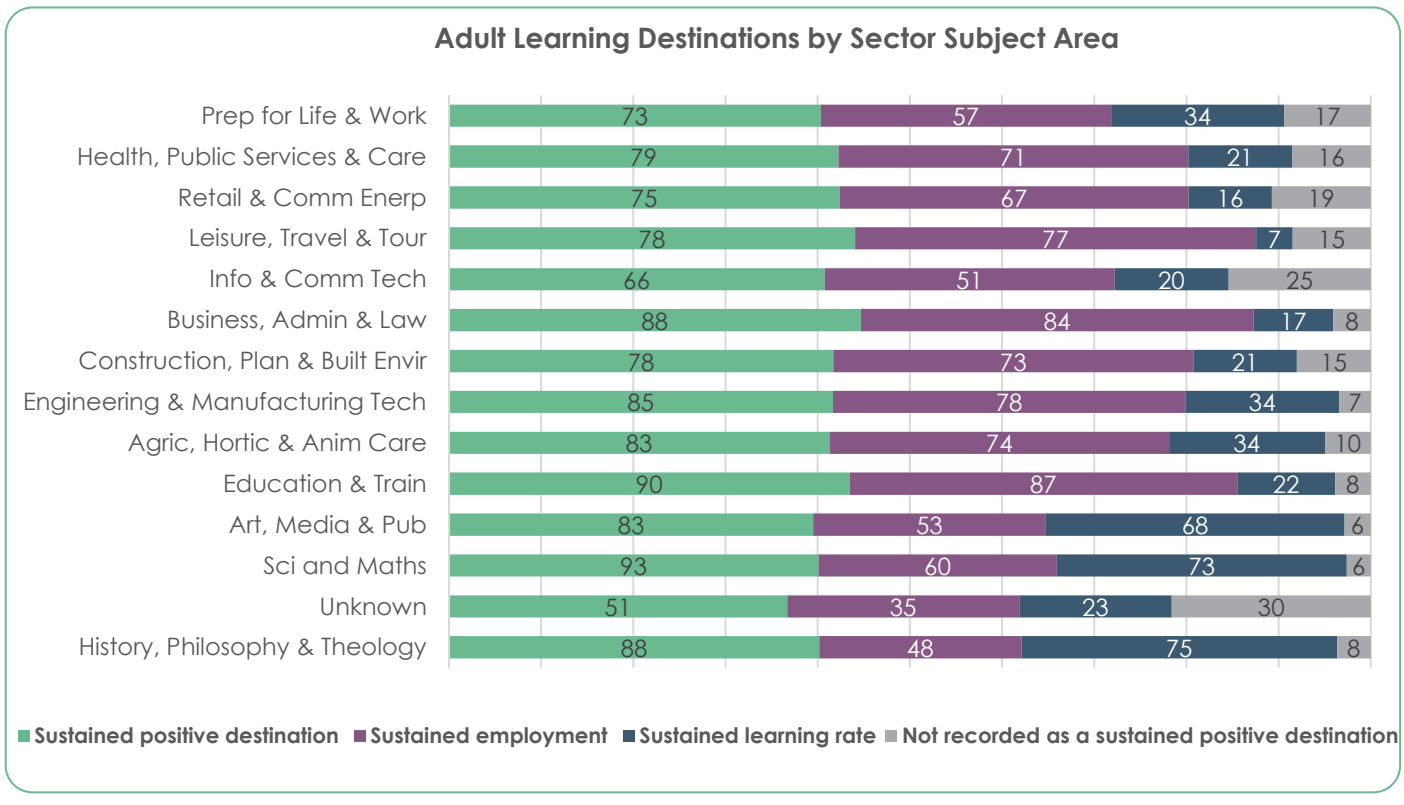


***Figure 43.* Dorset adult learning destinations by subject areas.** FE outcome based success measures, 2016/17 achievements, DfE, (published 2019)

