

# Socio-Economic Overview



## Dorset Local Skills Improvement Plan

Autumn 2023 Update



#DorsetSkills #ChangingSkills



[www.dorsetchamber.co.uk/lsip](http://www.dorsetchamber.co.uk/lsip)

# Population – decreasing labour resource



**781,401 – estimated population 2021**



### Working Age Population:

**458,500 – working age population 2021**

**58.7% - proportion of total population (Dorset LSIP)**

**62.9% - proportion of total population (UK and England)**

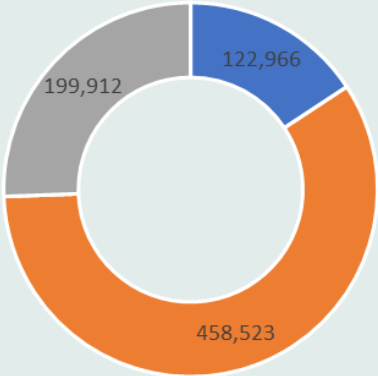
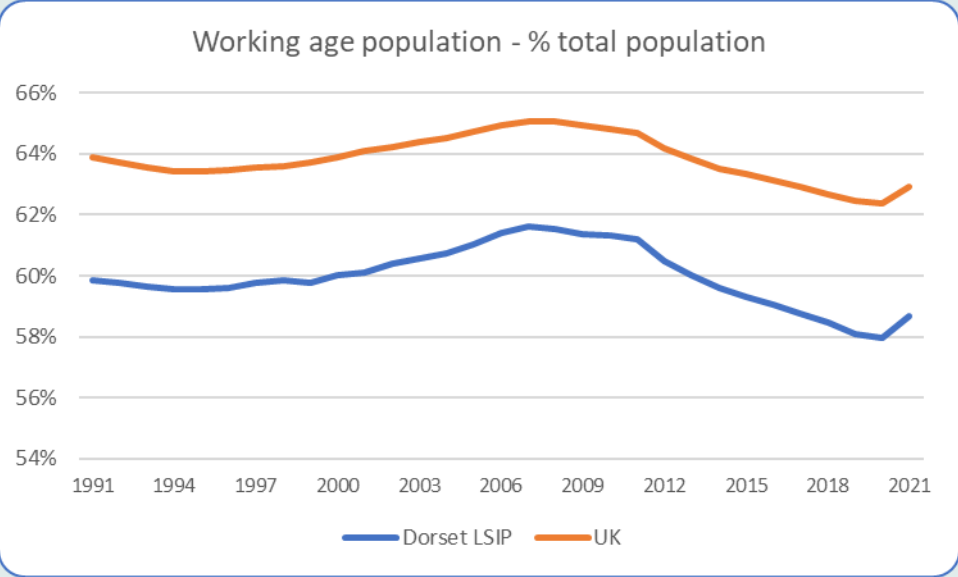
**55.2% - proportion of total population (Dorset County)**

**61.9% - proportion of total population (BCP)**

Total population growth been faster across Dorset LSIP area over last 30 years, although that relative pace has declined in recent years

The proportion of the total population that are of working age (c60%) is significantly lower than national average and continues to decline. Dorset has one of the most aged populations in the UK. This provides important context in terms of available labour supply

Proportion of total population of working age projected to fall further to c55% by 2033 and to c52% by 2043

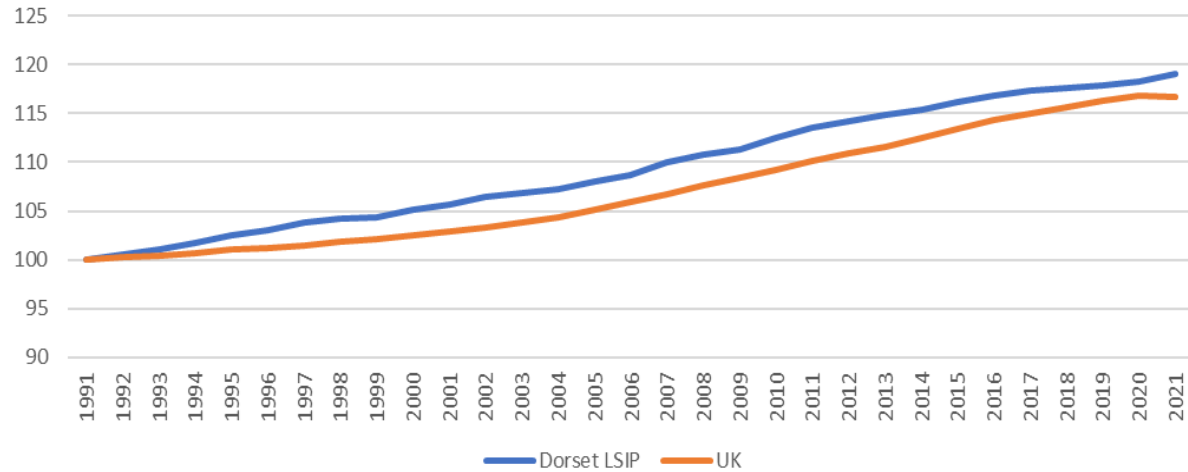


Source: ONS – population estimates

■ Under 16 ■ 16-64 ■ 65+

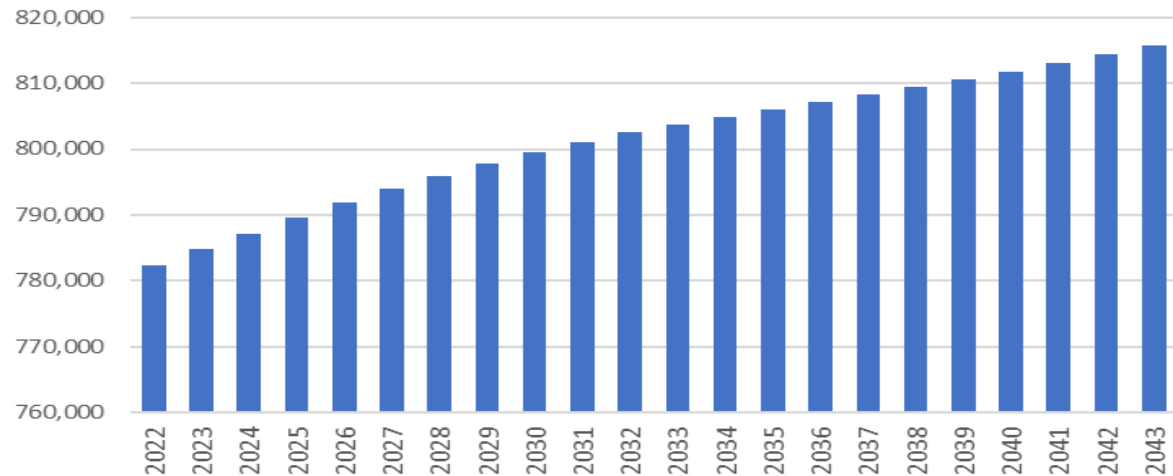
# Population growth to continue – but at a slower pace

Population Growth (1991=100)



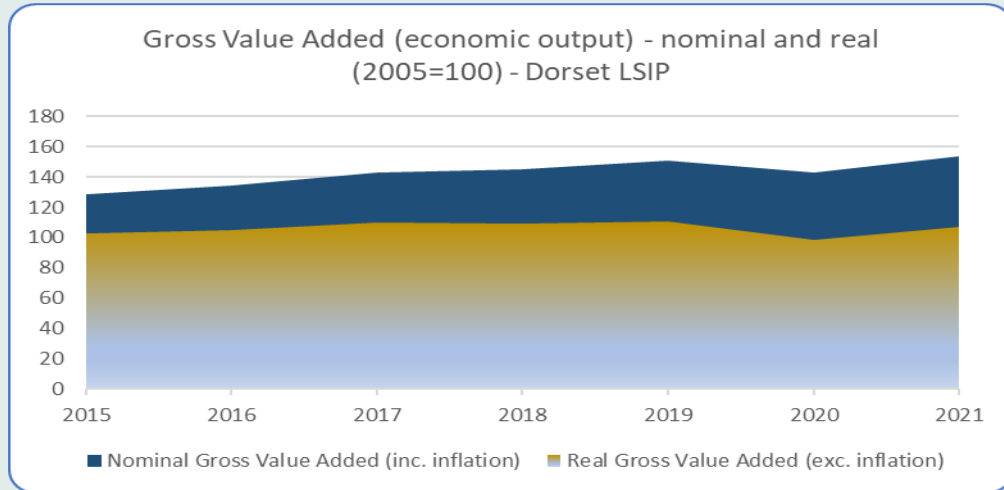
Total population growth across Dorset LSIP area has been faster than the national average over last 30 years. A good proportion of this population growth has been driven by inward migration. This inward flow of people have slowed in recent years – accentuated by the slowdown of international in-migration post Brexit and the disruptive impact of Covid on internal UK movements.

