Dorset Local Enterprise Partnership

Draft Socio-Economic Evidence Base

July 2024

Contents

Highlights in numbers

Growth and productivity

- £19.5bn economic output (2019 prices), but slower than average growth
- £4.63 per hour productivity gap, equivalent to £2.68bn a year and falling behind rest of UK

Business Environment and Sectors

- 33,225 businesses, of which 89.4% are micros
- Approx 500 scale-up businesses with 43,000 employees and £4.2bn turnover
- £792m trade surplus in 2021, driven by services in BCP
- Downward trend in FDI flows with more investment leaving the region than coming in
- 343 innovation projects funded in the area since 2004, less than expected
- Opportunities to create high value clusters and supply chains in:
    - Finance and insurance;
    - Advanced engineering and manufacturing (with a focus on marine and maritime, defence and security and aerospace);
    - Creative and digital sectors; and
    - Health sciences.
- Underpinned by the foundation economy

Population and Migration

- 779,779 residents in 2021, of which 59% were working age, compared to 63% for England
- Lower than average population growth expected and by 2043 only 53% of people will be aged 16-64

The Labour Market

- 78.8% of 16-64 year olds were in employment vs 75.7% for the UK
- 15.7% of people in employment were self employed vs 12.3% for the UK
- 26.6% working part time vs 23.5% for the UK
- Lower than average pay, particularly women and part time workers and 39,000 people earning less than the Living Wage
- 13,590 people claiming unemployment related benefits in April 2024
- 84,600 (18.9%) inactive people in December 2023, driven by early retirement in DC and long term sickness and studying in BCP
- 38% of economically active people are aged over 50, vs 32% for the UK, with implications for replacement demand

Skills Supply and Demand

- 16% of establishments have at least one hard to fill vacancy vs 15% in England
- 42% of people aged 16-64 have a level 4 qualification vs 47% in the UK
- 3.4% of 16-17 year olds in BCP and 3.8% in DC were NEET compared to 5.2% for England
- After KS5, more young people went into employment and less into HE than nationally
- Lower than average participation rate in adult education
- 22,720 students enrolled in the area's three universities, but low graduate retention
- Graduates in the area were less likely to be employed in high skilled jobs

Housing

- Median house prices were £340,000 in BCP and £353,000 in DC vs £290,000 for England
- Prices 10.23 times median earnings in BCP and 11.03 times more in DC, vs 8.26 for England
- 40.5% of homes in DC were under-occupied and 29.9% in BCP vs 34.6% for England
- 58,000 homes do not meet the decent homes standard

Place, transport and infrastructure

- Largely rural area, but 78% of people live in urban areas
- Five main Travel to Work areas
- Issues with North/South connectivity
- Congestion on the A31,35,351
- Poor rail connectivity both to and within the area
- Inadequate infrastructure for walking and cycling and EV use
- Unlikely to meet net zero targets for transport on current trajectory
- 98.8% of premises in BCP and 95.8% in DC have access to superfast broadband compared to 97% for the UK

Energy, Environment and Quality of Life

- Green house gas emissions have reduced by 40.3% since 2005
- 23 internationally designated wildlife sites, 154 nationally designated sites and 1,336 local sites (although it should be noted that many designations overlap)
- Life expectancy at birth is higher than the national average, although areas with higher levels of deprivation have a lower life expectancy

Executive summary

Output, Productivity and Competitiveness

In 2022, the economic output of the pan Dorset area was £19,502m (2019 prices). 57% of this was generated in the BCP area and 43% in the DC area. Between 1998 and 2022, economic output in the pan Dorset area increased by 29% in real terms (2019 prices), driven by growth in the BCP area. This rate of growth is much lower than the England average and of the 38 LEP areas, only the Black Country and Cumbria grew more slowly. This poor rate of growth can be explained by:

- A plateauing working age population; and
- Falling relative productivity.

GVA per hour worked in 2021 was lower than the national average which means there is an output gap of £2.68m per year. The Productivity Institute has identified that both the BCP and DC areas fall into the 'falling behind' group with lower-than-average productivity and lower than average growth in productivity. In 2023, the pan Dorset area was ranked 25 out of 47 English LEPs and Scottish and Welsh city regions for its competitiveness.

Business Environment

Since 2010, the number of businesses has grown by 18% in the pan Dorset area (26% in BCP and 12% in DC). This is slower than the increase for the UK of 30%. 89.4% of businesses are micro businesses which is similar to the national average (89.1%).

In 2020, Dorset had 43.63 scale-ups per 100k population, slightly lower than the UK median of 45.0. The main barriers to growth of scale ups were:

- Access to the talent you can hire;
- UK Markets & International Markets; and
- Access to infrastructure/premises /broadband.

Innovation activity levels are similar to the national average, despite innovation funding being lower than expected for the number of businesses. According to research conducted as part of the GSW Integrated Economic Review, there were a total of 601 businesses either developing or adopting Key Enabling Technologies in the area (368 in BCP and 233 in DC). In terms of development, the most significant technologies were: Big data and machine learning (particularly in BCP), Internet of Things and robotics technologies. In terms of adoption, the most significant technologies were: Big data and machine learning, Photonics and Additive manufacturing technologies.

The area benefits from a trade surplus, driven by the export of services from the BCP area. Between 2019 and 2021 the trade surplus increased in the BCP area, but the DC area moved into a trade deficit. Inward investment levels have been declining since 2017 and FDI earnings (inward and outward) are lower than expected given the size of the business base.

Nationally, there is evidence that demand for SME finance has slowed down, reflecting challenging economic conditions post pandemic. This trend is also observed in more local data. Similarly, at a national level, inflation remains the top external factor of concern for the majority of businesses, followed by interest rates, taxation, competition, business rates and exchange rates.

Credit card data shows that consumer spending in the area broadly follows national seasonal patterns, but the area shows a higher-than-average summer seasonal peak associated with the visitor economy.

Sectors

The five largest sectors in employment terms (health and social care, retail, accommodation and food, education and manufacturing) accounted for 58% of employment in 2022 and were the top five in both the BCP and DC areas. The distribution of employment is broadly similar to that of

the UK, although there is some over-representation in terms of human health and social work, administrative and support services and accommodation and food services across the Pan Dorset area. Within the area, BCP has a greater proportion of employment in human health and social work, administrative and support services and financial and insurance services. Conversely, the DC area has a greater proportion of employment in manufacturing. The sectoral profile has changed significantly between 2010 and 2022 with some sectors exhibiting strong employment growth (e.g. health and social care) and others declining (e.g. retail).

The area has a greater proportion of businesses in the construction sector than the UK average and a smaller proportion of business in the professional, scientific and technical activities sector. Within the area, the most significant difference between the local authority areas was the number of agricultural businesses in the DC area.

The top five highest paid sectors were in relatively small sectors and accounted for 7% of employment. Conversely, the bottom five lowest paid sectors accounted for 36% of employment. When compared with the UK average by sector, wages in the Pan Dorset area were lower than the average for most sector groups.

The area's industrial structure is not dissimilar to that of the UK, although it does exhibit clear areas of comparative advantage including:

- Arts, entertainment and recreation (LQ 1.49).
- Accommodation and food services (LQ 1.55);
- Financial and insurance activities (LQ 1.24);
- Human health and social work (LQ1.19)

Within the area, BCP has a clear comparative advantage in finance and insurance and the DC area has advantages relating to manufacturing, water supply and agriculture. At a more granular level (3 digit SIC codes), 16 sector codes were identified where the location quotient was >1.5, wages were above average and employment >500. 10 of these related to specialisms in advanced manufacturing or engineering.

The qualitative analysis revealed that the area possesses a range of R&D, skills and industrial assets and opportunities that could support the growth of a range of sectors.

The combined quantitative and qualitative analysis suggests that the following sectors provide opportunities to create high value clusters and supply chains, which have the potential to drive inward investment and exporting:

- Finance and insurance;
- Advanced engineering and manufacturing (with a focus on marine and maritime, defence and security and aerospace);
- Creative and digital sectors; and
- Health sciences.

And these are underpinned by a 'foundation economy' which provides a range of local services such as health, education, leisure and public services. These sectors are essential to the effective functioning of all economies, and account for a high volume of employment. Therefore, improving productivity, opportunities and wages in these sectors is important to tackling the area's productivity challenge.

Population and Migration

The pan Dorset area has 779,779 residents (51% were from BCP and 49% were from DC), of which 25% are aged 65 or over, compared to 18% for England. This difference is largely due to the demographic profile of the DC area, where 30% of people were aged 65 or over. The DC area has the oldest age profile of all upper tier authorities in England and Wales.

Over the last 20 years, the population of the pan Dorset area has increased by 12.7% compared to 15.6% for the South West and 14.3% for England. Population projections show that the population of the pan Dorset area will increase by 5.6% between 2018 and 2043, compared to 14.1% for the South West and 10.3% for England.

By 2043, only 53% of people in the pan Dorset area will be aged 16-64, compared to 59% for England. Whilst more people are working beyond the age of 65, the numbers are not sufficient to mitigate the dependency challenges.

Migration will drive population growth between 2018 and 2043 in both the BCP and DC areas, as natural change (births-deaths) will result in a declining population. Focusing on in-migration (to and from other authorities in England and Wales), during 2020, the area experienced a net loss of people in their 20's, but a net gain in all other groups (particularly people in their 50's and 60's).

The labour market

The number of economically active people (aged 16+) has been slowly increasing since 2004 and now stands at 383,900. This growth reflects the growing population, an increase in the proportion of people aged over 65 who are continuing to work, as well as a growing proportion of women working. The size of the workforce has increased faster in BCP than within the DC area.

The workforce has an older demographic profile than nationally, with 38% of all economically active people aged over 50, compared to 32% for the UK, which has implications for replacement demand.

The employment rate in the pan Dorset area has consistently exceeded the national rate over the long-term and may be approaching the concept of 'full employment'. The area has a higher proportion of self-employment than the UK average and men are more likely to be self-employed than women. Similarly, the area has a higher proportion of people working part-time than the UK average, and women were much more likely to be working part-time than men.

Whilst the occupational profile is similar to the national picture, the pan Dorset area has a lower proportion of people employed in professional, associate professional and process, plant and machine operative occupations and higher proportions employed in sales and customer service and caring, leisure and other service occupations. The occupational profile differs between BCP and DC with the BCP area having a higher proportion of employment in management and professional occupations.

There is a pay gap between full time workers in the pan Dorset area and those in the rest of the UK, which is more pronounced in the DC area. Approximately 39,000 jobs pay below the 'Real Living Wage', and these are most likely to be part time workers and women.

Over the last 20 years, unemployment rates in pan Dorset area have usually been lower than the national average, but post pandemic, rates have exceeded the national average within the BCP area. The unemployment rate has been falling in all areas since 2021 and in December 2023 stood at 2.8%. Claimant count data suggests that unemployment rates are currently higher amongst men, people under 40 and people in the BCP area.

Economic inactivity rates have been consistently lower than the national average in the long term, but post pandemic the pan Dorset area appears to have had a steeper rise in inactivity rates, which peaked in September 2022. As of the end of December 2023, 84,600 people (18.9% of people aged 16-64) were inactive in the pan Dorset area. The reasons why people are inactive differ across the two local authority areas. In the DC area, (early) retirement is the most significant reason, whereas in the BCP area, long term sickness or being a student are the most significant reasons.

Skills Supply
The area has a good supply of intermediate level skills, but a slightly lower proportion of people with Level 4 or higher qualifications than the national average.

Educational outcomes at 16 for all groups are higher than the national average amongst BCP schools and lower than the national average for DC schools. A high proportion of students are achieving sustained education, employment and apprenticeship destinations after key stage 4 and at 16-18, a higher proportion of students studied A-levels than other applied or technical qualifications than the national average.

After Key Stage 4 (e.g. 16-19), a greater proportion of young people went into employment destinations than the national average and a lower proportion went into higher education. A greater proportion of young people in BCP went into an apprenticeship destination than the national average, but in Dorset a lower proportion did so.

Apprenticeship completions have fallen since 2018/19 for intermediate and advanced apprenticeships but increased for higher apprenticeships. 7,550 adults achieved adult education and training qualifications in 2022/23, the majority achieved Level 2 qualifications and over 2,000 people achieved qualifications through community education. The area has a higher than average participation rate in apprenticeships, but lower than average rate for other routes (education and training and community education provision).

In 2021/22 there were 22,720 students enrolled in the area's three universities, of which 16% were international students and 21% post graduate students. In 2021/22 there were 7,405 graduates qualifying from the area's institutions. Subjects with high volumes of graduates included: business and management, design and creative and performing arts, subjects allied to medicine and computing.

Research by ONS indicates that towns in Dorset struggle to attract and retain graduates, except for Bournemouth which was the only town to have a positive net gain of graduates. However, towns were much better at retaining and attracting young people with L3-L5 sub-degree level skills. Graduates employed in the pan Dorset area 15 months after graduating, were less likely to be employed in highly skilled jobs than their counterparts elsewhere in the England, indicating that graduate opportunities are more limited in the area.