Skills Demand

Productivity by qualification level

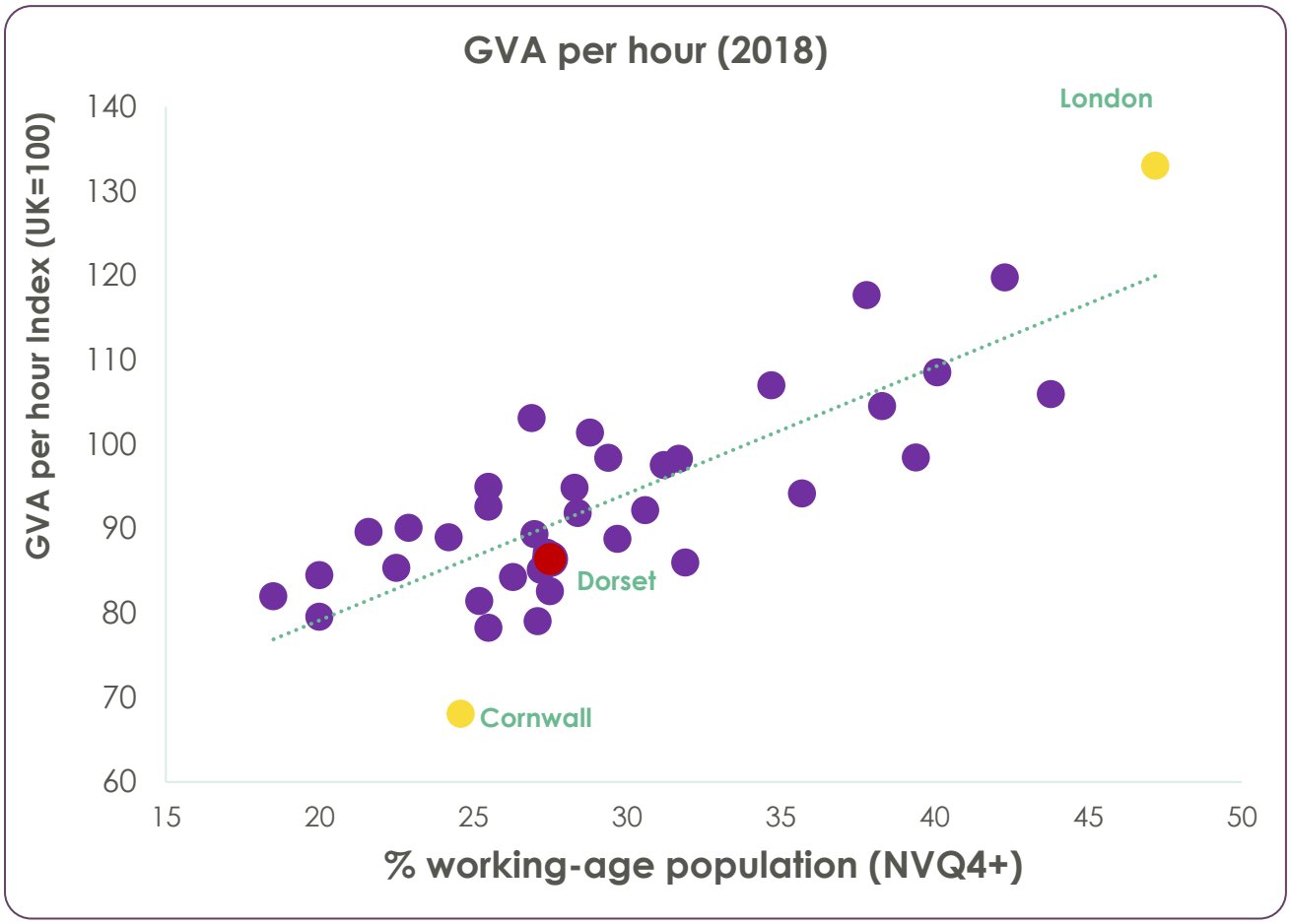


Figure 44. Regional GVA and Annual Population Survey – ONS – correlation