Projected population growth - Dorset LSIP

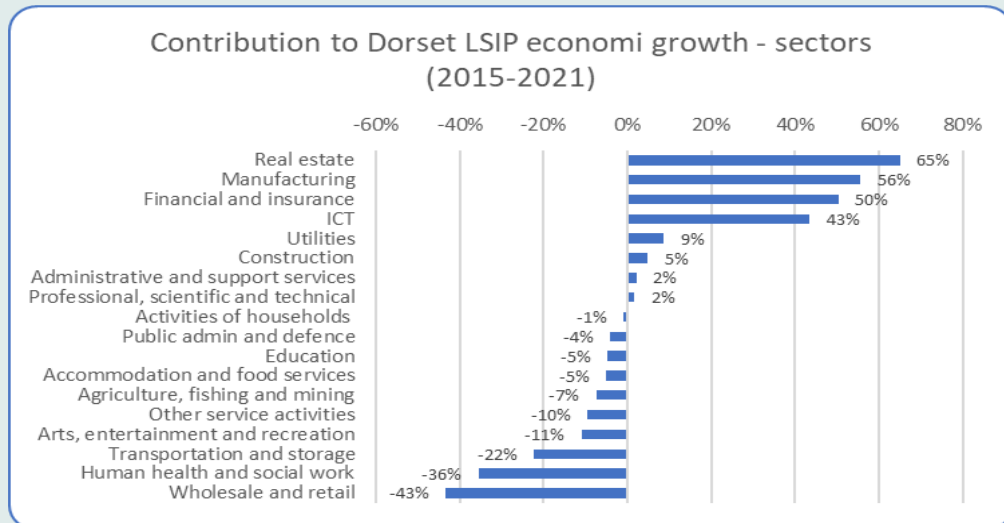


The relative pace of population growth has declined in recent years. This has begun to reflect the demographic structure of the Dorset LSIP area. Nevertheless, despite this slowdown, the population is expected to continue to grow over the next couple of decades – although a good proportion of that growth is driven by the older parts of the population.

# Economic (output) growth

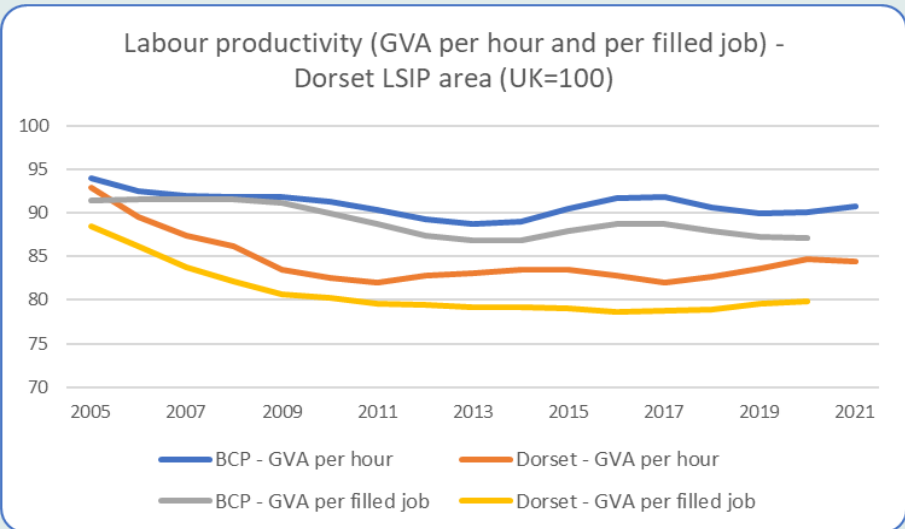
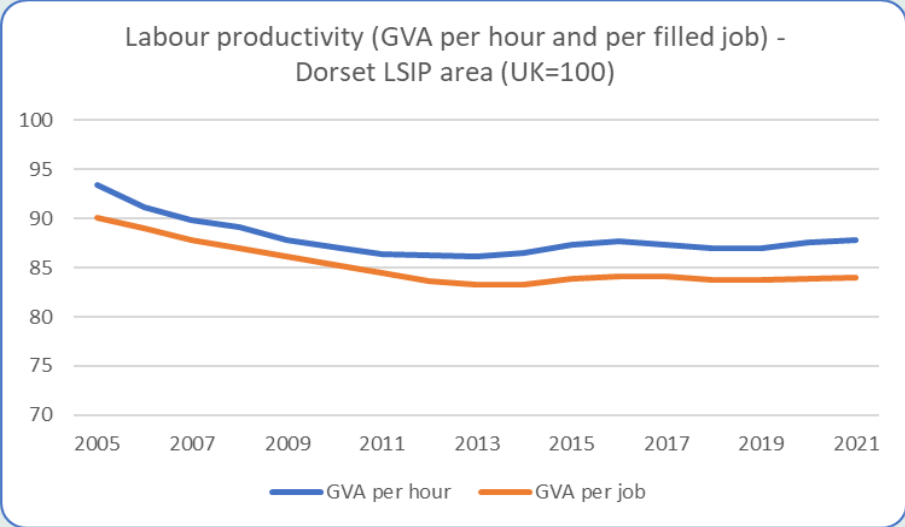


Whilst the Dorset LSIP economy has grown in nominal terms over the past 15 years (which includes the impact of price inflation), if these price increases were stripped out (i.e. expressed in real terms) growth has been relatively negligible – itself accentuated by the impact of Covid in the last couple of years. This raises questions around the strength of underlying growth potential in the economy. In 2021 the Dorset LSIP economy is only c7% larger than it was in 2005 (if the impact of inflation is stripped out)



The latest data on economic output (which now includes 2021) for the Dorset LSIP area paints an interesting picture in terms of sectoral contribution. Given it now includes both 2020 and 2021 (both years significantly impacted by the ongoing effects of the pandemic) it shows that the Dorset LSIP area economy was ‘split’ between those sectors which were able to maintain medium-term growth (i.e. real estate, manufacturing, finance, ICT) and those that suffered a decline in output (e.g. retail, tourism-related). However, it is important to reiterate that this encapsulates the pandemic years, where some sectors suffered significant declines in output. The longer-term story of muted growth remains though.

# Productivity gap – long-term structural problem (1)



Average difference in productivity per hour worked vs UK average (2021)

**-£4.70**

Average difference in productivity per filled job vs UK average (2021)

**-£9,325**

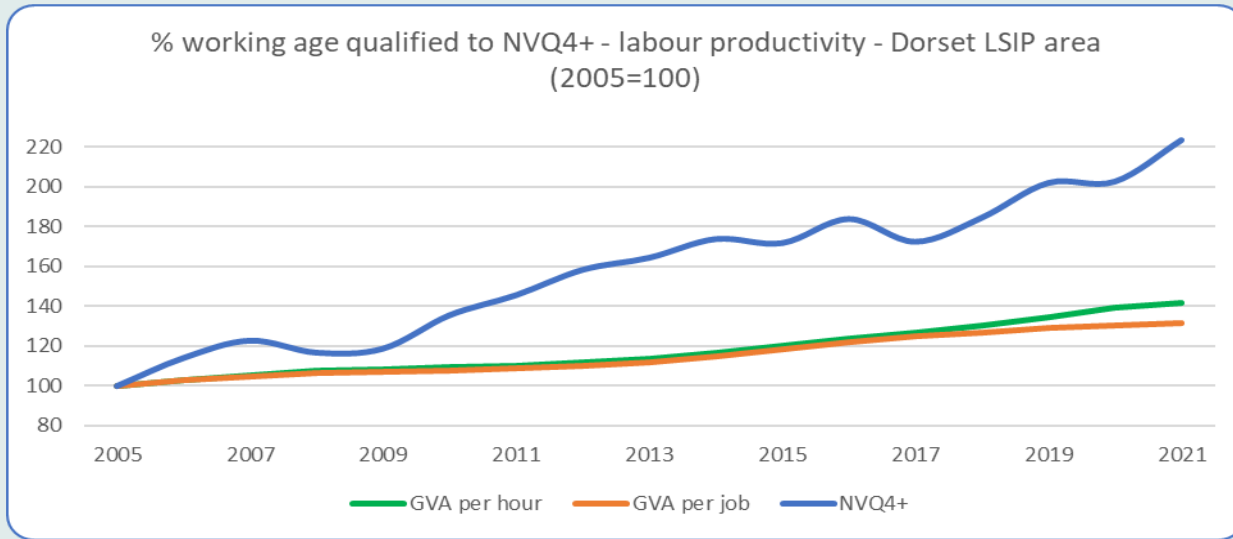
Output gap (2021)

**£2.7bn**

Dorset (as with many other rural areas) continues to experience a significant productivity deficit against national average. When measured by 'GVA per hour' basis labour productivity is only c88% of UK average(2021 latest data), on a 'per job' basis it is lower – 84%. On either measure – there has been no marked improvement in relative terms over the past 10-20 years. The output gap has not narrowed. Across the UK, productivity growth has been muted for many years – accentuated by the impact of Covid. UK (and regional) productivity growth has been flatlining for several years now.