Skills Demand
Nationally, the number of vacancies has been falling since the May 2022, although the number of vacancies is still higher than pre-pandemic levels. Vacancies in the pan Dorset area grew from a low of 2,139 in April 2020 to a peak of 11,338 in May 2023. However, the number of vacancies fell month on month for the rest of 2023, before stabilising in the first half of 2024. Over 2023, there were 112,598 vacancies and 64% of these were in the BCP area and 36% in the DC area.

The Employer Skills Survey shows that the proportion of establishments with vacancies (including hard to fill and skills shortage vacances) is higher than the national average in the BCP area and lower than the national average in the DC area. In terms of training patterns, a higher proportion of employers in the BCP area train their staff than the national average.

The NHS is the largest source of labour demand in Dorset, with over 5 times as many job postings than the second largest employer, Dorset Council. By sector, health and social care had the most postings, followed by food and services and retail. The number of vacancies recorded in the pan Dorset area has increased by 114% since 2019. This increase has varied by occupational group, with the largest increase observed in medium and lower skilled jobs. This is likely a reflection of higher turnover, declining supply and possible changes in the way employers recruit for these roles in recent years.

However, despite the increase in the number of advertised vacancies in medium and lower skilled occupations, the proportion of employment in each broad occupational group has changed very little between 2019 and 2023 and employment in higher skilled jobs continues to dominate, accounting for 43% of all employment.

Looking to the future, forecasts indicate that the number of jobs in the area will grow from c400,000 jobs in 2020 to 439,000 in 2035. The majority of new jobs created are expected to be in high skilled roles. However, 84% of projected employment change (204,000 jobs) will be driven by replacement demand, that is replacing workers already in the workforce who are projected to leave. The remainder (39,000) are projected to be new jobs associated with economic growth.

Housing

Housing (and the lack of it) can affect productivity in several ways:

- By limiting the ability of workers to move to productive places;
- By inhibiting the development of human capital (through poor quality homes); and
- By affecting the flow of capital into business start-up/expansion.

In 2021, there were 184,507 dwellings in BCP and 181,739 in the DC area. This reflects an overall rate of growth of 0.59% per annum and 0.63% per annum respectively since the last census. In both the BCP and DC areas, the proportion of people living in over-occupied dwellings is lower than the England average. But under-occupancy is significantly higher than the England average for the DC area, but lower than the England average for the BCP area. In the DC area, more people owned their properties outright than the national average, but in the BCP area, a higher proportion of households rented privately than the national average.

House prices are significantly higher than regional and national averages and relative to wages, houses are less affordable in the pan Dorset area than the wider South West. Research conducted by the University of the West of England found that the DC area, had the 3rd highest affordability ratio and BCP the 8th highest ratio of the 29 local authorities in the South West. Similarly, market rental statistics show that whilst average rents in the DC area are the same as the England average (which in September 2023 was the highest ever recorded) rents in BCP were higher than the England average.

Researchers from the University of the West of England identified that increases in affordability ratios in the South West were driven by earnings not keeping up with house prices. Increases in house prices in turn have been fuelled by shortfall in the delivery of new homes, coupled with increasing demand associated with migration and second home ownership. The researchers also found a number of supply side issues which affected housing affordability including competition for land, development viability, right to buy, planning and environmental designations. Similarly, a recent Competition and Markets Authority report found that planning and market incentives were the two factors influencing the sub-optimal rate of housebuilding in the UK.

The Housing Needs Assessment identifies that there is a minimum housing need of 2,667 dwellings per annum (dpa) in BCP and 1,757dpa in the DC area over the 2021-38 period. This is significantly more than the average rate achieved since 2011 and the method does not take into account the shortfall in delivery over the previous period. Likewise, it found that there is a notable need for affordable housing and that the provision of new affordable housing is an important and pressing issue in the area.

The needs analysis also highlighted the need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision for older people's housing. This may help to reduce under-occupancy.

Place

Whilst a significant part of the land area is rural, 78% of households live in urban cities and towns and BCP is the second urban area in the South West and the largest on the south coast.

The area has significant inequalities with 50 LSOAs in the least deprived 10% in the UK and 15 in the most deprived 10%. These most deprived LSOAs were located in Bournemouth, Poole and Weymouth and Portland.

The area has five main Travel to Work areas (TTWAS), Bournemouth, Poole, Dorchester and Weymouth, Blandford Forum and Gillingham. Within the TTWA's are a network of towns, which perform different roles in the economy, some being employment and others being residential centres. Rate of population and employment growth/decline can change these roles. Analysis suggests that the smaller more rural TTWA's have had slower rates of employment growth and so may be becoming more residential in character.

The employment land review highlighted that demand for office space in both BCP and DC is subdued, but sector specific growth may generate demand for related occupiers. Conversely, demand for industrial space in both areas, but there is more land available for this in the DC area.

Transport and Infrastructure
The two councils are preparing their fourth local transport plan. This will be a vision led document, which provides an opportunity to integrate local transport planning with the spatial planning through the concurrent local plan development process.

A quantified carbon baseline (for transport) shows that there is a significant gap between the current trajectory and net zero targets. The issues and opportunities paper identifies a range of infrastructure challenges as well as issues and opportunities aligned to the themes of people, pace and activity.

The Western Gateway STB is developing its Strategic Transport Plan for 2025 to 2050. Work to date has identified the following issues for the Western Gateway area: decarbonisation, air quality, rural journeys, car use, freight emissions, housing, seasonal traffic, road congestion, north-south connectivity, seaports and airports, freight, rural connectivity and deprivation. Opportunities include alternative fuels, active travel, bus and coach, demand management, multi-modal, rail improvements and the road network (including north south and east west connectivity).

Digital connectivity is better than the national average in BCP, but worse than the national average in the DC area and both Councils have led pioneering projects to demonstrate the benefits of 5G.

Energy and the Environment
Greenhouse Gas Emissions have been falling since 2005 and 2021, but there is a long way to go to reach net-zero. Existing renewable energy generation capacity in the area is less than the national average per household and 94% of renewable energy capacity was solar PV.

Research by Regen highlighted that there are significant opportunities for the pan Dorset area to reach net zero including solar and wind resources (including offshore). If these resources are utilised, excess local energy generation could be complemented with opportunities around energy storage and the future development of green hydrogen. The natural capital in both Portland's salt caverns and the potential to re-purpose existing oil and gas infrastructure provides a unique opportunity for Dorset to be a leader in the new hydrogen economy.

The challenges in reaching net zero are around energy efficiency and heat in buildings, transport and grid constraints (where the network is constrained for both generation and demand). Climate change is expected to increase risks related to flooding/coastal erosion, health, water supply, natural capital, food production and trade, pests and diseases.

Dorset is recognised for its biodiversity and landscape quality with many national and international designations for both wildlife species and sites. But Dorset's natural capital has been significantly degraded since the 1930s and is at risk. Research shows that the wider economy is

dependent on a range of ecosystem services and investment in natural capital could have a much higher economic impact than further intensification of agriculture. The same research found that further degradation of natural assets could lead to relatively abrupt changes in the provision of ecosystem services (through tipping points), which could have a significant impact on the local economy.

Quality of Life

People living in the DC area appear to have higher rates of personal well-being than the national average, but people in BCP have rates that are similar to the national average. Dorset's natural environment (including coast) is thought to be a significant contributor to it's quality of life and both DC and BCP have cultural strategies in place.

Life expectancy at birth for people born between 2020 and 2022 is higher than the national average in the area for both males and females. However, there are inequalities in life expectancy between the most and least deprived parts of the area.

Whilst total Gross Disposable Household Income grew in the pan Dorset area between 2011 and 2021, it grew at a slower rate than nationally or regionally. GDHI per head was £22,047 in 2021, 1.6% higher than the UK average of £21,679. However, in 2011, it was 5.1% higher than the UK average, suggesting a declining relative position.

Introduction

This evidence base has been prepared to support the development of priorities and ultimately a new strategic economic plan for the pan Dorset area. This area consists of two unitary authorities, Bournemouth, Christchurch and Poole (BCP) and Dorset Council (DC). In the graphs and tables within this document, the combined area is referred to as 'Pan Dorset'.

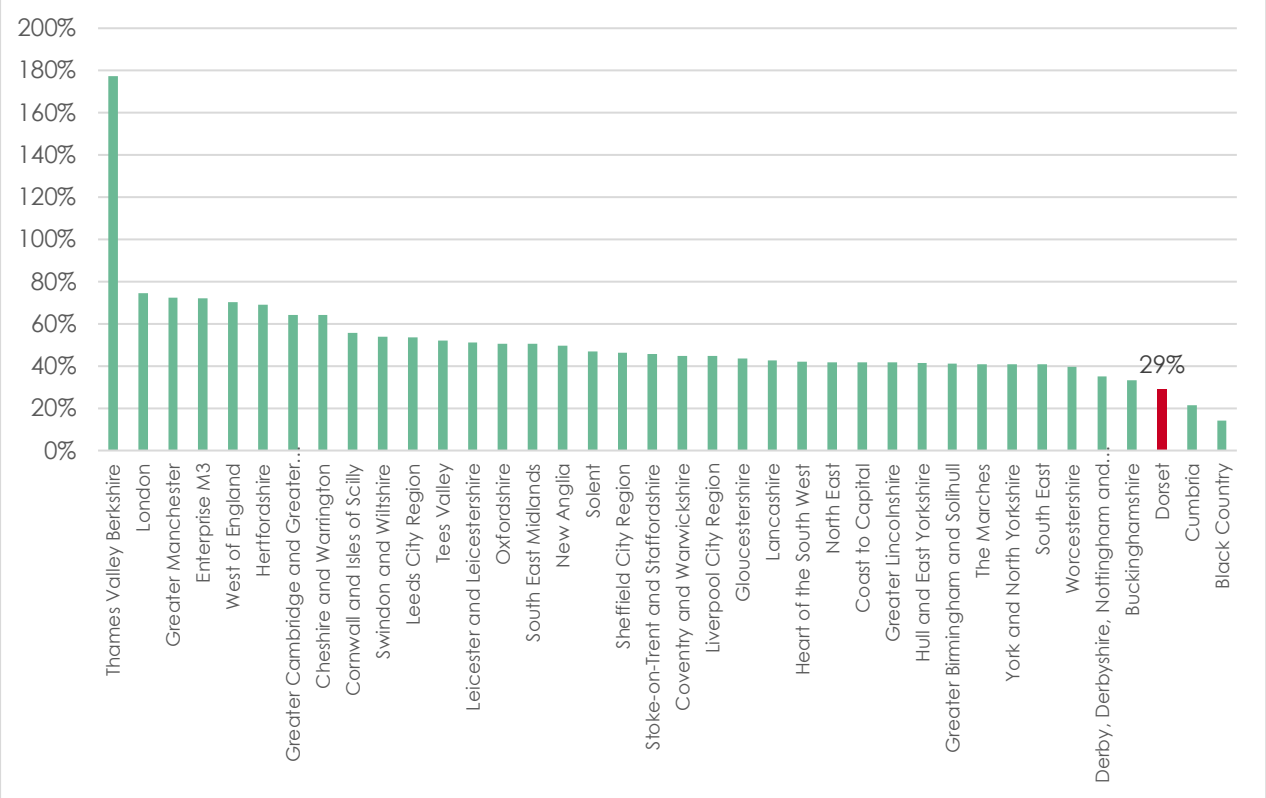
Growth and productivity

Output

In 2022, the economic output of the pan Dorset area was £19,502m (2019 prices). 57% of this was generated in the BCP area and 43% in the DC area.

Between 1998 and 2022, economic output increased by 29% in real terms (2019 prices). Figure 1 below shows that of the 38 LEPs in England[1], only the Black County and Cumbria had a smaller increase over this time frame.

Figure 1: % change in GVA by LEP area between 1998 and 2022 (2019 monetary value))



Source: ONS, Regional Gross Value Added (balanced) by industry: City and Regions

Figure 2 overleaf shows whilst GVA grew by 41% between 1998 and 2022 in the BCP area, it only grew by 16% in the DC area. This compares to growth of 50% for the South West and 52% for the UK. When benchmarked against our immediate neighbours, BCP's growth has been slower than Hampshire and the Isle of Wight (61%), Devon (53%) and Wiltshire (48%), but comparable with Somerset (40%). However, growth in the DC area has been significantly lower than the neighbouring areas.