Vacancies by industry

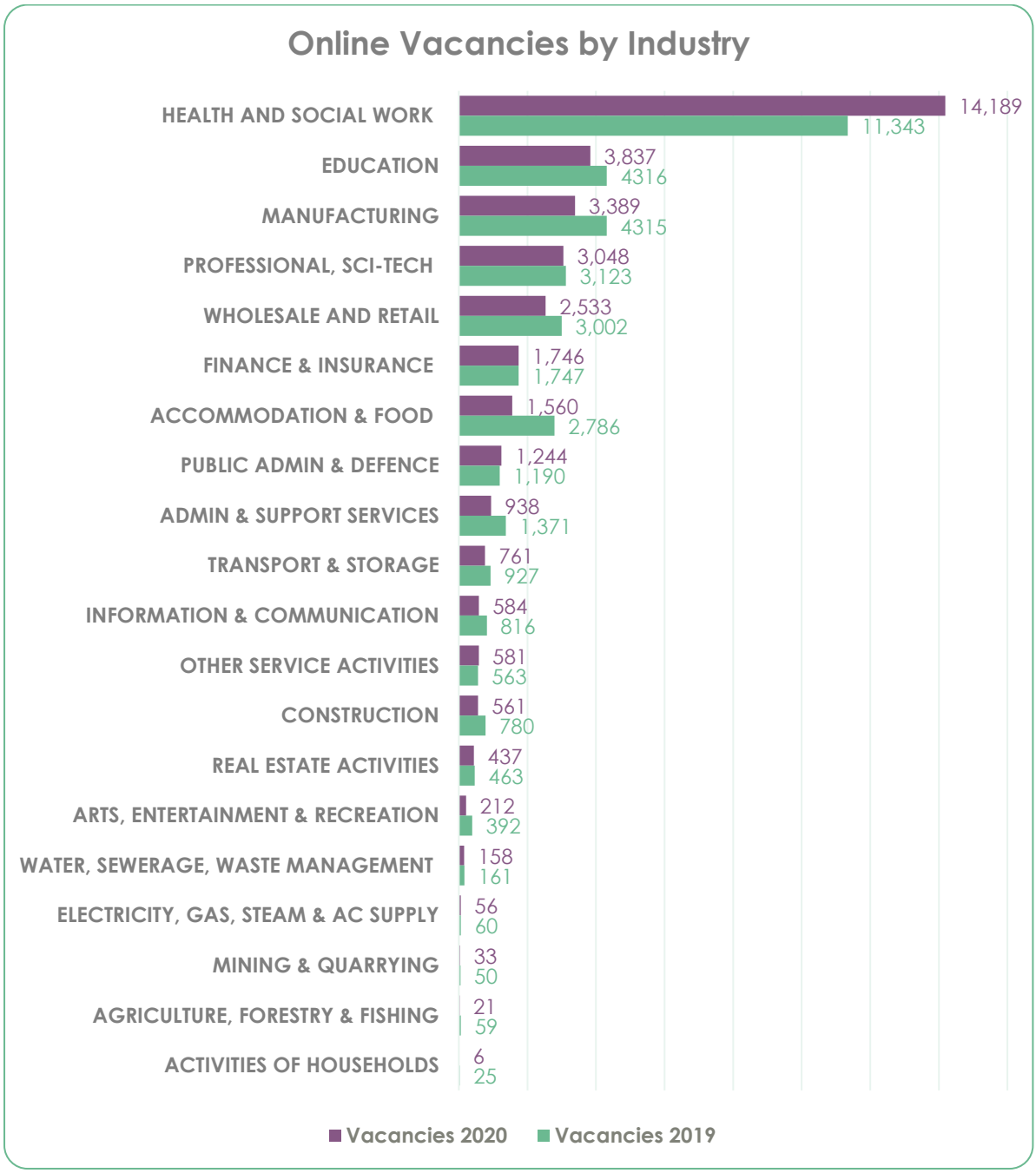


Figure 45. Vacancies by industry in Dorset 2020 vs 2019. Labour Insight. Burning Glass Technologies, 2020