Better skills utilisation is a major factor in improving labour productivity.

# Skills and productivity



Source: ONS – sub-regional productivity and Annual Population Survey



**60,400** – number of people with NVQ+ qualifications (2005) – Dorset LSIP (aged 16-64)

**143,500** - number of people with NVQ+ qualifications (2021) – Dorset LSIP (aged 16-64)



**39,800** – number of people with no qualifications (2005) – Dorset LSIP (aged 16-64)

**22,300** – number of people with no qualifications (2021) – Dorset LSIP (aged 16-64)

The growth in the proportion of working age population who hold higher qualifications (as measured by NVQ4+) has not resulted in commensurate improvements in labour productivity. This raises important policy questions with regards to skills and training. It aligns with the argument that skills utilisation is key, rather than skill/qualification levels per se.

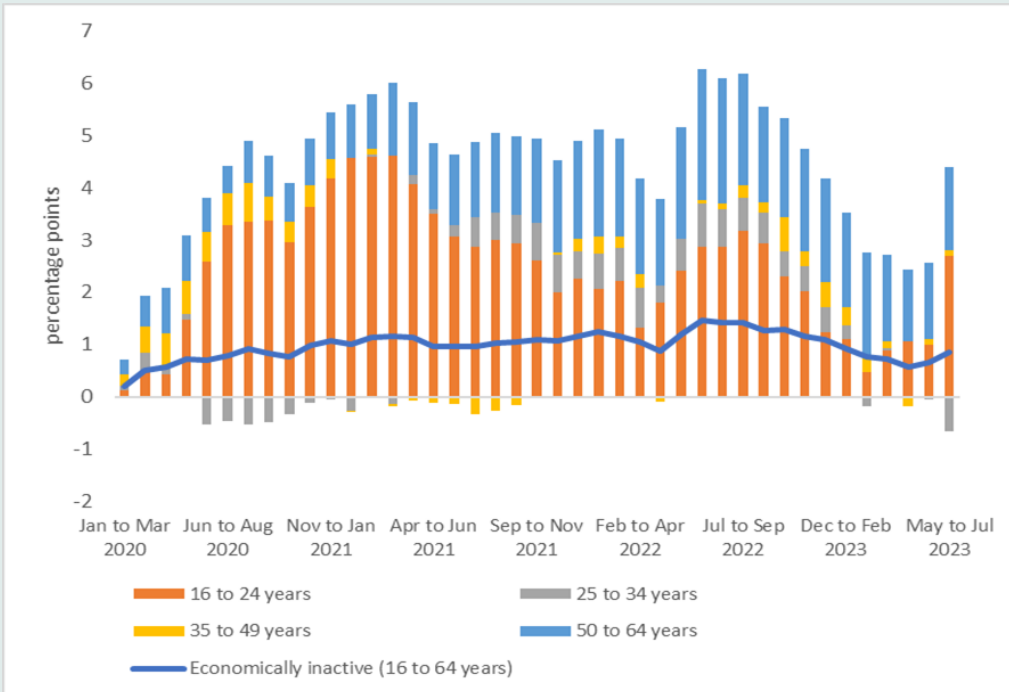
Whilst there are 70% more people of working age holding NVQ4+ qualifications across the Dorset LSIP area when compared to 2005, labour productivity (as measured by GVA per job) is only 30% higher.

Whilst there is a broad positive correlation between qualification levels and productivity, this has weakened in more recent years.

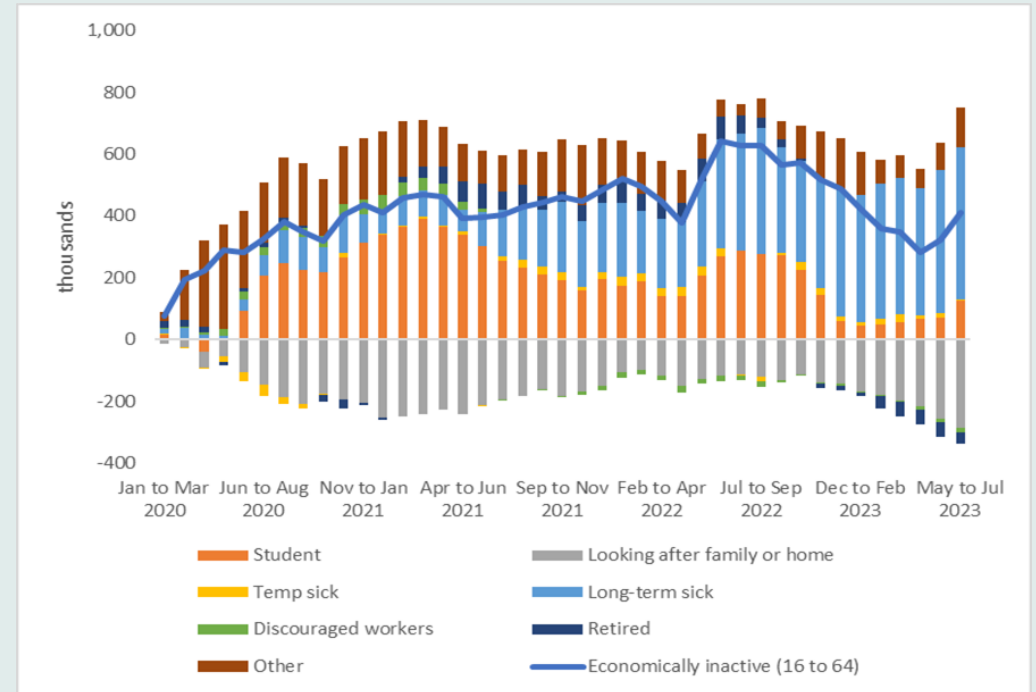
# Economic inactivity

Increases in economic inactivity in the post-pandemic period have been mostly driven by those aged 50 to 64 years (left-hand chart), although the latest quarter suggests this was driven by 16 to 24 years. Those inactive because they were long-term sick also increased to a record high (right-hand chart). Conversely, those inactive because they were looking after family or home decreased to a record low.

UK inactivity by reason, cumulative change (000s)  
– Dec 19-Jul 23



UK inactivity by age, cumulative change (ppts)  
– Dec 19-Jul 23



# UK Labour Market



Source: ONS – Vacancies and jobs in the UK

Nationally, ONS reports an estimated 6% fall in the number of vacancies in the third quarter of 23 on the second quarter of 23. Total vacancies were down by 268,000 from a year ago, but still c190,000 above pre-pandemic levels.