[1] Note, the number of LEPs has varied slightly over time as boundaries have changed. This data refers to the original 38

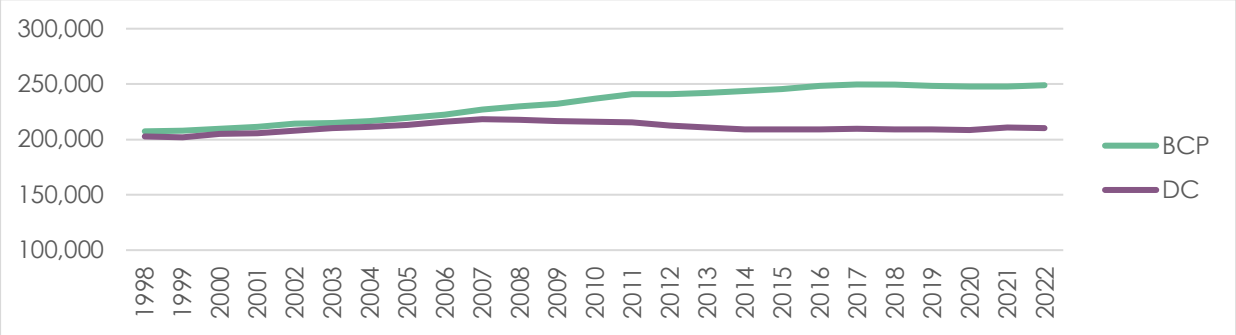
Figure 2: GVA between 1998 and 2022 by Local Authority (2019 money value)

Source: ONS, Regional Gross Value Added (balanced) by industry: City and Regions

Economic growth or decline is driven by a combination of employment (the number of workers or hours worked) and productivity (the output per hour worked). In understanding the poor economic growth trends seen, it is helpful to consider both.

Figure 3 below shows that the number of working aged people in the DC area plateaued between 1998 and 2022 which helps to explain the poor overall growth. On the other hand, the number of working aged people continued to grow in the BCP area until 2016 after which the number of workers also appears to plateau. This is consistent with the pattern of GVA growth showed in Figure 2.

Figure 3: Number of people aged 16-64

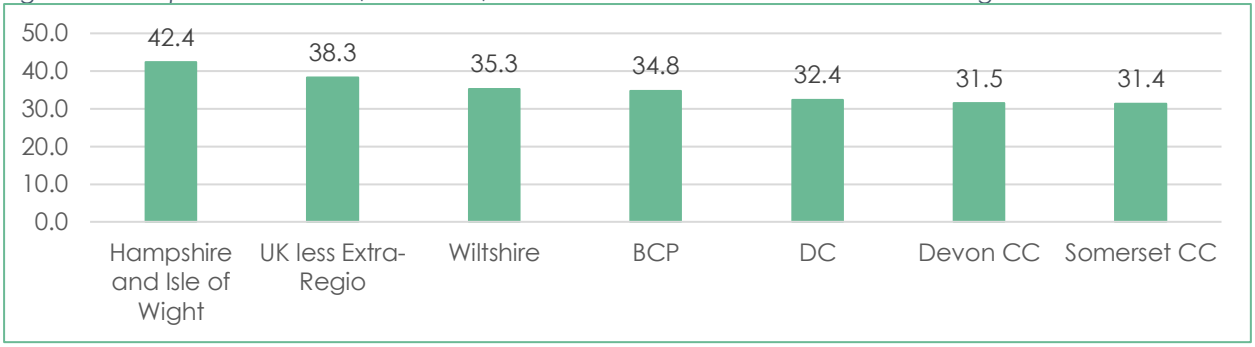


Source: ONS Mid-year population estimates

Productivity

Productivity in the pan Dorset area in 2021 was £33.7 per hour worked, compared to £38.33 for the UK. This £4.63 per hour gap equates to an output gap of £2.68bn a year. When benchmarked against neighbouring authorities (see Figure 4), productivity in the pan Dorset area was comparable with that seen in Wiltshire (which was slightly higher than BCP) and Somerset and Devon (which were slightly lower than DC). Productivity in Hampshire and the Isle of Wight on the other hand, was considerably higher than the national average.

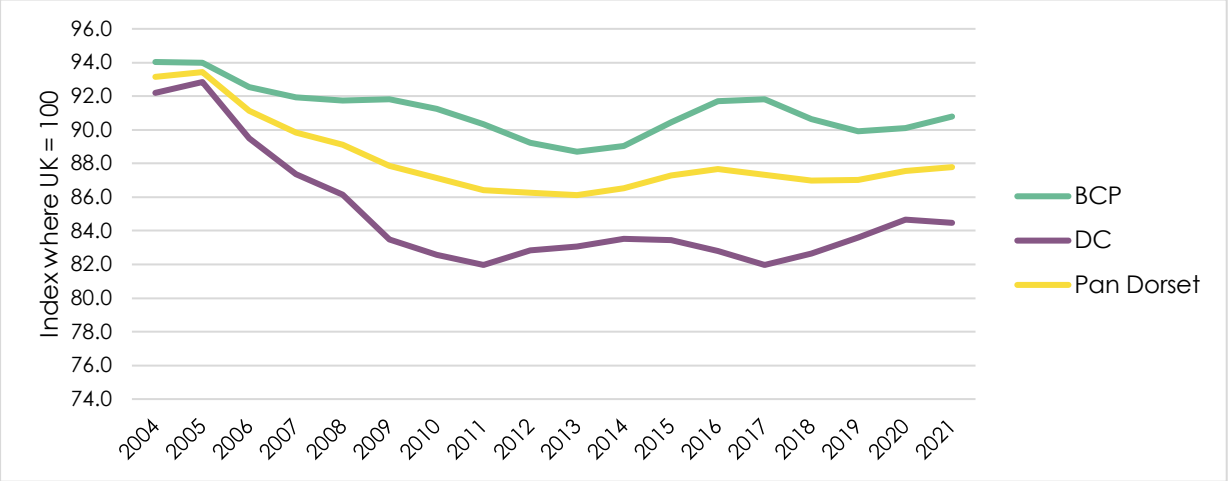
Figure 4: GVA per hour worked, 2021 – UK, Pan Dorset Districts and its immediate neighbours



Source: ONS, Sub-regional productivity, June 2023

Figure 5 below shows that productivity in the pan Dorset area relative to the UK average (100) fell sharply from 93% in 2004 to 86% in 2013, before recovering slightly between 2014 and 2021, when it reached 88%. This drop in relative productivity was most pronounced in the DC area.

Figure 5: GVA per hour worked in pan Dorset, BCP and DC areas between 2004 and 2021, relative to the UK (where the UK = 100)



Source: ONS, Sub-regional productivity, June 2023

Furthermore, analysis by the Productivity Institute[2] categorised UK sub-regions into four groups:

- Steaming ahead (above average productivity and faster than average growth in productivity);
- Losing ground (above average productivity, but lower than average growth in productivity);
- Catching up (lower than average productivity, but faster than average growth in productivity); and
- Falling behind (lower than average productivity and lower than average growth in productivity).

Both the BCP and DC areas fall into the 'falling behind' group.

Competitiveness

The UK Competitiveness Index (2023) benchmarks the UK's localities in terms of their competitiveness against a UK average score of 100.[3] The latest data shows that the pan Dorset area scored 92.9 in 2023. This meant that the area was ranked 25 out of 47 English LEPs and Scottish and Welsh city regions.

[2] https://www.productivity.ac.uk/the-productivity-lab/the-tpi-uk-itl3-productivity-scorecard-series/
[3] UK Competitiveness Index 2023, Cardiff University and Nottingham Trent University

Summary – Output, Productivity and Competitiveness

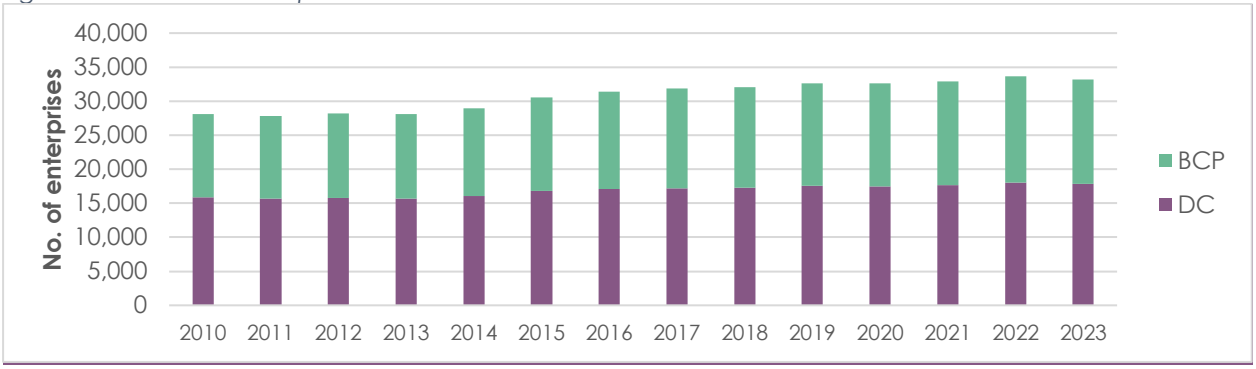
- In 2022, the economic output of the pan Dorset area was £19,502m (2019 prices). 57% of this was generated in the BCP area and 43% in the DC area.
- Between 1998 and 2022, economic output in the pan Dorset area increased by 29% in real terms (2019 prices), driven by growth in the BCP area. This rate of growth is much lower than the England average and of the 38 LEP areas, only the Black Country and Cumbria grew more slowly.
- This poor rate of growth can be explained by:
    - A plateauing working age population; and
    - Falling relative productivity.
- GVA per hour worked in 2021 was lower than the national average which means there is an output gap of £2.68m per year.
- The Productivity Institute has identified that both the BCP and DC areas fall into the 'falling behind' group with lower than average productivity and lower than average growth in productivity
- In 2023, the pan Dorset area was ranked 25 out of 47 English LEPs and Scottish and Welsh city regions for its competitiveness.

Businesses environment

Number, size and type of businesses

Figure 6 below shows that in 2023 the pan Dorset area had 33,225 businesses, of which 46% were found in the BCP area and 54% in the DC area.[4] Since 2010, the number of businesses grew by 18% in the pan Dorset area, although the rate of growth varied significantly within the area, with the number of businesses growing by 26% in BCP and 12% in the DC area. Whilst this rate of growth was lower than the UK average of 30% it was higher than the rates of growth seen in neighbouring authorities (where the rate of growth ranged from 13% in Wiltshire to 16% in Hampshire).

Figure 6: Number of enterprises between 2010 and 2023



Source: ONS, UK Business Counts, 2023

Figure 7 shows that 89.4% of businesses are micro businesses, which is consistent with national trends. The DC area has a slightly higher proportion of micro's than BCP, which is typical of more rural areas.

Figure 7: Proportion of enterprises in each size band

	BCP	DC	Pan Dorset	UK
Micro (0 to 9)	89.0%	89.7%	89.4%	89.1%
Small (10 to 49)	8.8%	8.9%	8.9%	9.0%
Medium-sized (50 to 249)	1.8%	1.2%	1.5%	1.6%
Large (250+)	0.4%	0.2%	0.3%	0.4%

Source: ONS, UK Business Counts, 2023

Figure 8 shows that the most common legal status is 'company', followed by sole proprietor. The DC area has a slighter lower proportion of 'companies' than the national average and BCP has a slighter higher proportion. Since 2010, the proportion of companies has increased in all areas.

Figure 8: Proportion of enterprises by legal status

	BCP	DC	Pan Dorset	UK
Company (including building society)	79.9%	68.7%	73.9%	74.8%
Sole proprietor	13.5%	17.1%	15.4%	15.2%
Partnership	3.9%	10.3%	7.3%	6.3%
Non-profit body or mutual association	2.5%	3.2%	2.9%	3.2%
Public corporation	0.0%	0.0%	0.0%	0.0%
Central government	0.2%	0.1%	0.1%	0.1%
Local authority	0.1%	0.7%	0.4%	0.3%

Source: ONS, UK Business Counts, 2023

[4] This national statistic includes all VAT and or PAYE registered businesses. It therefore may not include some of the smallest businesses.

High growth businesses

The UK Business Demography data series estimates that 0.42% of businesses in the pan Dorset area were high growth in 2022, which is slightly higher than the national average of 0.39%.[5] Within the region, the proportion was slightly higher in BCP (0.44%) than DC (0.40%). High growth businesses are defined as enterprises with >10 employees and average annualised growth greater than 20% per annum, over a three-year period (based on employment).

The ScaleUp Institute is a private sector led, not for profile research and education organisation focused on collaborating with stakeholders to help the UK become one of the best places in the world to scale a business as well as start one. Using the same high growth definition detailed above, they found that UK scale-ups:

- Represent over 50% of SME output, despite making up less than 0.6% of the SME population;
- Have grown at a faster rate than GDP; and
- Are more productive than their sector peers.

Their local analysis identified that the pan Dorset area had 365 scale-up businesses in 2020, which employed 29,820 people and had a turnover of £4.06bn.[6] The key scale-up sectors in the area were:

- Consumer banking and financial services;
- Distribution;
- Machinery;
- Other manufacturing and engineering; and
- Property/land development and construction.

And the top barriers to growth were:

1. Access to the talent you can hire;
2. UK Markets & International Markets; and
3. Access to infrastructure/premises /broadband.