Changes in demand for job roles

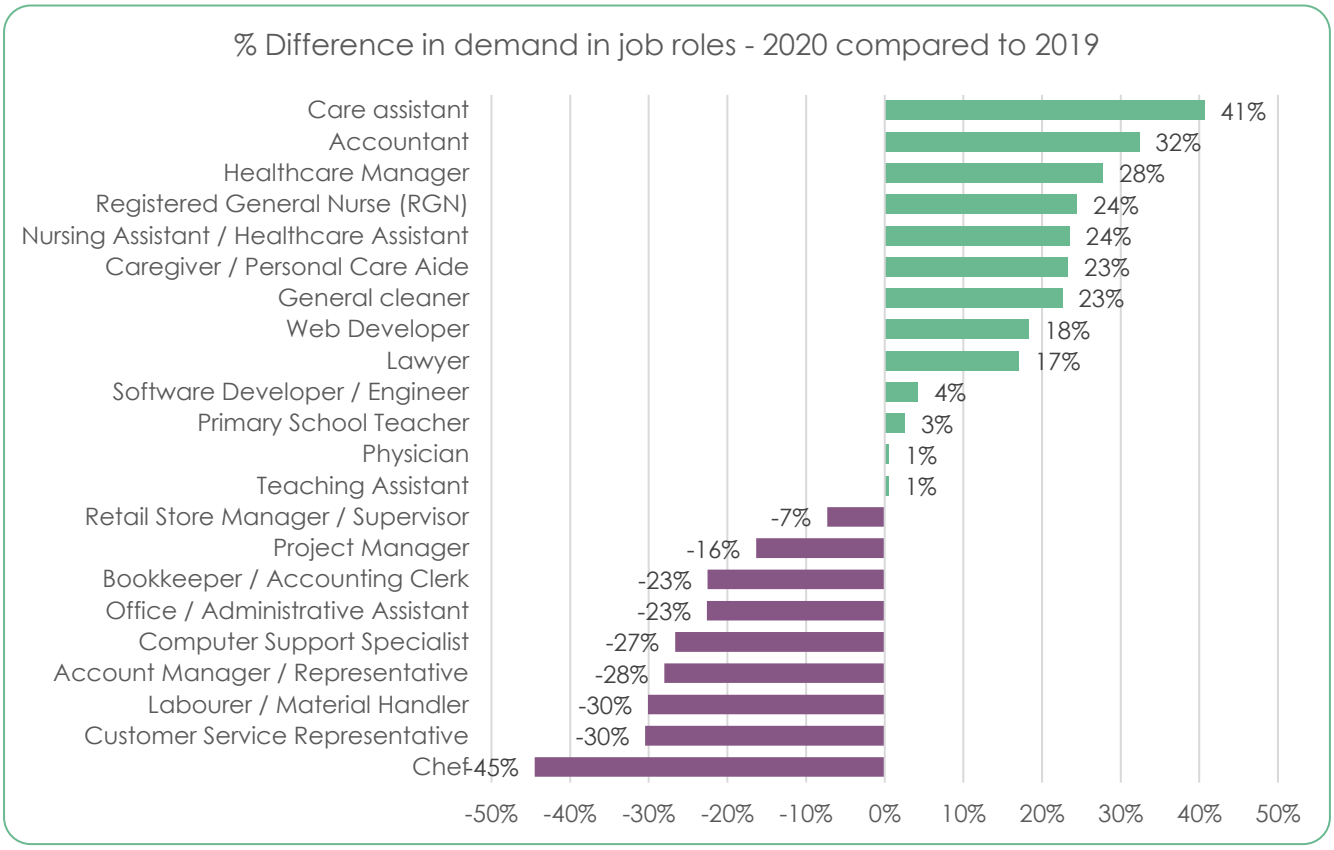


Figure 46. Greatest changes in demand in job roles in 2020 from 2019. Labour Insight. Burning Glass Technologies, 2020