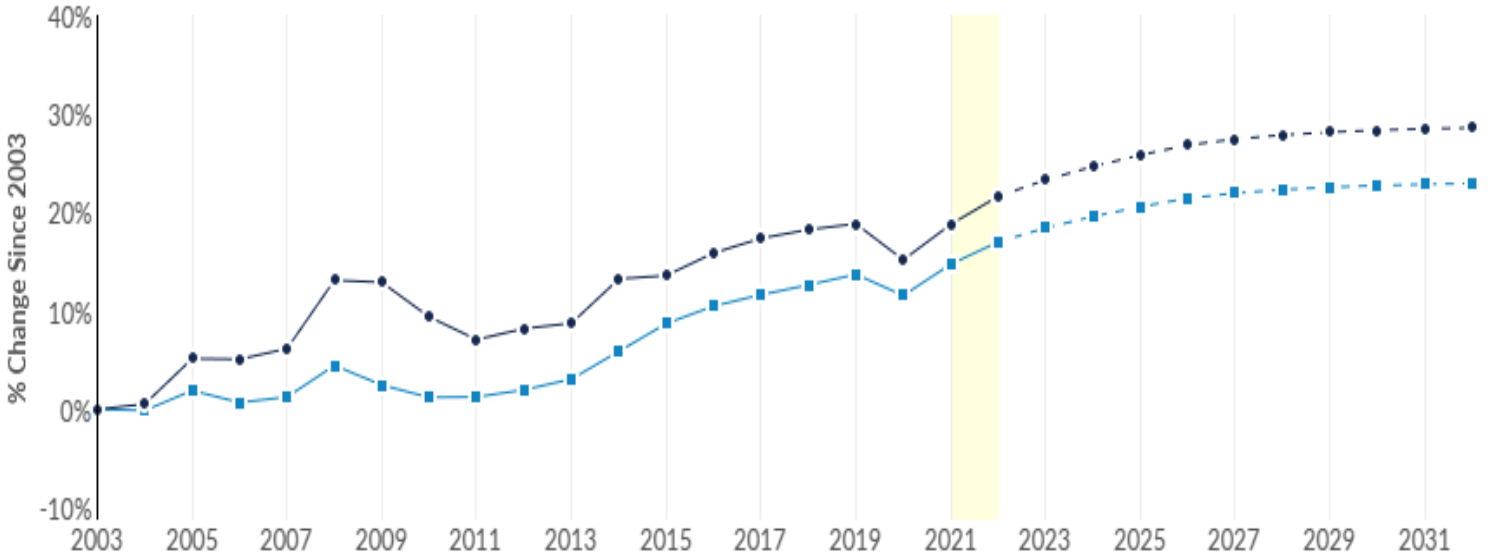
In May to July 23, the number of unemployed people per vacancy was at 1.4, up from 1.2 in Feb to April 23. Although this ratio remains low by historical standards it does show a slight loosening of the labour market as the number of vacancies fell against an increase in unemployment.

In June 2023, UK workforce jobs fell to 36.7m - a fall of 153,000 since March 2023, with a record quarterly fall of 197,000 in self-employment jobs having the largest contribution. Employee jobs offset this slightly, increasing by 68,000 on the quarter.



# Strong historical jobs growth

Regional Trends



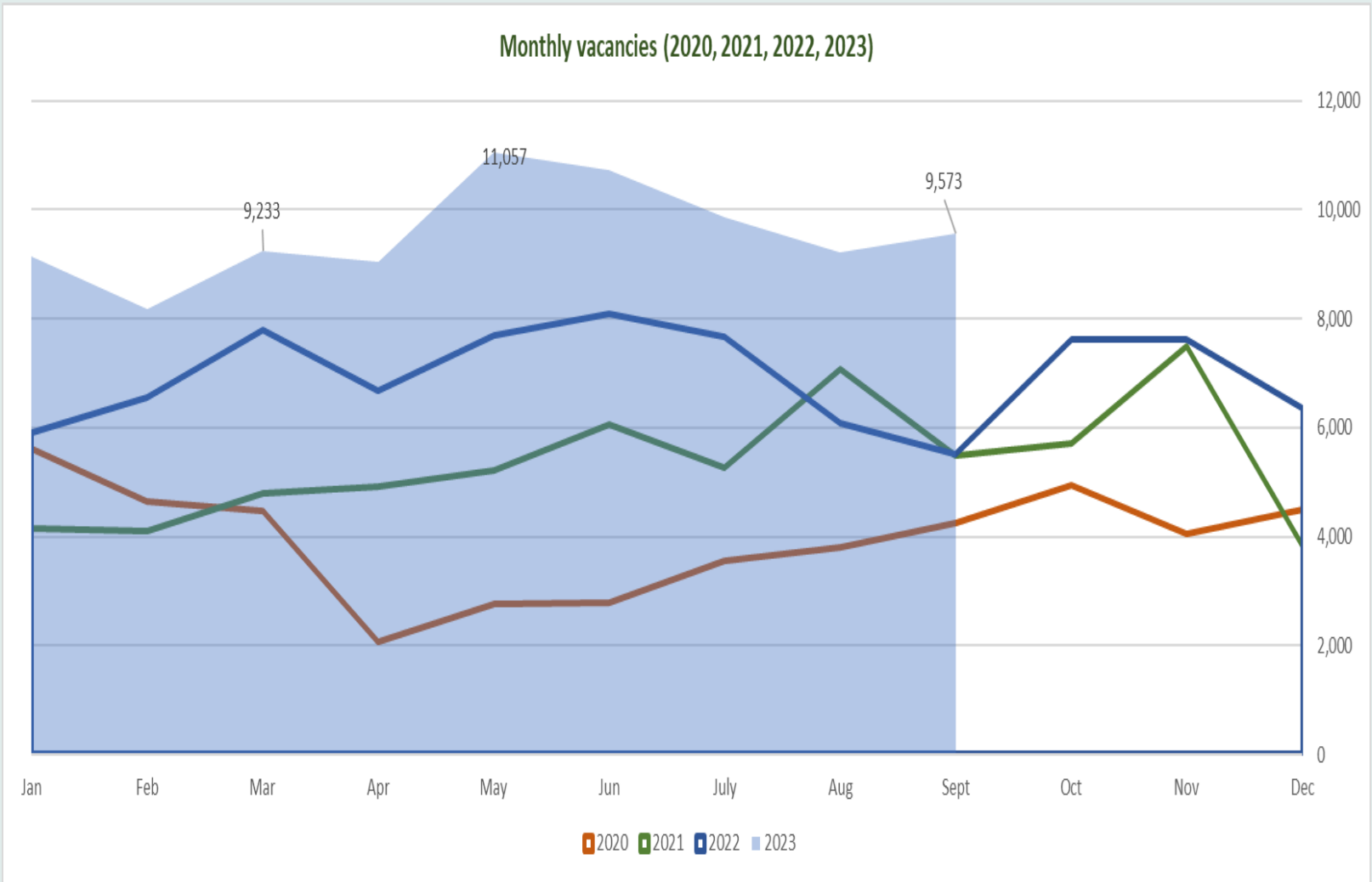
Region	2021 Jobs	2022 Jobs	Change	% Change
● Dorset LSIP	348,526	356,899	8,373	2.4%
■ UK	32,241,606	32,879,044	637,438	2.0%

Jobs growth has been strong over the past twenty years, with it rebounding post-pandemic. Over the past decade, jobs growth has broadly mirrored (if not exceeded) the national profile.

Based on the current workforce and population projections, jobs growth is expected to be more muted over the next decade – although these are, of course, projections and subject to considerable uncertainty

Source: Lightcast, 2023

# Robust vacancy levels



Source: Lightcast, 2023

Vacancies across Dorset have continued to hold up well. Over the 9 months of 2023 there has been average of 9,500 advertised vacancies – significantly higher than in preceding years.

The data appears to illustrate continued robust demand for workers across the Dorset LEP areas. In contrast to the national picture of softening demand, vacancies across Dorset have been consistent through the summer and into early autumn.

# An economy dominated by small businesses

## Business Local Unit Size Distribution

### 2022 Overview

■ Small (1-49)
 ■ Medium (50-249)
 ■ Large (250+)



Category	2019 Local Units	2020 Local Units	2021 Local Units	2022 Local Units
1-4 Employees	26,970	27,000	27,392	27,815
5-9 Employees	5,408	5,350	5,271	5,361
10-19 Employees	2,937	2,964	2,854	2,857
20-49 Employees	1,893	1,906	1,870	1,906
50-99 Employees	635	630	625	621
100-249 Employees	283	284	276	274
250-499 Employees	83	76	73	68
500-999 Employees	15	25	23	25
1000+ Employees	14	16	15	16
<b>Total</b>	<b>38,238</b>	<b>38,251</b>	<b>38,399</b>	<b>38,943</b>

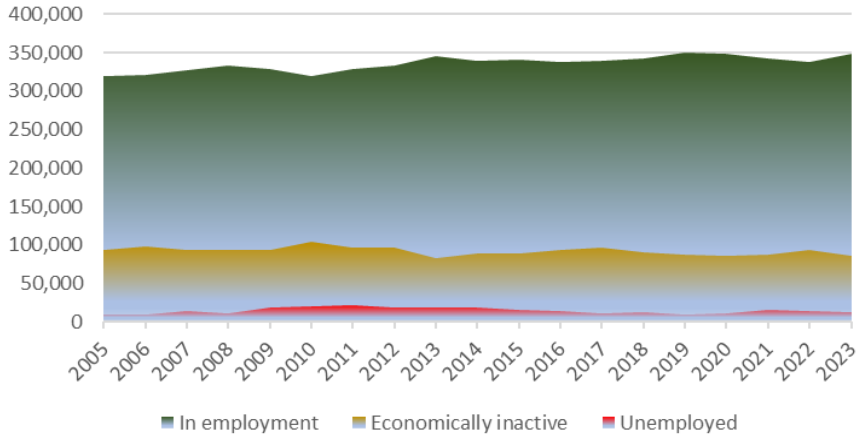
Source: Inter Departmental Business Register (IDBR) 2022