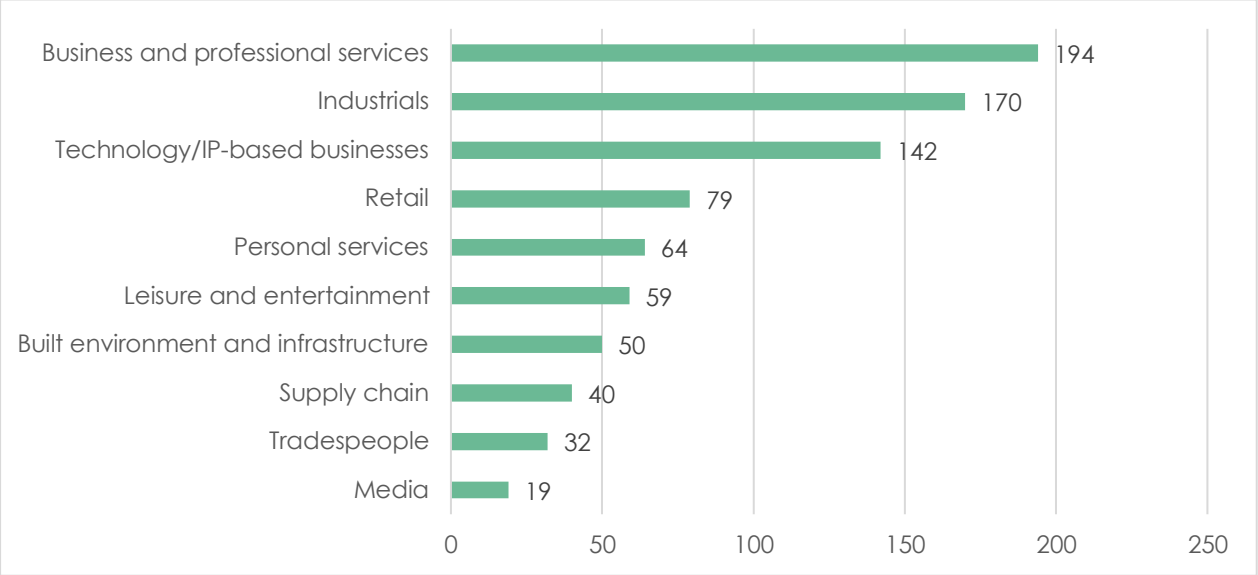
Alternatively, Beauhurst[7] also tracks companies that are high growth or ambitious if they have met at least one of the following tracking triggers since 2011:

- Secured equity investment;
- Secured venture debt;
- Underwent a management buyout or buy-in;
- Attended a selected accelerator programme;
- Has been or is a scaleup;
- Spun out of an academic institution;
- Was featured in a selected high-growth list; and
- Accepted a large innovation grant.

Beauhurst identified 512 companies in the pan Dorset area which met these criteria, and these companies employed an estimated 43,200 people and turned over £4.2bn. These high growth businesses operated across a range of sectors as the following graph indicates.

[5] UK, Business Demography, 2022, ONS
[6] Source: The ScaleUp Institute, 2022
[7] https://www.beauhurst.com/, March 2024

Figure 9: Sector rankings – Beauhurst tracked companies

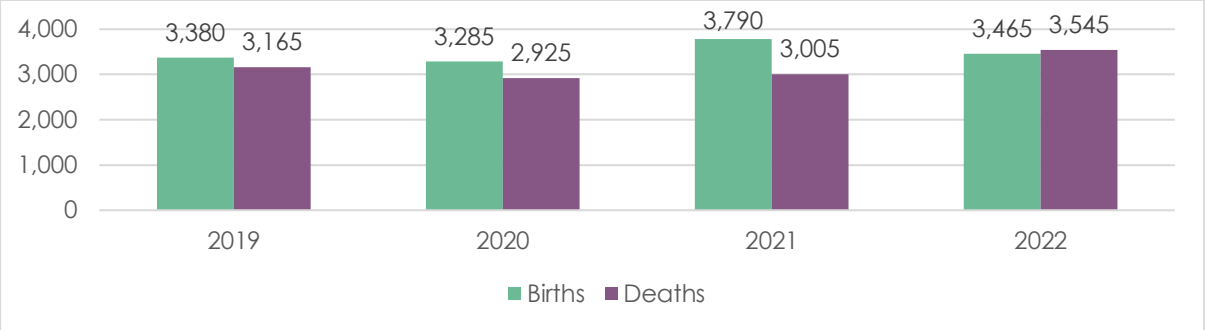


Source: Beauhurst.com Note: Beauhurst tags a company with as many sectors as it operates in. In this chart, companies with multiple sectors are counted multiple times.

Business births and deaths

Figure 10 below shows that the number of business deaths exceeded the number of business births in the pan Dorset area in 2022, which is a reversal of the trend up until this point. This appears to have been driven by an upward trend for the number of business deaths. This pattern was also observed nationally and regionally.

Figure 10: Number of business births and deaths, pan Dorset area, 2019 to 2022



Source: Business Demography, 2022, ONS

Figure 11 shows that businesses born in BCP and DC areas in 2019 were more likely to survive for 3 years than their peers in the rest of the UK. However, this may indicate a lack of competitive pressure or churn which can help to drive productivity improvements.

Figure 11: Business survival rates after 1 year, 2, years and 3 years

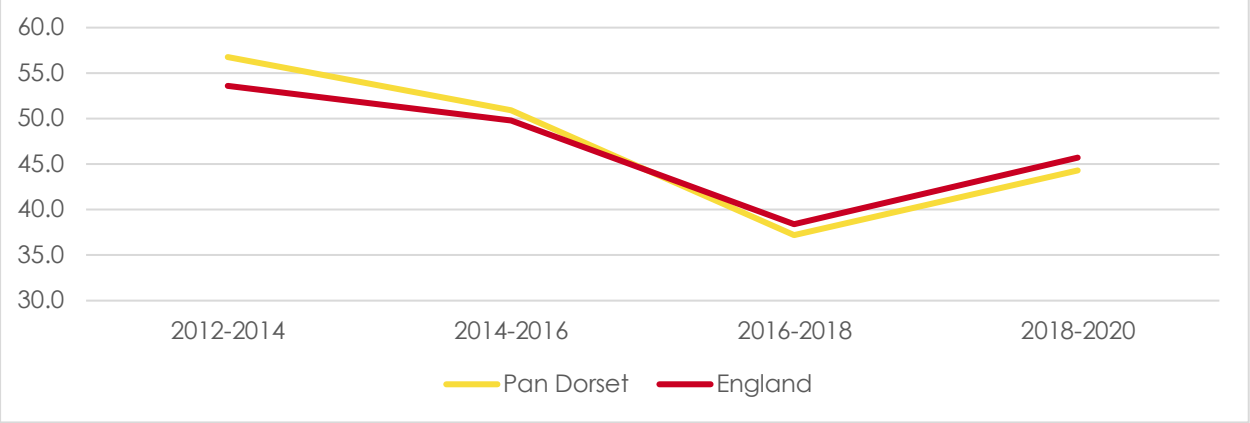
Businesses born in 2019	1-year %	2-year %	3-year %
BCP	94.8	77.2	61.9
DC	94.8	80.3	64.8
South West	95.0	77.7	61.0
UK	94.6	74.6	55.9

Source: Business Demography, 2022, ONS

Innovation within businesses

Figure 12 shows that the proportion of innovation active firms in the pan Dorset area in 2018-2020 was slightly lower than the national average, but not by a large margin.

Figure 12: Percentage of firms that are innovation active

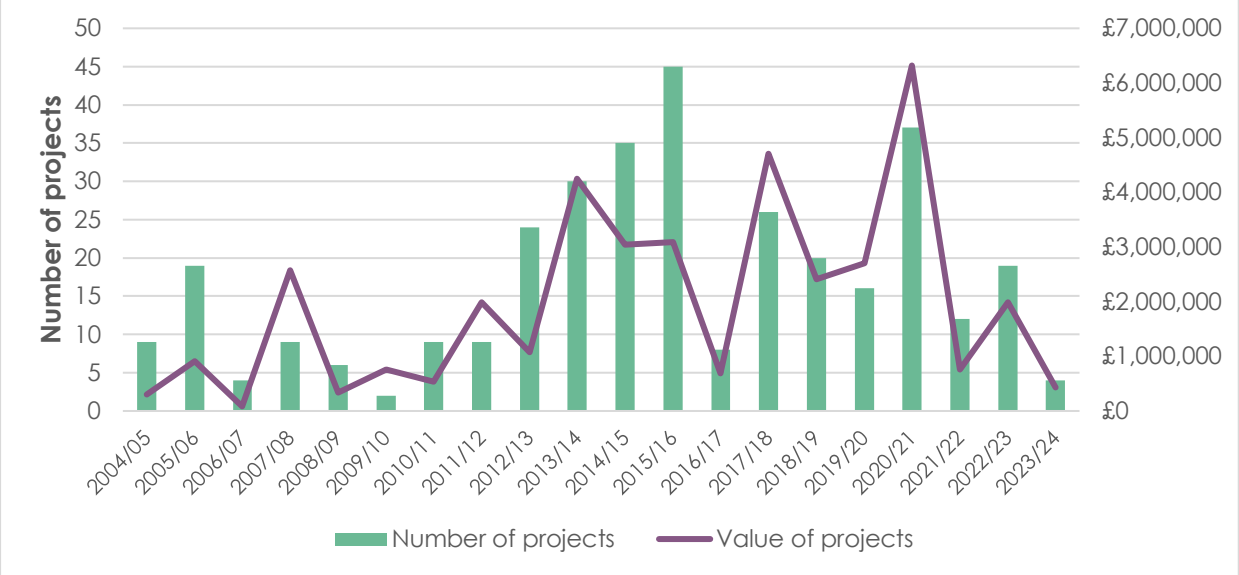


Source: UK Innovation Survey, 2019, 2017, 2015 and 2013

Another potential measure of innovation is the number of people employed in science, research, engineering and technology professions. The Annual Population Survey found that in 2021, 30,200 (8.4%) people in the pan Dorset area were employed in science, research, engineering and technology professions or associate professions in 2021. This is a fraction higher than the UK average of 8.2%. Of these,18% were women. Similarly, in 2021/22 there were 10,045 students enrolled in STEM subjects at Dorset Higher Education Institutions, which represents a significant potential innovation talent pool.

Since 2004 Innovate UK has funded 51,619 projects in the UK valued at £16,129m. Of these, 343 (0.66%) were based in the pan Dorset area with a value of £38.9m (0.24%). As businesses in the pan Dorset area make up 1.22% of UK businesses, this level of investment is less than expected. Figure 13 shows the number and value of projects in the pan Dorset area over this time frame. This may indicate that investment levels have fallen since the pandemic, although it should be noted that 2023/24 data is not complete.

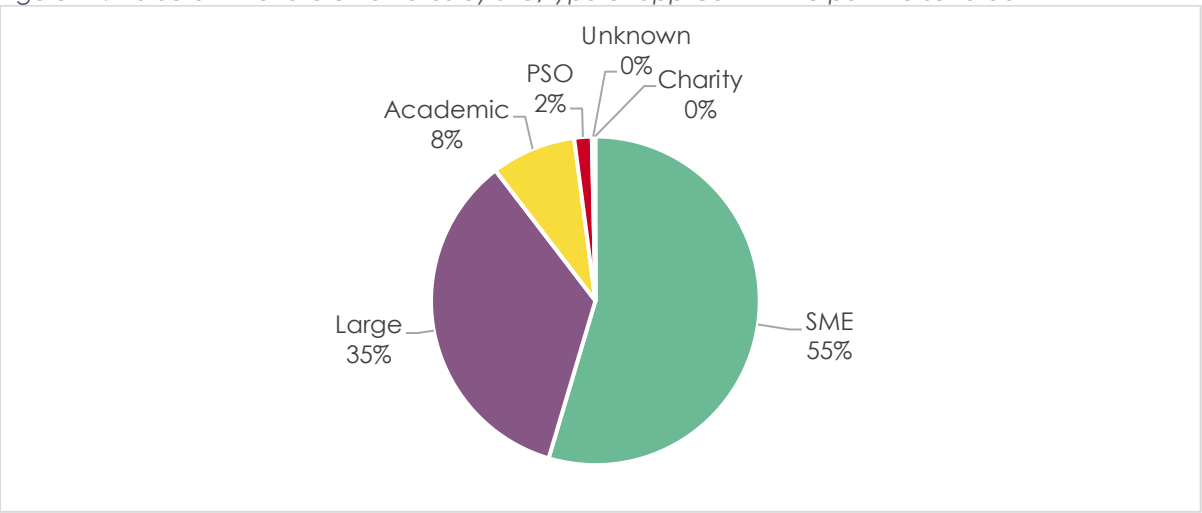
Figure 13: Number and value of innovate UK funded projects in the pan Dorset area



Source: Innovate UK Funded Projects as of 17th October 2023, Innovate UK

Figure 14 below shows that just over half the funding in the pan Dorset area went to SMEs, compared to 31% nationally.