Sector and occupation forecasts

Table 3. Employment by Industry Group and Sector (SIC 2007), 2017-2027, Dorset. Working Futures 2017-2027. Cambridge Econometrics. *Estimate unreliable sample size is small

Absolute levels and changes (000s)

	Levels	Change
Engineering	**2027**	**2017-2027**
Primary sector and utilities	**12**	**-1**
Agriculture	8	-1
Mining and quarrying	*	*
Electricity and gas	*	*
Water and sewerage	3	0
Manufacturing	**31**	**-2**
Food drink and tobacco	4	0
Engineering	6	-1
Rest of manufacturing	21	-1
Construction	**29**	**1**
Trade, accomod. and transport	**103**	**1**
Wholesale and retail trade	59	1
Transport and storage	9	0
Accommodation and food	35	1
Business and other services	**111**	**6**
Media	2	0
Information technology	11	1
Finance and insurance	15	0
Real estate	8	0
Professional services	28	2
Support services	25	2
Arts and entertainment	12	1
Other services	10	0
Non-marketed services	**117**	**6**
Public admin. and defence	17	-1
Education	35	0
Health and social work	65	7
All industries	**403**	**12**

thousands	Non-marketed services				Manufacturing				Trades, Accom. Transport			
Occupations	**2017**	**%**	**2027**	**%**	**2017**	**%**	**2027**	**%**	**2017**	**%**	**2027**	**%**
Managers, directors and senior officials	5	5%	6	5%	4	12%	4	14%	16	15%	17	15%
Professional occupations	41	37%	46	39%	4	13%	5	15%	5	5%	6	5%
Associate professional and technical	15	14%	16	14%	4	13%	4	14%	7	6%	8	7%
Administrative and secretarial	11	10%	7	6%	3	9%	3	8%	8	7%	8	7%
Skilled trades occupations	1	1%	1	1%	8	25%	7	23%	11	10%	9	8%
Caring, leisure and other service	31	27%	36	30%	~		~		2	2%	3	2%
Sales and customer service	1	1%	1	1%	1	4%	1	4%	26	23%	25	22%
Process, plant and machine operatives	1	1%	1	1%	5	17%	4	14%	7	6%	6	5%
Elementary occupations	4	4%	3	3%	2	6%	2	6%	20	18%	20	17%

	Construction				Business and other services				Primary sector and utilities			
	2017	**%**	**2027**	**%**	**2017**	**%**	**2027**	**%**	**2017**	**%**	**2027**	**%**
Managers, directors and senior officials	3	10%	3	11%	15	14%	17	15%	1	7%	1	8%
Professional occupations	3	10%	3	12%	21	20%	24	22%	1	5%	1	7%
Associate professional and technical	2	7%	2	8%	22	21%	24	22%	1	7%	1	7%
Administrative and secretarial	2	7%	2	5%	15	15%	13	11%	1	6%	1	6%
Skilled trades occupations	14	50%	14	48%	5	5%	5	4%	4	31%	3	28%
Caring, leisure and other service	~		~		8	8%	9	8%	1	6%	1	7%
Sales and customer service	1	2%	1	2%	6	5%	6	5%	1	4%	1	4%
Process, plant and machine operatives	2	9%	2	8%	2	2%	3	2%	2	14%	1	12%
Elementary occupations	2	5%	1	5%	11	10%	11	10%	3	20%	3	21%

Figure 47. Dorset industry occupation composition 2017 vs 2027. Working futures 2017-2027, Local worksheets. Cambridge Econometrics, 2020.
~ Estimate is less than 500