As with most areas, the Dorset LSIP economy is dominated by small and micro businesses

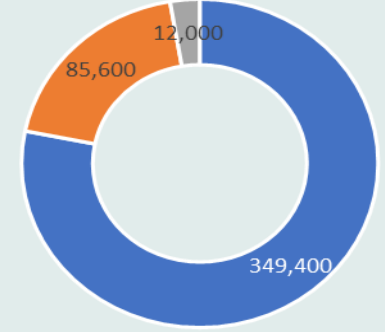
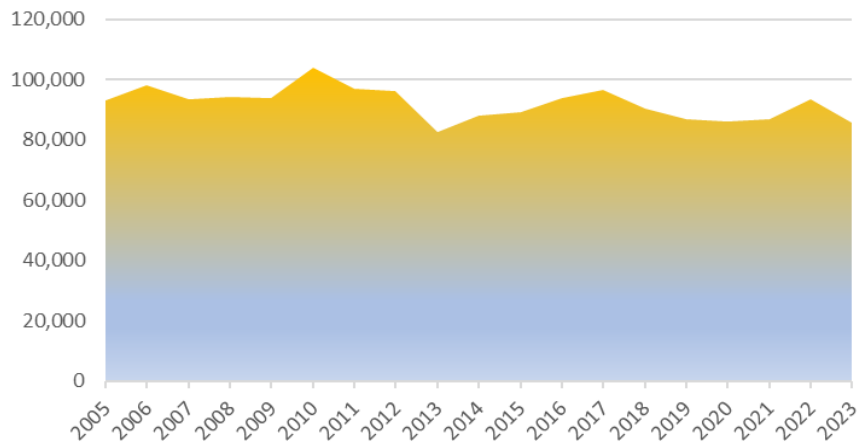
Many of these small businesses are time and cash poor – meaning that training and upskilling can often come under pressure. They are less likely to have formal training plans in place, when compared to larger businesses

# Workforce trends (1) – high employment rates

Workforce trends - Dorset LSIP

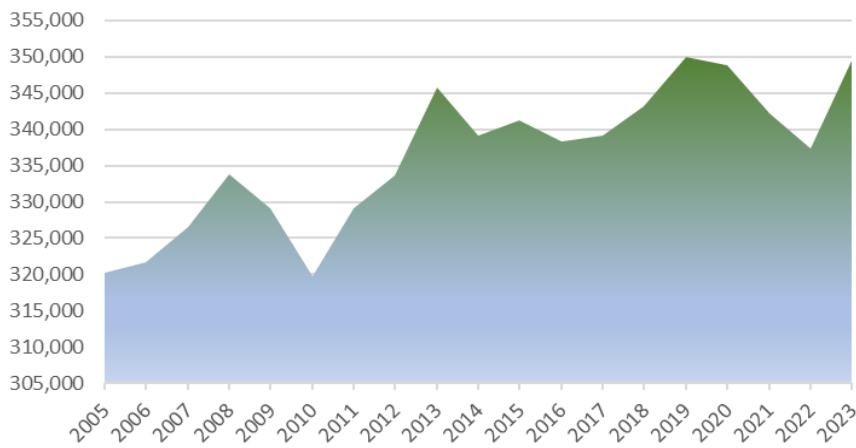


Economically inactive - Dorset LSIP

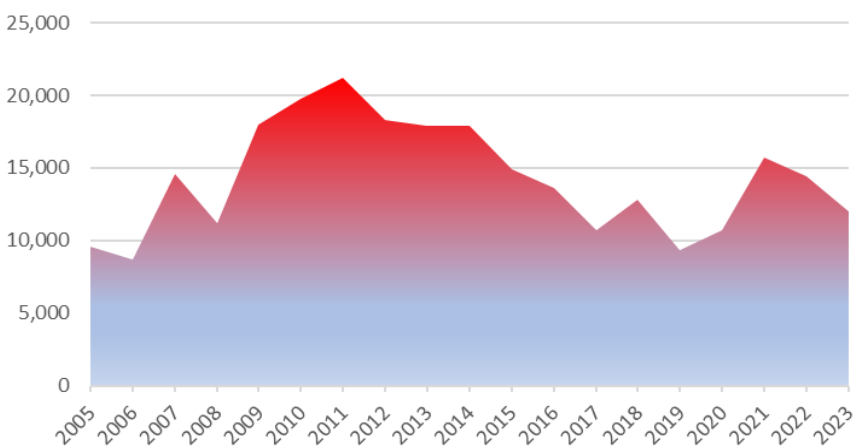


■ In employment ■ Economically inactive ■ Unemployed

In employment - Dorset LSIP



Unemployed - Dorset LSIP

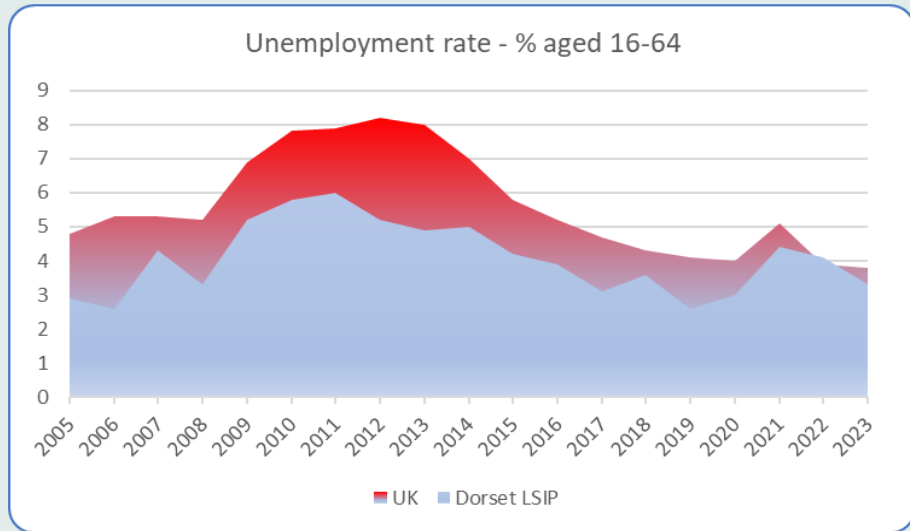
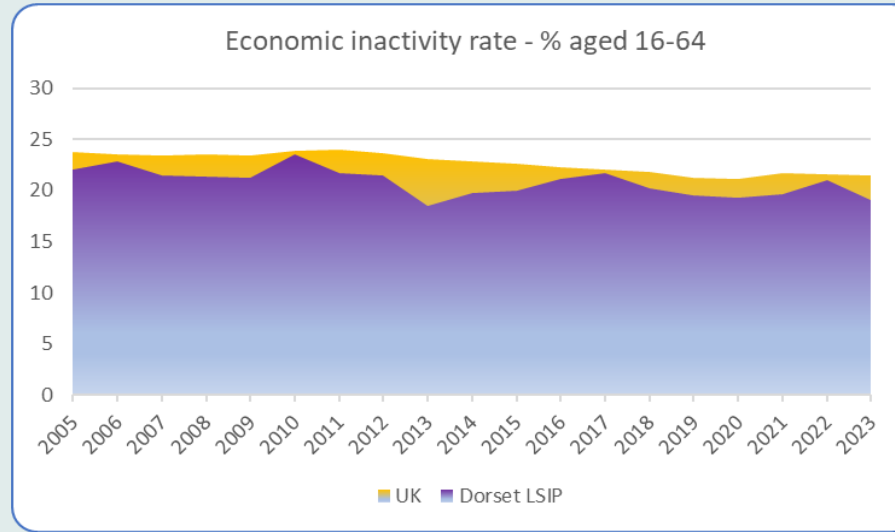
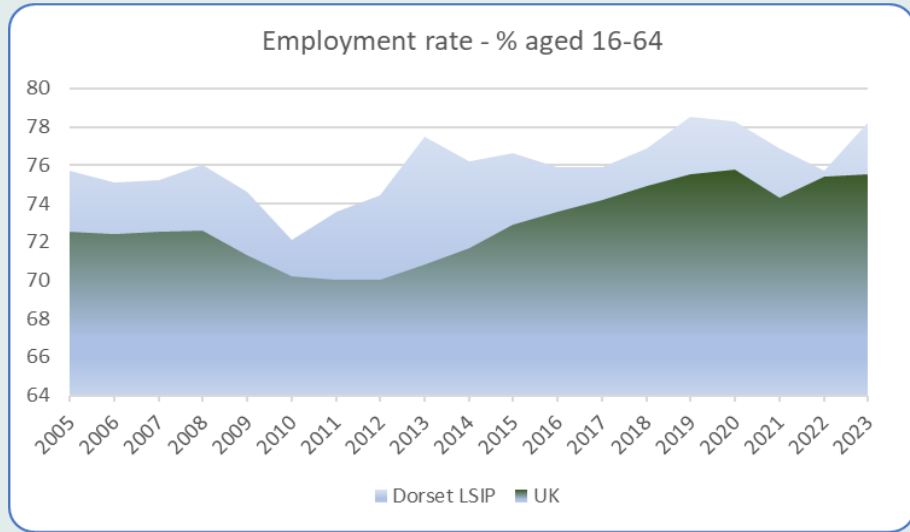