Figure 14: Value of Innovate UK awards by size/type of applicant in the pan Dorset area



Source: Innovate UK Funded Projects as of 17th October 2023, Innovate UK

42% of the funding allocated within the area went to applicants in BCP, which is slightly lower than expected given the business base.

Key enabling technologies

Key enabling technologies are a measure of industrial and commercial adaptability and potential growth. These are generic technologies that occur across the sectors and form the basis of some of the most dynamic growth opportunities of the 21st Century.

Research conducted as part of the Great South West Integrated Economic Review utilised the glass.ai tool (web crawling technology) to identify text and evidence that suggests that companies and organisations are engaged with technologies of interest. This web-crawling approach sought evidence in relation to the key words set out in Figure 15 below.

Figure 15: Key words used in Glass.ai search

Key Enabling Technologies	GSW key words	Specific relevance to GSW
• Production technologies • Digital Technologies	• Additive manufacturing • Robotics • Smart materials • Nano-materials • Quantum computing • Photonics • Machine learning/big data	• Circularity, carbon reduction • Energy production, storage & transfer • Precision agriculture • Modern methods of construction (housing) • Advanced control and data transfer
• Cyber and security technologies	• Secure and advanced communications • IoT	• Shipbuilding and maintenance • Fin tech and financial services

The search also categorised businesses as either developers or adopters:

- Technology developers - companies developing and commercialising technologies as part of their core business; and
- Technology Adopters - companies that are adopting technologies within their operations, but it is not core to the business.

Figure 16 below shows that across the pan Dorset area there are a total of 601 businesses either developing or adopting these technologies (368 in BCP and 233 in DC). In terms of development, the data shows a significant cluster of businesses are developing:

- Big data and machine learning technologies (particularly in BCP)
- Internet of Things technologies
- Robotic technologies

However, in terms of adoption, the data shows a slightly different pattern, with a significant cluster of businesses adopting:

- Big data and machine learning technologies
- Photonics technologies
- Additive manufacturing technologies

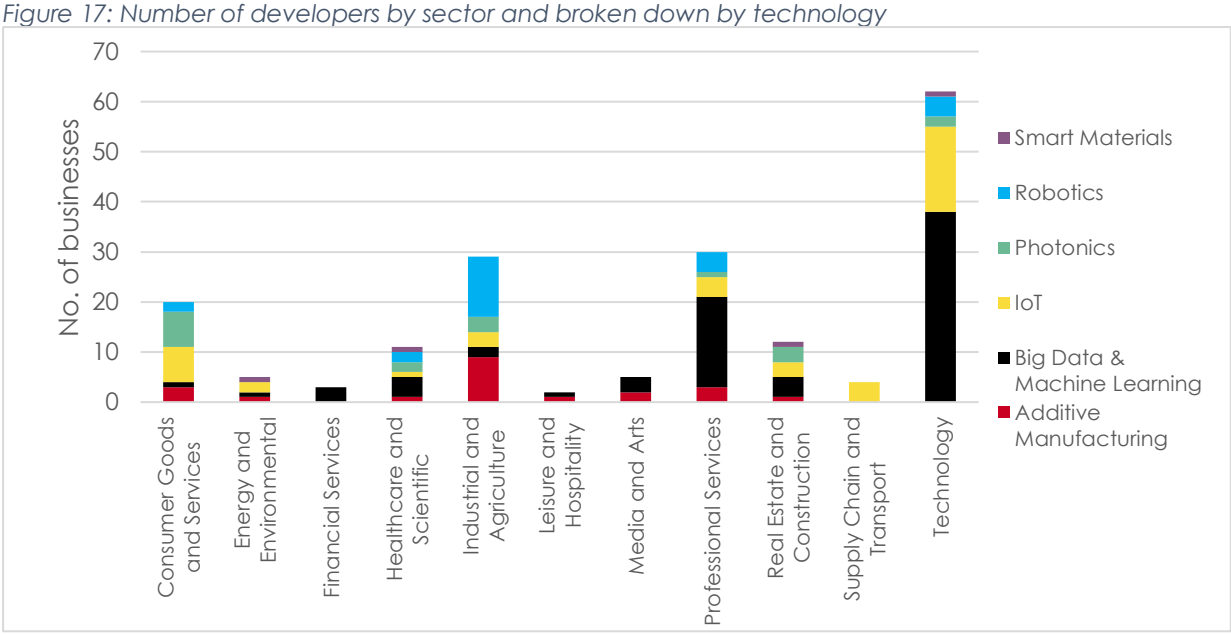
Figure 16: Number of companies developing and using Key Enabling Technologies

	Developers			Adopters		
	BCP	DC	Pan Dorset	BCP	DC	Pan Dorset
Additive Manufacturing	12	9	21	21	30	51
Big Data & Machine Learning	55	20	75	125	60	185
IoT	23	18	41	32	16	48
Nano Materials	0	0	0	3	2	5
Photonics	8	10	18	44	33	77
Quantum Computing	0	0	0	0	1	1
Robotics	14	10	24	27	17	44
Smart Materials	2	3	5	2	4	6
Grand Total	114	70	184	254	163	417

Source: *Glass.ai data sourced through GSW Independent Economic Review (2024)*
Note, businesses were either classified as developers or adopters, not both.

Figure 17 shows the sectors (Glass.ai defined) in which developers operated, broken down by technology group. This illustrates that technology development can be found across the whole economy, although there is a greater presence in the technology, professional services and industrial and agricultural sectors.

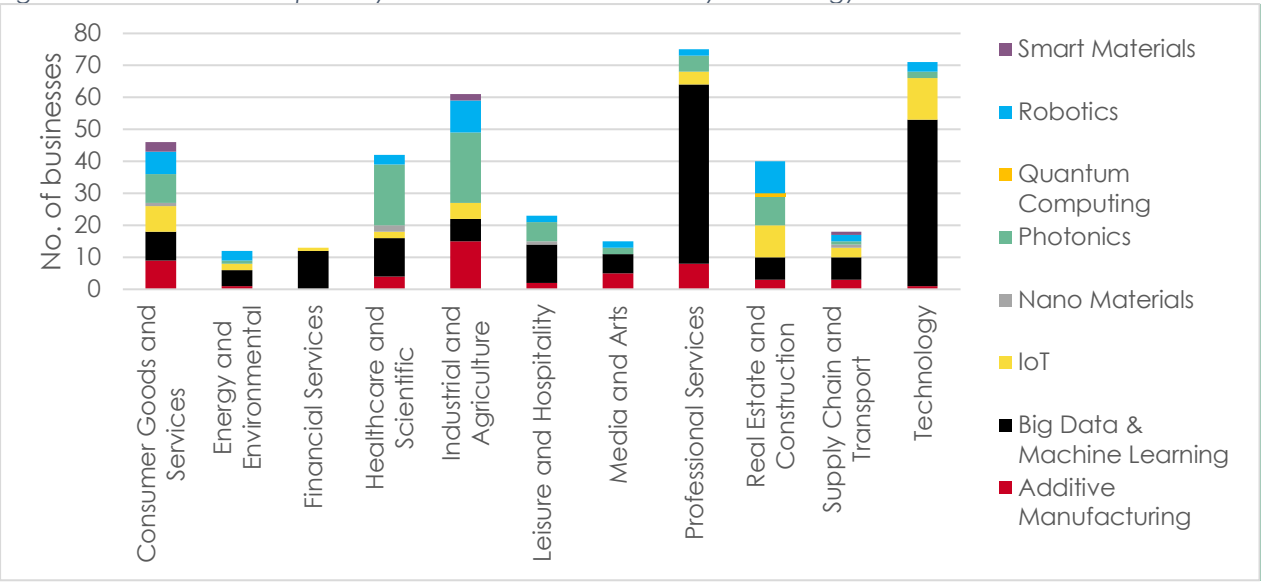
Figure 17: Number of developers by sector and broken down by technology



Glass.ai data sourced through GSW Independent Economic Review (2024)

Figure 18 shows the sectors (Glass.ai defined) in which the adopters are found. Compared with the developers above, this shows a slightly broader spread across the economy, but again, higher numbers of adopters in the professional services, technology, industrial and agriculture and consumer good and services sectors.

Figure 18: Number of adopters by sector and broken down by technology



Glass.ai data sourced through GSW Independent Economic Review (2024)

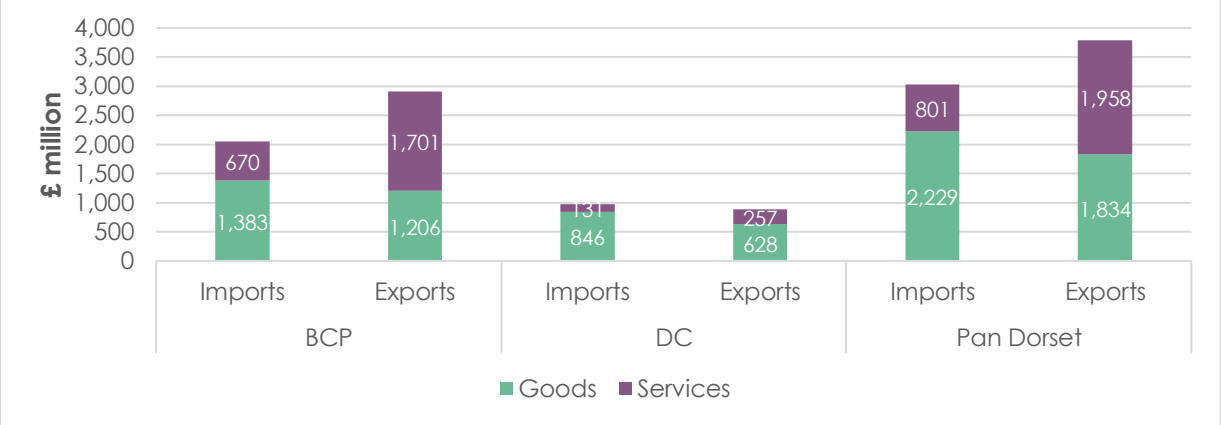
Imports and exports

Figure 19 shows that in 2021, the pan Dorset area imported £3,030m of goods and services and exported £3,792, which meant that the area had a positive trade surplus of £792m. This was driven by a trade surplus in services, where the value of exports (£1,958m) exceeded the value of imports (£801m). Conversely, the value of imported goods exceeded the value of exported goods in the area (and within the constituent authorities).

The BCP area exported £2,907m and imported £2,053m which mean that it had a trade surplus of £854m. This was driven by services which accounted for 58% of the area's exports.

The DC area exported £885m and imported £977m, which mean that it had a trade deficit of £92m. Services represented just 29% of exports in the DC area, which reflects differences in industrial structure.

Figure 19: Value of trade in goods and services, 2021



Source: Subnational Trade in Goods and Services, UK, ONS 2021

Figure 20 shows that the proportion of imports and exports to the EU varied across the area, with both imports and exports to the EU being much higher in the DC area than in the BCP area.

Figure 20: Percentage to and from the EU

Source: Subnational Trade in Goods and Services, UK, ONS 2021

Figures 21 and 22 show the value of trade in goods and services between 2019 and 2021 for the BCP area and DC area respectively. 2020 data has not been analysed given the disruption caused to trade by the pandemic. It should also be noted that the 2019 data may have been impacted by stockpiling in the run up to Brexit, however, no earlier data is available.

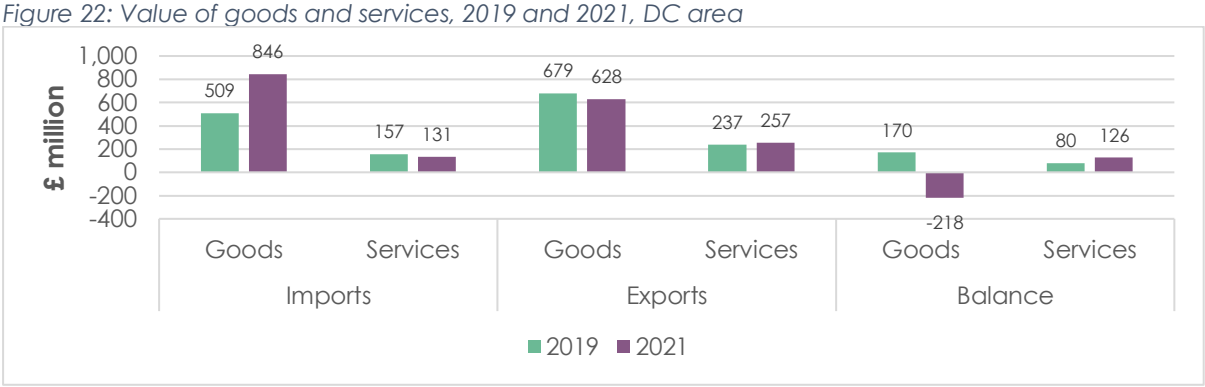
Figure 21 shows that within BCP, exports increased between 2019 and 2021 for both goods and services, but at the same time imports of goods also increased. Overall, there was a modest increase in the trade surplus.