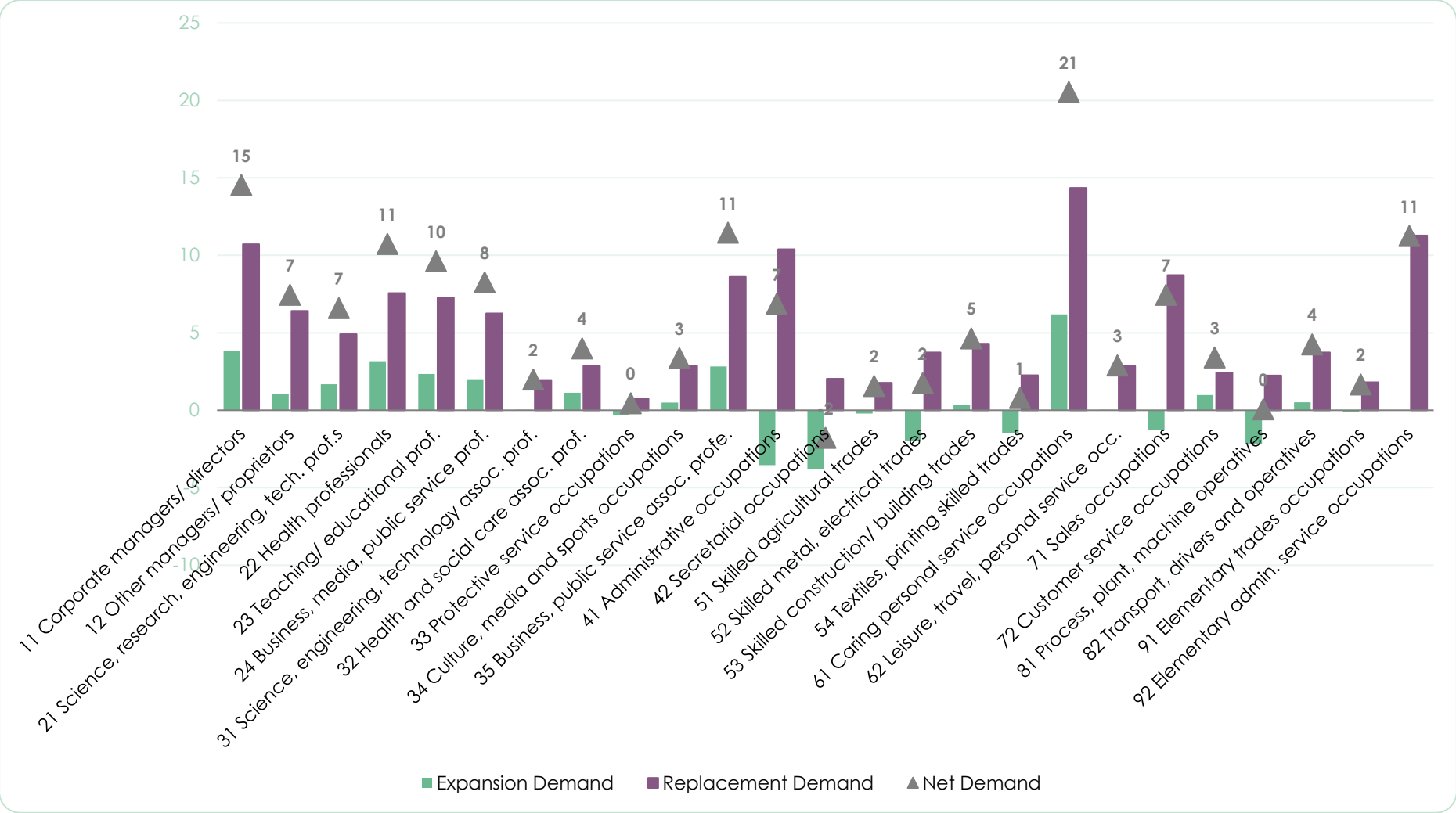


Figure 48. Expansion, replacement and net labour demand requirement by occupation – Dorset (2017-2027 – 000s). Working Futures local woksheets – Cambridge Econometrics