80.9% of the Dorset working age population are economically active (Jun 22-Jun 23) – with c19% classified as economically inactive. However, this figure encapsulates a large proportion of economically inactive who are not actively seeking work. Roughly 1-in-8 of those economically inactive want a job.

78% of the working age population are in employment. The employment rate slightly exceeds the national average and continues to paint a picture of a relatively ‘tight’ labour market.

Source: ONS – Annual Population Survey/Labour Force Survey

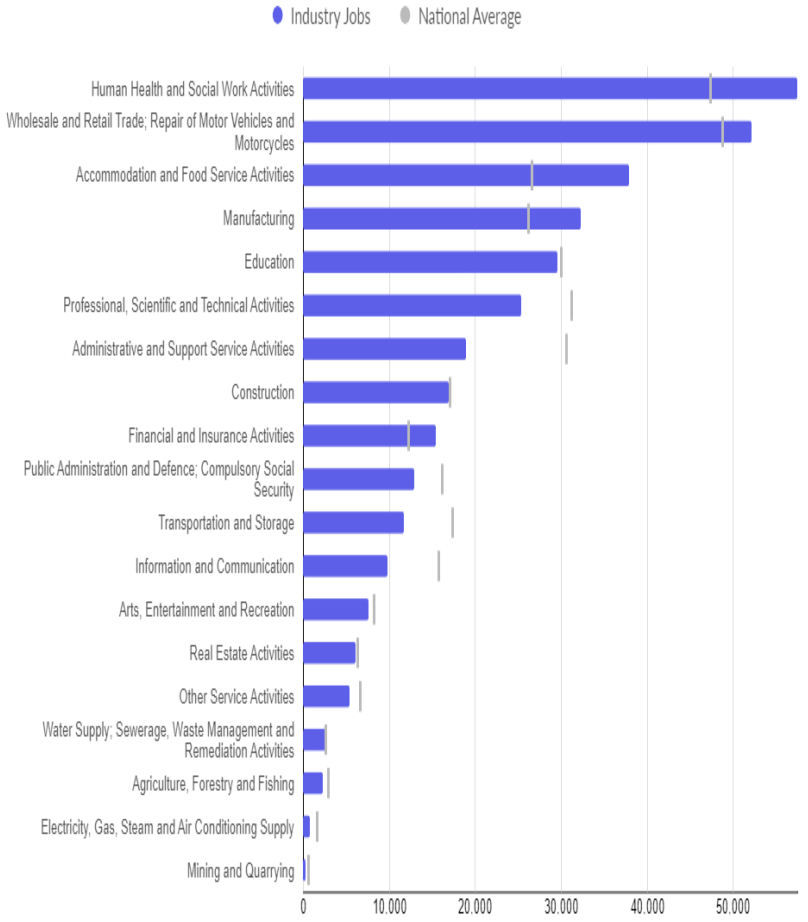
# Workforce trends (2) – relative performance



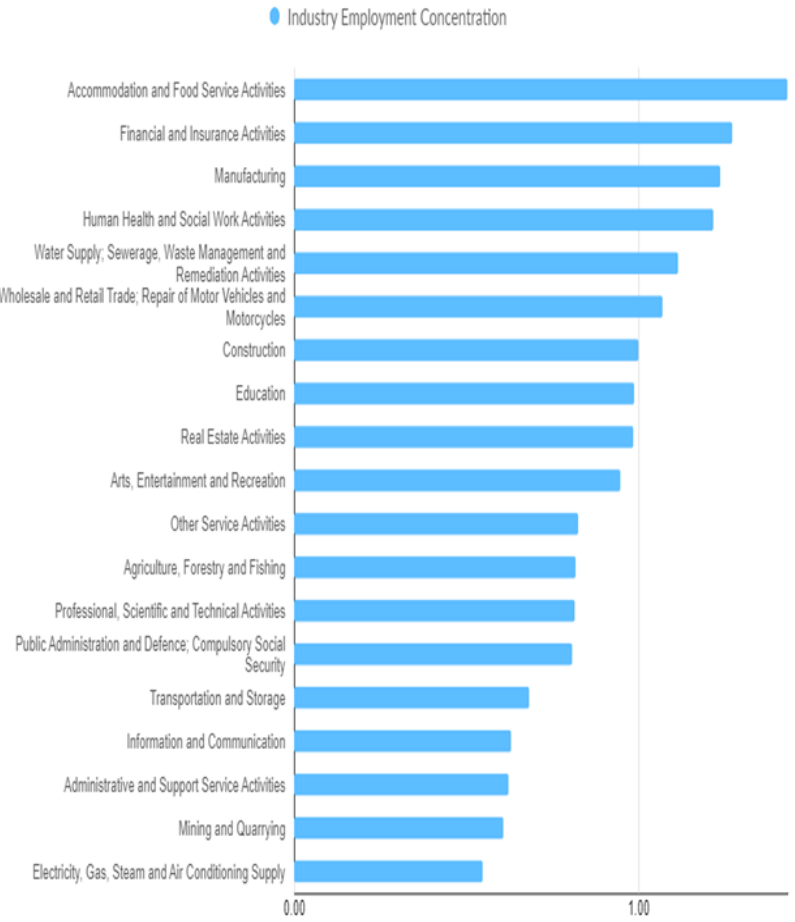
Employment rates remain near historical high across the Dorset LSIP area. Conversely, unemployment levels remain low. Overall, the labour market has not adjusted post-Covid as much as had originally been expected – with a tightness in the workforce illustrated by these figures. However, there is now evidence of softening in those conditions. After several years of Dorset LSIP having a higher employment rate, lower unemployment rate and lower economic inactivity rate when compared to the national average – the latest data suggests these indicators are now more converged.

# Employment – sector profile (1)

Largest Industries



Top Industry Employment Concentration



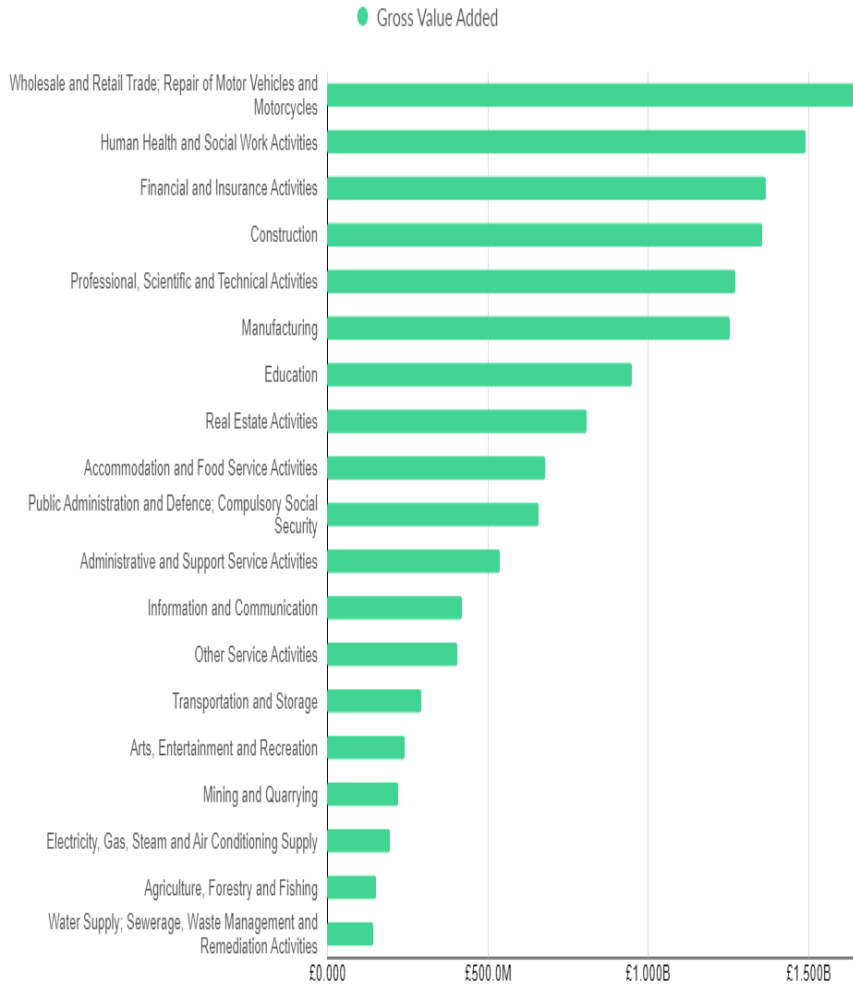
The largest sectors across the Dorset LSIP area in terms of scale of employment is the health and care sector, followed by retail, accommodation and food services and manufacturing. All four of these four broad sectors has a higher level of employment when compared to the ‘normalised’ levels nationally i.e. they constitute a greater proportion of jobs across the Dorset LSIP area.