Figure 21: Value of goods and services in 2019 and 2021, BCP

Source: Subnational Trade in Goods and Services, UK, ONS 2021

Figure 22 shows that within the DC area, an increase in the value of goods imported as well as a reduction in the value of goods exported means that the area moves from a trade surplus to a trade deficit between 2019 and 2021. This may reflect the greater reliance on trade with the EU in the DC area, although it is potentially too early to establish this for certain.

Figure 22: Value of goods and services, 2019 and 2021, DC area



Source: Subnational Trade in Goods and Services, UK, ONS 2021

Whilst the full impact of Brexit on international trade with the EU is not yet clear, there are opportunities to increase trade with other countries. As of November 2023, the UK had signed over 70 trade agreements which set out the rules for buying and selling goods and services between two or more countries. They reduce restrictions on imports and exports, which can make trading easier and cheaper when they are used.

Businesses can access help to export through national programmes such as the export support services, UK export academy, the UK tradeshow programme and UK export finance. Locally, Dorset Chamber is an issuing body and authorised to certify export documentation and the Internationalisation fund is open to SMEs in the pan Dorset area to help them grow international sales through £4m of support to SMEs attending Trade Fairs.

Foreign direct investment

Foreign direct investment (FDI) is cross-border investment made with the objective of establishing a lasting interest in the host economy. These relationships can be measured in two directions:

- outward: the direct investments of UK-resident companies in other countries; and
- inward: the direct investments in the UK from non-resident companies.

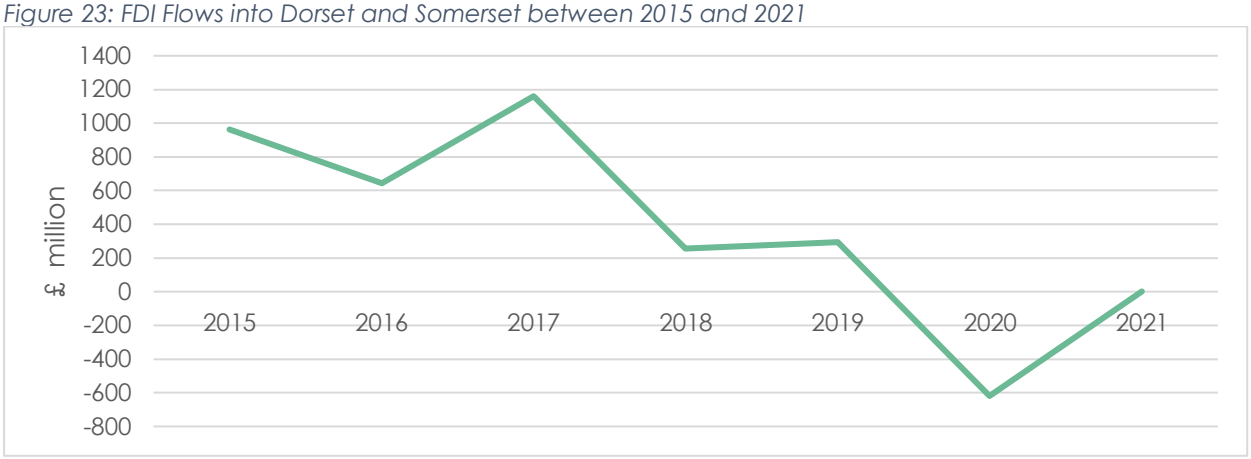
FDI data is available at the International Territorial Level 2 (ITL2) geography, which means it is only available for pan-Dorset and Somerset combined.

There are several measures of FDI:

- Flows: measures the cross-border movement of funds within multi-national enterprises;
- Earnings: the profits generated from the stock of FDI over a period;
- Position: the value of stock of investment held at a point in time i.e. the stock of FDI controlled by UK resident companies abroad (outward) or the stock of FDI in the UK controlled by foreign companies.

In terms of flows, Figure 23 shows that the volume of FDI into the Dorset and Somerset has been on a downward trend since 2017, and, in 2020 the net investment was -£619m. This demonstrates that more business investment left the region than came in. This pattern of decline was also observed at the UK level with negative flows observed in 2021.

Figure 23: FDI Flows into Dorset and Somerset between 2015 and 2021



Source: Foreign direct investment, experimental UK subnational estimates (inward): 2021
Note: the 2021 data was suppressed to mitigate disclosure

In terms of FDI earnings, in 2021, earnings from UK resident companies controlled by foreign companies (inward) in Dorset and Somerset represented 0.4% of the UK total. Conversely the profits that Dorset and Somerset businesses received from their direct investments outside the UK (outward) represented just 0.8% of the UK total. Given the Dorset and Somerset region has 2% of the UK business stock, the FDI earnings (both inward and outward) are lower than expected.

In terms of the sectoral composition of Dorset and Somerset's FDI position (stock), 32.9% of its stock was in the finance and insurance sector (compared to 29.8% for the UK) and 29.9% was in the manufacturing sector (compared to 15.2% for the UK).

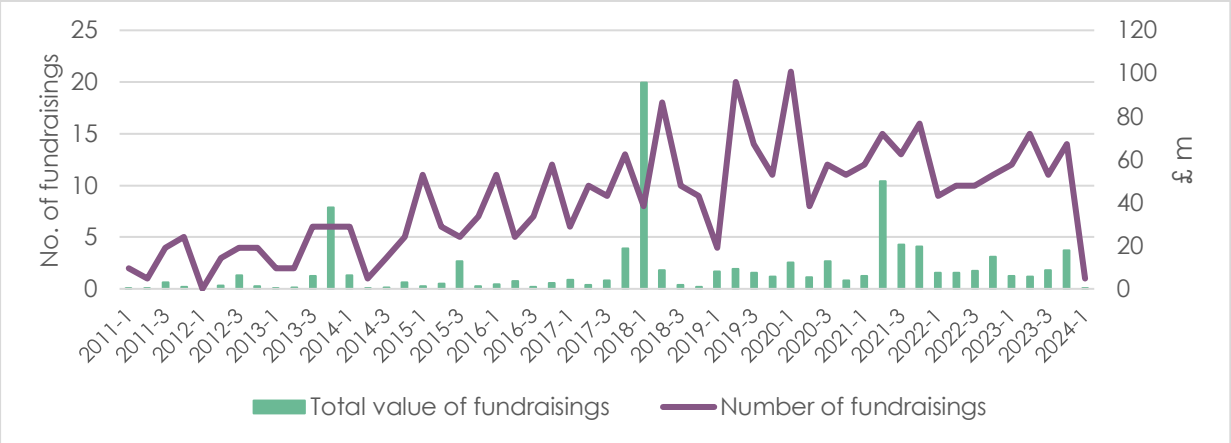
Access to finance

A recent report by the British Business Bank[8] found that:

- During the Covid-19 pandemic, use of external finance by smaller businesses hit new highs, supported by the Covid-19 emergency loan schemes. It helped businesses to manage and even grow during a global pandemic. Since then, smaller businesses have moved from one challenge to another, but external finance remains an important resource for businesses as they navigate through uncertain times.
- Whilst lending volumes grew in 2022, the percentage of smaller businesses estimated to be using external finance was the lowest since the data series began, reflecting downward pressure on demand associated with smaller businesses holding large deposits, repaying government loans and higher borrowing costs. Equally there were signs of supply constraints with increasing signs of reductions in loan approval rates. The big five banks who traditionally dominate small business lending have been overtaken by challenger and specialist banks.
- Equity markets began strongly but performance deteriorated midway through the year (from Q3 2022). Whilst London remained a hotspot for equity activity, the south west saw an increase in equity investment in 2022, compared to 2021.
- The economic environment is testing smaller businesses ability to pursue environmental sustainability. Two thirds of SMEs that prioritise environmental sustainability identified the economic environment as a key obstacle in becoming more environmentally sustainable this year, yet half of all SMEs still regard this as a priority.
- The equity market is now supporting a more diverse range of net zero deals and despite the market slowdown, the number of net zero equity deals outpaced the wider equity market in 2022.
- Availability of finance (9%) and cost of finance (8%) were two of the most important barriers to innovation cited by small businesses, below Covid related issues. These finance barriers are consistently ranked as the most important barriers over time.

Beauhurst tracks equity and debt fundraisings and their data shows that there have been a total of 455 fundraisings across the pan Dorset area since Q1 2011, which has raised £497m of investment (debt and equity). Figure 24 shows that fundraising activity varies considerably from quarter to quarter, but there does appear to have been a growing trend between 2011 and 2020, which appears to have levelled off since.

Figure 24: Fundraisings over time in the pan Dorset area



Source: Beauhurst.com

[8] Small Business Finance Markets 2022/2023. British Business Bank

In 2023, the British Business Bank unveiled the South West Investment Fund, a £200m fund aimed to increase the supply and diversity of early-stage finance for new and growing businesses in the region. The fund offers a diverse range of commercial finance options ranging from small loans from £25,000 to equity investments of £5 million, for companies at all stages of development. It aims to fill the gaps in available finance options in the South West and empower businesses, both those located in busy hubs and in harder-to-reach locations, to unlock their potential.

In addition, businesses in both BCP and DC have been able to access business support and grant funding through the UK Shared Prosperity Fund.

Business sentiment

The British Chamber of Commerce conducts a quarterly survey of business sentiment across the UK.[9] Analysis of the trends from quarter to quarter as of Q4 2023, show:

- A sharp increase in the number of firms that reported a decrease in domestic sales between Q2 2022 and Q3 2023 from 18% to 24%. Whilst this has subsequently improved (22% in Q4 2023), the figures have yet to return to Q2 2022 levels;
- The balance of firms reporting an increase in investment in plant, equipment or technology is now similar to pre-pandemic levels;
- The percentage of firms expecting to increase their prices rose significantly between the pandemic and reached a peak in Q2 2022. Since then, the proportion has been decreasing each quarter until Q4 2023, where the proportion rose from 41% in Q3 to 47% in Q4; and
- Inflation remains the top external factor of concern for the majority of respondents, followed by interest rates, taxation, competition, business rates and exchange rates.

Credit card expenditure

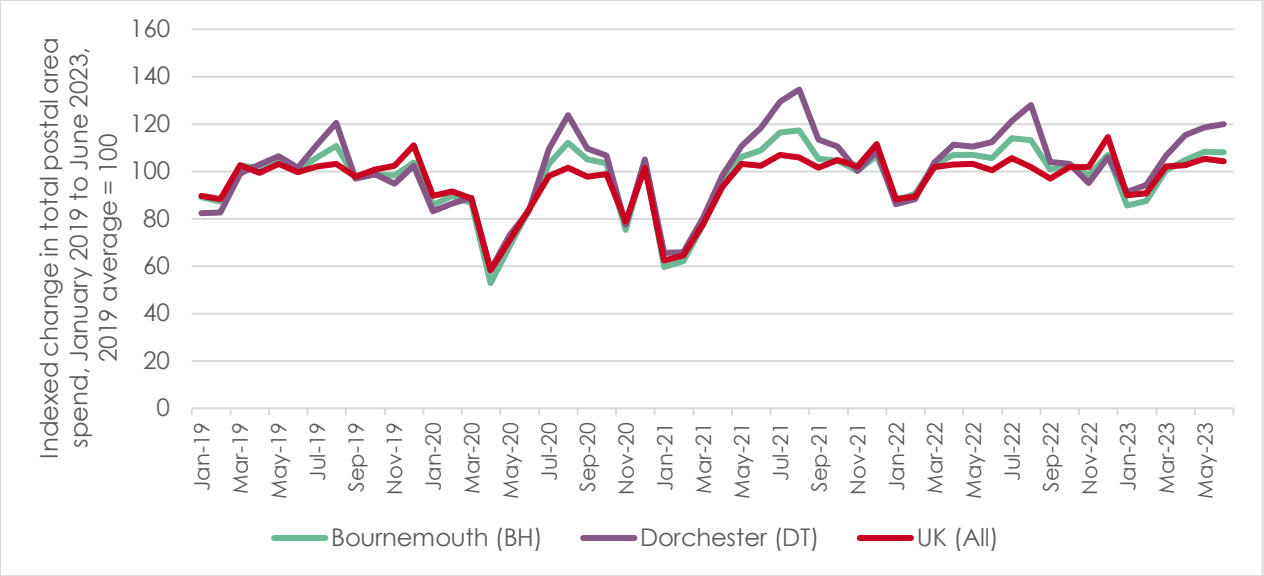
The ONS have entered into an agreement with Visa to receive aggregated and anonymised data on UK card payments, which offers new opportunities to understand UK consumer spending.

Figure 25 shows face to face (as opposed to online) expenditure with merchants located in the two main postcode areas covering the Pan-Dorset area, Dorchester and Bournemouth. While these postal geographies do not align perfectly with the local authority boundaries, they represent the best approximation to the Pan Dorset area.

Figure 21 shows that face to face card expenditure with merchants based in two areas has broadly tracked the UK average over time. The graph shows the impact of national movement restrictions associated with the pandemic in April 2020 and January 2021. It also shows a seasonal pattern, with higher levels of expenditure in the run up to Christmas and the summer in all areas. However, the summer peak is higher than the national average in both the Dorchester and Bournemouth postal areas, reflecting the impact of tourism in both areas.