Conversely, the Dorset LSIP area has a lower than expected proportional representation in sectors such as professional, scientific and technical activities and ICT.

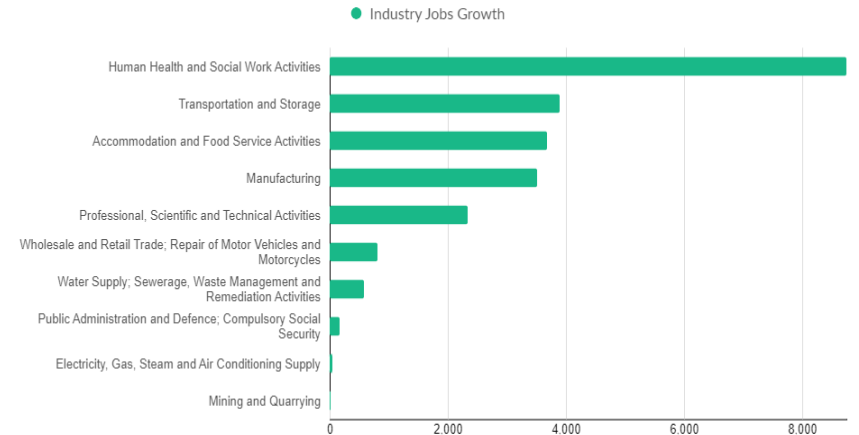
Source: ONS – Lightcast, 2023

# Employment – sector profile (2)

## Top Industry GVA



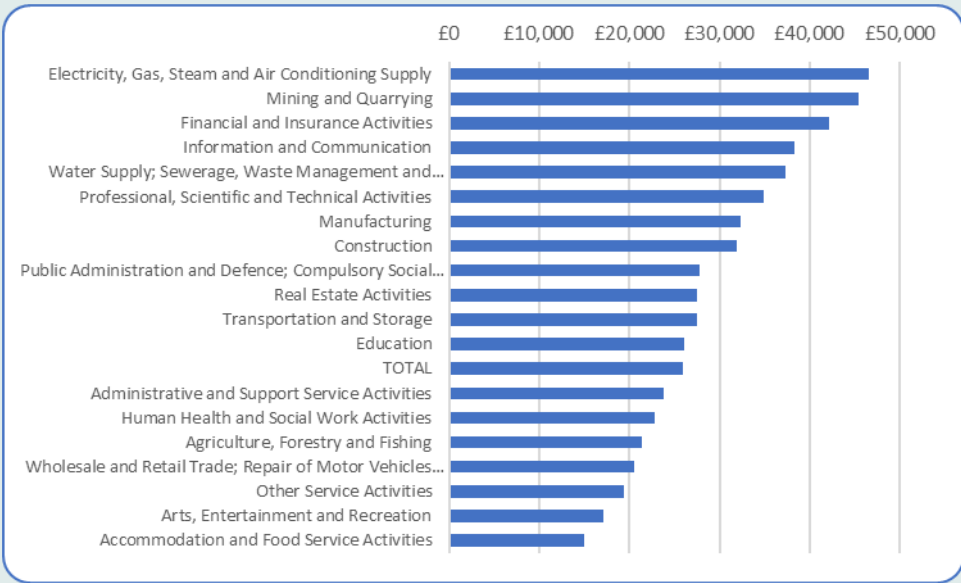
## Top Growing Industries



Industry	2017 Jobs	2022 Jobs	Change in Jobs	% Change in Jobs	2022 Employment Concentration	2022 Wages Per Worker	2019 GVA
Human Health and Social Work Activities	48,763	57,505	8,742	+18%	1.22	£25,660	£1.49b
Transportation and Storage	7,882	11,774	3,892	+49%	0.68	£30,247	£294.38m
Accommodation and Food Service Activities	34,206	37,889	3,683	+11%	1.43	£17,055	£679.47m
Manufacturing	28,828	32,330	3,502	+12%	1.24	£33,760	£1.26b
Professional, Scientific and Technical Activities	23,058	25,392	2,334	+10%	0.82	£33,496	£1.27b
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	51,326	52,141	815	+2%	1.07	£22,706	£1.65b
Water Supply; Sewerage, Waste Management and Remediation Activities	2,195	2,775	580	+26%	1.12	£31,751	£143.68m
Public Administration and Defence; Compulsory Social Security	12,805	12,970	165	+1%	0.81	£31,891	£660.48m
Electricity, Gas, Steam and Air Conditioning Supply	755	808	53	+7%	0.55	£51,189	£196.24m
Mining and Quarrying	279	296	17	+6%	0.61	£58,865	£222.74m

The retail trade is the largest sector across the Dorset LSIP economy by output/GVA, closely followed by health and social care (in which it is difficult to measure/reflect 'output'), financial services and construction. Health and social care has experienced by far the strongest growth in jobs over the past 5 years (17-22) – reflecting the increased demand on health and care services. There are nearly 9,000 more people working in the sector now than 5 years ago across Dorset LSIP area - +50% of the total (net) growth in overall job numbers.

# Average earnings (1)



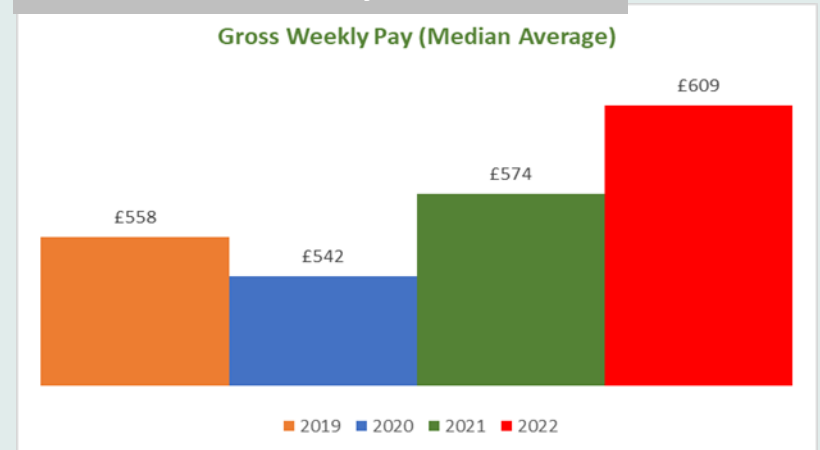
Typically, average wages across the Dorset LSIP area are lower than the national average – although not significantly so.

However, this masks a wide distribution of earnings across the workforce – with estimates that over 1-in-5 jobs across Dorset earning less than the national living wage.