[9] https://www.britishchambers.org.uk/insights-unit/quarterly-economic-survey/

Figure 25: Indexed change in card payment expenditure between 2019 and June 2023 by postal code area, 2019 average = 100



Source: Regional consumer card spending, UK: 2019 to 2023, ONS

Summary – Business Environment

- Since 2010, the number of businesses has grown by 18% in the pan Dorset area (26% in BCP and 12% in DC). This is slower than the increase for the UK of 30%.
- 89.4% of businesses are micro businesses which is similar to the national average (89.1%).
- In 2020, Dorset had 43.63 scale-ups per 100k population, slightly lower than the UK median of 45.0. The main barriers to growth of scale ups were:
    - Access to the talent you can hire;
    - UK Markets & International Markets; and
    - Access to infrastructure/premises /broadband.
- Innovation activity levels are similar to the national average, despite innovation funding being lower than expected for the number of businesses.
- According to research conducted as part of the GSW Integrated Economic Review, there were a total of 601 businesses either developing or adopting Key Enabling Technologies in the area (368 in BCP and 233 in DC).
- In terms of development, the most significant technologies were: Big data and machine learning (particularly in BCP), Internet of Things and robotics technologies.
- In terms of adoption, the most significant technologies were: Big data and machine learning, Photonics and Additive manufacturing technologies.
- The area benefits from a trade surplus, driven by the export of services from the BCP area. Between 2019 and 2021 the trade surplus increased in the BCP area, but the DC area moved into a trade deficit.
- Inward investment levels have been declining since 2017 and FDI earnings (inward and outward) are lower than expected given the size of the business base
- Nationally, there is evidence that demand for SME finance has slowed down, reflecting challenging economic conditions post pandemic. This trend is also observed in more local data.
- Nationally, inflation remains the top external factor of concern for the majority of businesses, followed by interest rates, taxation, competition, business rates and exchange rates.
- Credit card data shows that consumer spending in the area broadly follows national seasonal patterns, but the area shows a higher-than-average summer seasonal peak associated with the visitor economy.

Sectors

Previous LEP strategic and promotional documents have identified a range of different 'key sectors' all with varying definitions to suit different purposes. The quantitative analysis in this section explores a range of different indicators to try and understand the sectors that are important to Dorset's economy. These include:

- Scale (in terms of number of enterprises and employment);
- Value (in terms of average wages);
- Growth trends; and
- Comparative advantage (in terms of location quotients).

The initial analysis is based on the sections defined in the 2007 Standard Industrial Classifications to provide a high level picture. This is followed by a detailed analysis of comparative advantage, wages and employment at 3 digit SIC codes to identify specialist areas.

Scale

Figure 26 shows that in 2022 the top five sectors in terms of employment were:

- Human health and social work activities;
- Wholesale and retail trade; repair of motor vehicles and motorcycles;
- Accommodation and food service activities;
- Education; and
- Manufacturing.

These made up over 58% of employment in the pan-Dorset area and were the top five in both the BCP and DC area.

Figure 26: Employment by Sector (2022)

Description	BCP		DC		Pan - Dorset		UK
	No.	%	No.	%	No.	%	%
Human Health and Social Work Activities	34,700	18%	19,600	13%	54,300	16%	13%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	26,600	14%	21,100	14%	47,800	14%	14%
Accommodation and Food Service Activities	18,500	10%	19,000	12%	37,500	11%	8%
Education	16,100	9%	15,000	10%	31,100	9%	8%
Manufacturing	13,000	7%	16,000	10%	28,900	8%	8%
Professional, Scientific and Technical Activities	11,900	6%	14,000	9%	26,000	8%	9%
Construction	9,600	5%	10,000	6%	19,600	6%	5%
Administrative and Support Service Activities	12,600	7%	6,900	4%	19,500	6%	9%
Financial and Insurance Activities	12,500	7%	1,300	1%	13,800	4%	3%
Public Administration and Defence; Compulsory Social Security	5,300	3%	7,400	5%	12,600	4%	5%
Arts, Entertainment and Recreation	6,500	3%	5,900	4%	12,400	4%	2%
Transportation and Storage	6,600	3%	3,400	2%	10,000	3%	5%
Information and Communication	5,800	3%	2,900	2%	8,700	3%	4%
Other Service Activities	3,600	2%	4,200	3%	7,800	2%	2%
Real Estate Activities	3,700	2%	3,800	2%	7,600	2%	2%
Agriculture, Forestry and Fishing	100	0%	3,900	2%	4,000	1%	2%
Water Supply; Sewerage, Waste Management and Remediation Activities	1,000	1%	1,500	1%	2,500	1%	1%
Electricity, Gas, Steam and Air Conditioning Supply	500	0%	100	0%	600	0%	0%
Mining and Quarrying	0	0%	100	0%	100	0%	0%

Source: Lightcast ™ 2024. Note: Figures have been rounded to the nearest 100

The distribution of employment is broadly similar to the UK, although there is some over-representation in terms of human health and social work, administrative and support services and accommodation and food services across the Pan Dorset area. Within the area, BCP has a greater proportion of employment in human health and social work, administrative and support services and financial and insurance services. Conversely, the DC area has a greater proportion of employment in manufacturing.

However, when scale is measured in terms of the number of businesses in each sector, a very different pattern emerges, reflecting the fact that some sectors have a higher proportion of micro businesses than others. Figure 27 shows that, the largest sectors by the number of establishments in 2022 were:

- Wholesale and retail trade; repair of motor vehicles and motorcycles;
- Construction;
- Professional, scientific and technical activities;
- Accommodation and food service activities; and
- Administrative and support service activities.

The number of businesses in these five sectors account for 59% of all businesses in the area. When compared to the UK average, the area has a greater proportion of businesses in the construction sector and a smaller proportion of businesses in the professional, scientific and technical activities sector. Within the area, the most significant difference between the BCP and DC area is the proportion of agricultural businesses (10% in the DC area compared with 0% in the BCP area).

Figure 27: Number of establishments, 2022

	BCP		DC		Pan - Dorset		UK
	No.	%	No.	%	No.	%	%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	3,000	17%	3,100	16%	6,100	17%	16%
Construction	2,800	16%	2,800	15%	5,600	15%	12%
Professional, Scientific and Technical Activities	2,300	13%	2,200	12%	4,500	12%	14%
Accommodation and Food Service Activities	1,300	7%	1,600	8%	2,900	8%	7%
Administrative and Support Service Activities	1,400	8%	1,300	7%	2,700	7%	9%
Human Health and Social Work Activities	1,200	7%	1,000	5%	2,200	6%	5%
Agriculture, Forestry and Fishing	0	0%	2,000	10%	2,000	5%	5%
Information and Communication	1,100	6%	800	4%	1,900	5%	6%
Real Estate Activities	900	5%	700	4%	1,700	5%	4%
Manufacturing	700	4%	900	5%	1,600	4%	4%
Other Service Activities	700	4%	700	4%	1,300	4%	4%
Transportation and Storage	600	3%	500	3%	1,100	3%	5%
Arts, Entertainment and Recreation	400	2%	600	3%	1,000	3%	3%
Education	400	2%	400	2%	800	2%	2%
Financial and Insurance Activities	400	2%	300	2%	700	2%	2%
Public Administration and Defence; Compulsory Social Security	100	1%	200	1%	300	1%	1%
Water Supply; Sewerage, Waste Management and Remediation Activities	100	1%	100	1%	100	0%	0%
Electricity, Gas, Steam and Air Conditioning Supply	0	0%	0	0%	0	0%	0%
Mining and Quarrying	0	0%	0	0%	0	0%	0%

Source: Lightcast ™ 2024 Figures have been rounded to the nearest 100

Value

Figure 28 shows the average wages per job in order of the most well paid to the least well paid in the Pan Dorset area 2022. The highest paid sectors were:

- Electricity, gas, steam and air conditioning supply;
- Mining and quarrying;
- Information and communication;
- Financial and insurance activities; and
- Water supply; sewerage, waste management and remediation activities.

However, as detailed in Figure 26 above, the first two are very small sectors, with less than 1,000 employees. In total, these five sectors represent 25,700 employees in the area or 7% of employment.

Conversely, the lowest paid sectors were:

- Arts, entertainment and recreation;
- Accommodation and food service activities;
- Other service activities;
- Wholesale and retail; and
- Administrative and support service activities.

As detailed in Figure 26 above, these sectors represent 125,000 employees or 36% of employment. When compared with the UK average, wages in the pan Dorset area are lower than the average across most sector groups.

Figure 28: Average wages per job, 2022

Description	BCP	DC	Pan Dorset	UK
Electricity, Gas, Steam and Air Conditioning Supply	£53,800	£49,600	£53,000	£54,200
Mining and Quarrying	£38,000	£48,600	£45,900	£54,500
Information and Communication	£43,300	£43,000	£43,200	£49,500
Financial and Insurance Activities	£43,800	£35,900	£43,000	£64,600
Water Supply; Sewerage, Waste Management and Remediation Activities	£40,900	£38,900	£39,700	£37,300
Construction	£36,700	£36,500	£36,600	£39,200
Manufacturing	£35,500	£35,100	£35,300	£36,600
Professional, Scientific and Technical Activities	£34,900	£35,500	£35,200	£46,600
Public Administration and Defence; Compulsory Social Security	£34,400	£35,100	£34,900	£36,100
Transportation and Storage	£33,100	£31,300	£32,500	£35,600
Real Estate Activities	£32,500	£32,600	£32,500	£33,800
Education	£30,400	£29,000	£29,800	£31,600
Total	£29,200	£28,600	£29,000	£33,500
Agriculture, Forestry and Fishing	£26,900	£29,000	£28,900	£25,400
Human Health and Social Work Activities	£26,900	£26,100	£26,700	£28,800
Administrative and Support Service Activities	£26,500	£26,100	£26,300	£28,400
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	£24,300	£24,600	£24,400	£27,700
Other Service Activities	£21,400	£23,300	£22,400	£25,400
Accommodation and Food Service Activities	£17,500	£18,600	£18,000	£18,100

Source: Lightcast ™ 2024

Trends

Figure 29 shows the change in employment in each sector between 2010 and 2022 in order of the largest increase to the largest decrease (in absolute terms) across the Pan Dorset area. This shows that the largest absolute increases have been in:

- Human health and social care (which has increased by almost 10,000 jobs);
- Professional, scientific and technical activities;
- Accommodation and food services; and
- Construction.

Conversely there have been significant decreases in:

- Wholesale and retail trade; repair of motor vehicles and motorcycles (which decreased by almost 10,000 jobs);
- Public administration and defence; compulsory social security; and
- Agriculture, forestry and fishing

Figure 29: Change in employment by sector between 2010 and 2022

Description	2010 jobs	2022 jobs	Change	% change	UK
Human Health and Social Work Activities	45,313	54,337	9,024	20%	18%
Professional, Scientific and Technical Activities	17,244	25,954	8,710	51%	43%
Accommodation and Food Service Activities	30,624	37,517	6,893	23%	37%
Construction	14,729	19,632	4,902	33%	18%
Administrative and Support Service Activities	15,236	19,517	4,282	28%	30%
Real Estate Activities	4,702	7,584	2,881	61%	41%
Arts, Entertainment and Recreation	9,671	12,397	2,726	28%	10%
Other Service Activities	6,667	7,814	1,147	17%	9%
Information and Communication	7,539	8,675	1,136	15%	36%
Education	30,000	31,118	1,118	4%	5%
Water Supply; Sewerage, Waste Management and Remediation Activities	1,654	2,525	871	53%	35%
Electricity, Gas, Steam and Air Conditioning Supply	525	596	71	14%	3%
Manufacturing	28,905	28,918	14	0%	1%
Mining and Quarrying	410	119	(291)	(71%)	(12%)
Financial and Insurance Activities	14,463	13,783	(680)	(5%)	1%
Transportation and Storage	11,395	9,969	(1,425)	(13%)	28%
Agriculture, Forestry and Fishing	6,150	4,026	(2,124)	(35%)	13%
Public Administration and Defence; Compulsory Social Security	18,068	12,613	(5,455)	(30%)	(5%)
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	57,643	47,771	(9,872)	(17%)	(2%)

Source: Lightcast ™ 2024
Note: Figures in brackets and red denote negative numbers

Location quotients

Employment concentration (or location quotients) compare the relative employment concentration in an area with the national average. A concentration greater than 1 means that an area has a greater concentration of employment than the national average and is a sign that the area possesses a comparative advantage in the sector.