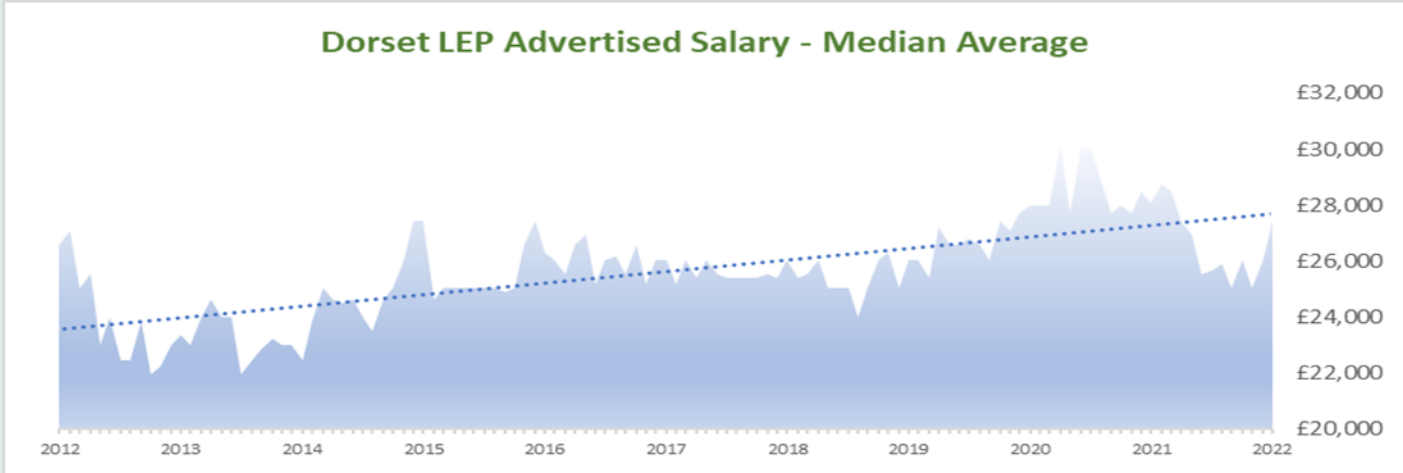
- **£30,500** – average full-time earnings (Dorset LSIP – 2022)
- **£25,800** – average total earnings (Dorset LSIP – 2022)
- **£33,200** - average full-time earnings (England – 2022)
- **£28,000** – average total earnings (England – 2022)

Full-Time Workers Pay – Dorset LSIP



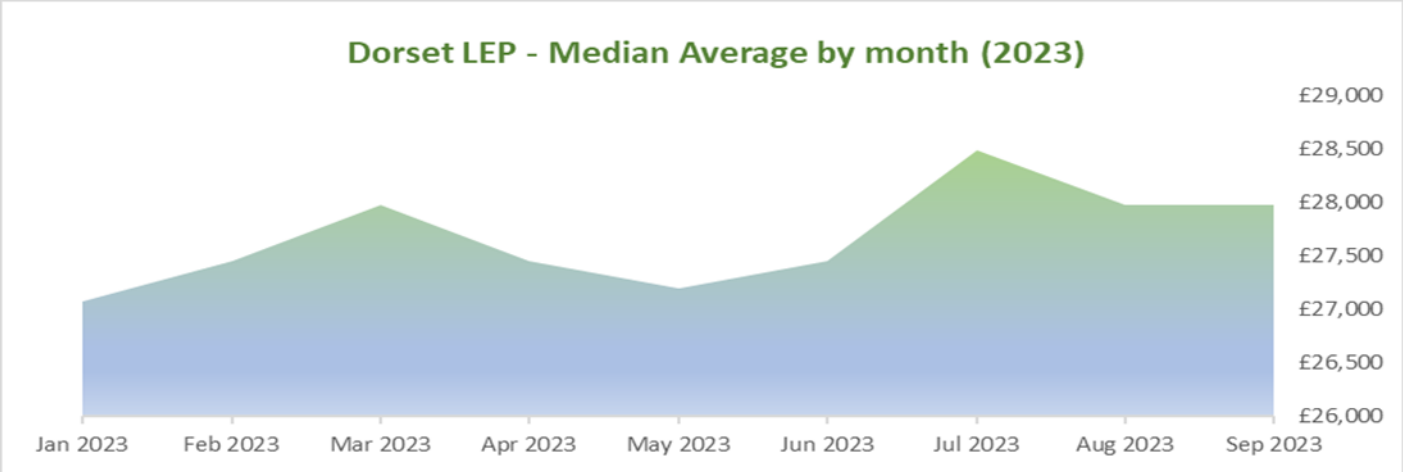


# Average earnings (2)



The average advertised salary during 2023 to date has been c£28,000 – lower than pre-pandemic levels.

The data suggests that average advertised wages (top chart) have not increased markedly locally – with offered salaries increasing marginally or remaining flat over both the short-term (2023) and longer term (past 10 years).

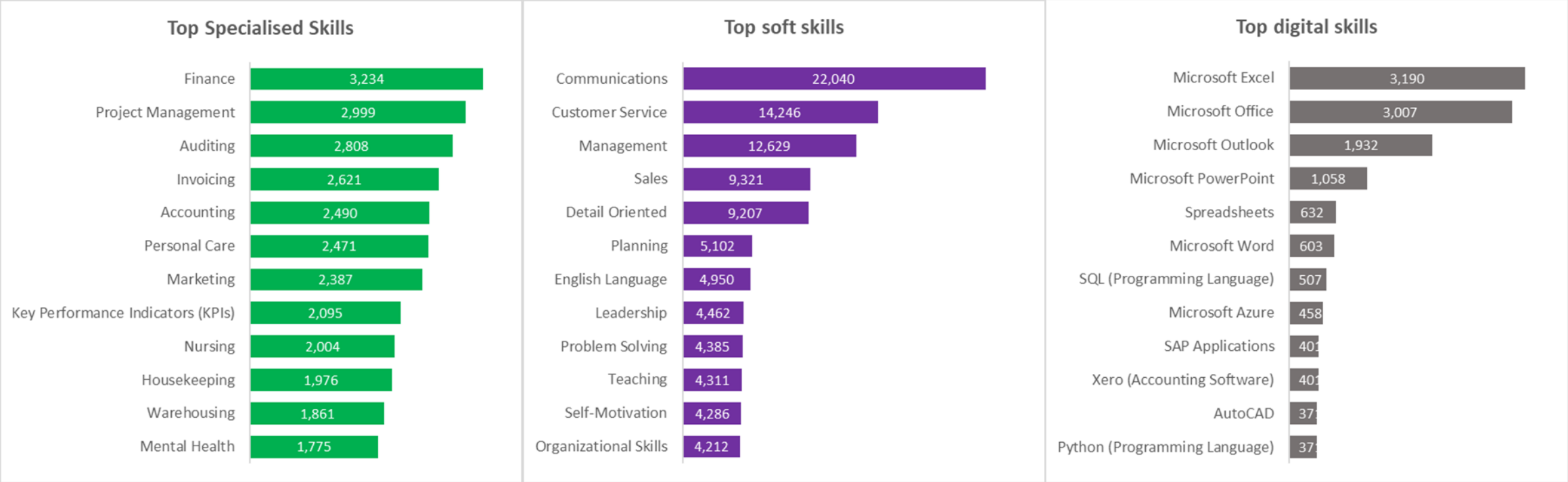


Source: Lightcast, 2023

# Skill demand

Employers most frequently requested soft skills were in communication, customer service, management, sales, and detail-orientation, alongside personal attributes such as enthusiasm and self-motivation. Specialised skills often cited in job postings include finance, and project management. This continues longer-term trends. Many of these were less prevalent in candidate profiles (i.e. CVs) when compared to the volume of references in job postings (recognising that skill sets may not be accurately described in candidate profiles).

Top sought after skills (job postings) – Dorset LSIP area Jan 23 – Sept 23



Source: Lightcast, 2023

# Job quality

	Dorset	Bournemouth	Poole	England
Satisfactory hours (%)	81.5	81.1	82.8	82.0
Unpaid overtime (%)	19.3	19.6	18.9	16.8
Desired contract (%)	99.2	98.9	99.2	98.3
Low Pay (%)	15.9	14.6	15.2	13.1
Opportunities for career progression (%)	49.7	38.3	47.9	55.0
Good employee involvement (%)	60.7	51.6	49.1	54.3
Zero hours contract (%)	6.6	1.9	3.9	2.9

Data indicates that there is a higher incidence of unpaid overtime across the Dorset LSIP area and that there is a higher incidence of low pay (under two-thirds of UK average) and zero hours contracts. In other measures local job quality indicators broadly match the national profile. Around four-fifths of employees felt they had satisfactory hours (i.e. not underemployed) and a higher incidence of desired contract (either permanent or non-permanent for a reason other than 'could not find permanent job', as well good employee involvement (as perceived by employees).

ONS produce analysis of eight job quality indicators to understand quality of work opportunities across the UK (noting the data is associated with confidence intervals):

- Satisfactory hours
- Overtime
- Desired contract
- Zero-hours contract
- Low pay
- Career progression
- Employee involvement
- Union representation (not available at LA level)
- Workplace injury and illness