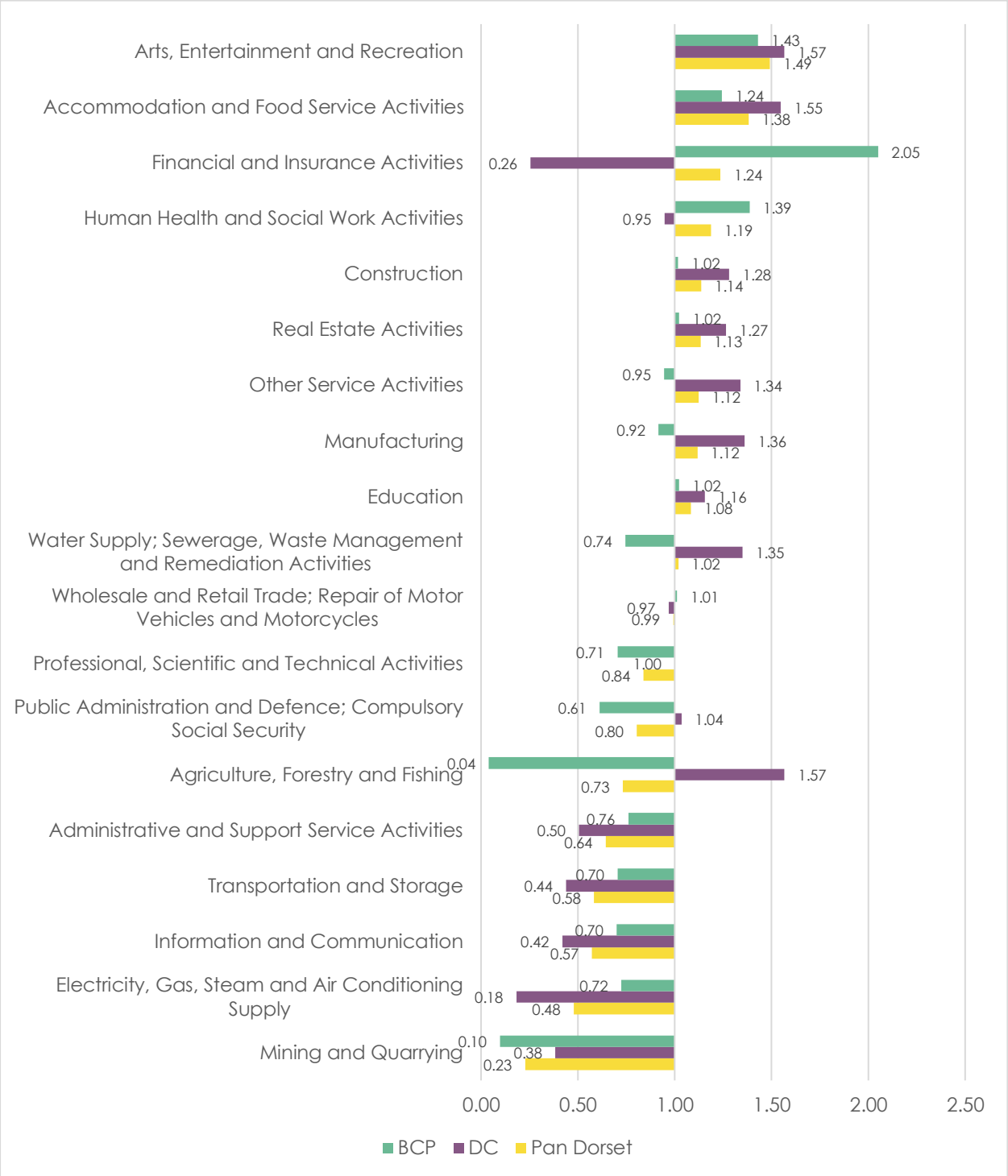
Figure 30 overleaf shows that the Pan Dorset area has an above average employment concentration in:

- Arts, entertainment and recreation (1.49).

- Accommodation and food services (1.55);
- Financial and insurance activities (1.24); and
- Human health and social work (1.19)

Whilst there are many areas of commonality between the two local authorities, there are some differences. For instance, the BCP area has clear specialisms associated with financial and insurance activities and human health and social work which are not seen in the DC area. Conversely, the DC area has clear specialisms relating to manufacturing, water supply and agriculture which are not seen in the BCP area.

Figure 30: Employment concentration by sector, 2022



Source: Lightcast ™ 2024

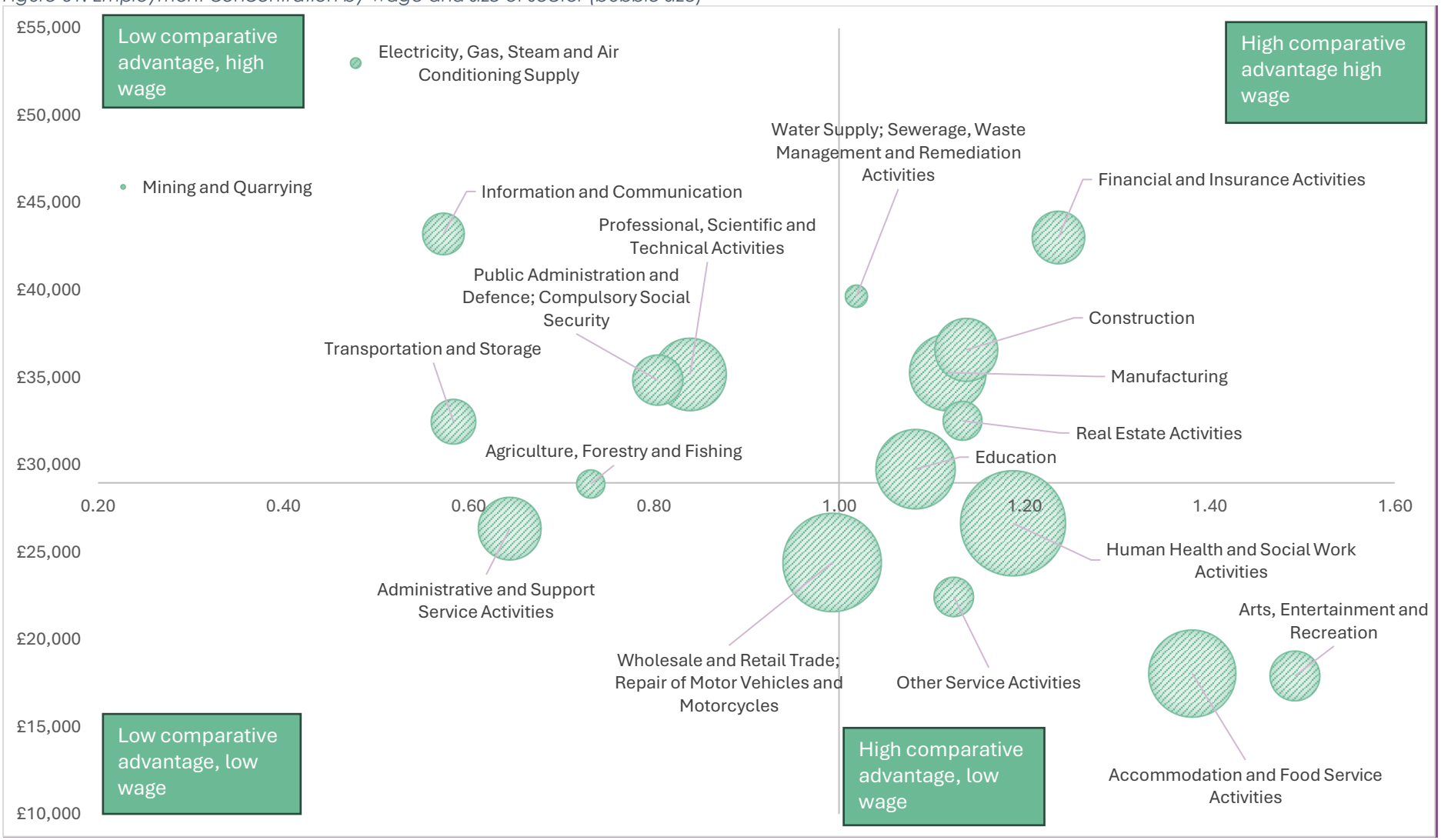
Summary of quantitative analysis

Figure 31 plots the key quantitative variables in terms of employment concentration (where >1 indicates a comparative advantage), average wages (relative to the average of £28,969) and sector size, with the size of the bubble reflecting employment in the sector.

The analysis points to four groups:

- The top right quadrant shows those sectors where there is a high comparative advantage and higher than average wages. These include finance and insurance services, construction, manufacturing and real estate;
- The top left quadrant shows those sectors where there is a low comparative advantage, and higher than average wages. These include professional, technical and scientific activities, information and communication, public administration and transport and storage. The latter two have shown a reduction in employment between 2015 and 2022.
- The bottom right shows those sectors where there is a high comparative advantage, but lower than average wages. This quadrant includes two of the largest employment sectors in the area: human health and social work and accommodation and food services as well as arts, entertainment and recreation; and
- And finally, the bottom left shows those sectors where there is a relatively low level of comparative advantage and lower than average wages. This includes wholesale and retail as well as administration and support activities and agriculture. All of which have shown a reduction in employment between 2015 and 2022.

Figure 31: Employment concentration by wage and size of sector (bubble size)



Source: Lightcast ™ 2024

Specialisms

Figure 32 shows the 3-digit SIC codes where there is an employment concentration greater than 1.5, above average wages and employment levels >500, grouped according to the broad industrial groups above.

Figure 32: 3-digit SIC codes where the employment concentration is greater than 1.5, wages are above average and employment >500

SIC	Description	2022 Employment Concentration	2022 Jobs	Avg. Wages Per Job
	Manufacturing			
301	Building of Ships and Boats	5.30	2,164	£35,707
204	Manufacture of Soap and Detergents, Cleaning and Polishing Preparations, Perfumes and Toilet Preparations	5.02	1,518	£27,663
274	Manufacture of Electric Lighting Equipment	4.54	566	£27,606
271	Manufacture of Electric Motors, Generators, Transformers and Electricity Distribution and Control Apparatus	3.67	918	£35,270
265	Manufacture of Instruments and Appliances for Measuring, Testing and Navigation; Watches and Clocks	3.07	1,825	£47,333
282	Manufacture of Other General-purpose Machinery	2.69	1,893	£37,807
331	Repair of Fabricated Metal Products, Machinery and Equipment	2.47	3,079	£35,080
289	Manufacture of Other Special-purpose Machinery	2.22	844	£42,660
256	Treatment and Coating of Metals; Machining	2.15	2,464	£31,139
303	Manufacture of Air and Spacecraft and Related Machinery	1.94	1,596	£45,080
	Water Supply; Sewerage, Waste Management and Remediation Activities			
382	Waste Treatment and Disposal	2.91	1,528	£28,680
	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles			
462	Wholesale of Agricultural Raw Materials and Live Animals	2.23	722	£29,242
469	Non-specialised Wholesale Trade	1.65	1,262	£32,705
	Financial and Insurance Activities			
641	Monetary Intermediation	1.94	7,528	£47,002
651	Insurance	1.92	2,267	£39,806
	Human Health and Social Work Activities			
869	Other Human Health Activities	1.81	9,614	£28,183

Source: Lightcast ™ 2024

Sectoral assets and growth opportunities

However, the numbers are only one part of the story, and the area also benefits from a range of assets that could help to drive sectoral growth. These include:

Agriculture, forestry and fishing

Key assets include:

- A land-based college at Kingston Maurward with recent investments in a University Centre and Rural Business Development Hub as well as an Agri-tech Centre;
- The Department for Life and Environmental Science @ Bournemouth University;
- CEFAS – a world leader in marine science and technology, collecting, managing and interpreting data on aquatic environment biodiversity and fisheries; and
- An emerging cluster of aquaculture businesses.

Opportunities for growth include:

- Continued demand for food production, driven by a growing population and changing climate;
- Growth of the aquaculture market and the possibility of aquaculture enterprise zones[10];
- Improvements in agricultural productivity and sustainability through the development of agri-tech; and
- Growth of alternative farming practices and new business models, linked to the shift in agricultural policy towards ecosystem services, which is especially significant for the pan Dorset area given the high proportion of land designated for its landscape for wildlife properties (which may also limit opportunities for further intensification).

Mining and quarrying

Key assets include:

- A range of mineral resources including Purbeck and Portland stone and other building stone, ball clay, sand and gravels, common clays, chalk and hydrocarbons (including oil). Ball clay is considered a mineral of national and international importance because of its special qualities and rare occurrence. In the UK it only occurs commercially in the Wareham (Purbeck) and at two sites in Devon and it is primarily used in the ceramics industry. Currently around 70% of Ball clay production is from within Dorset's National Landscape[11] and there are many national or international nature conservation interests within the area of ball clay deposits. Therefore, the ball clay reserves are becoming increasingly constrained by environmental designations;[12] and
- Oil and gas reserves – the discovery of a significant oil field in the Bridport reservoir at Wytch Farm in the early 1970's put Dorset in the forefront of oilfield development and the discovery of further commercial reserves, including under Poole Bay, led to the Wytch Farm development becoming the most productive onshore field in Europe, reaching output levels of 100,000 barrels per day, but has since reduced to around 10-20,000 barrels per day. The site has permission to operate until 2037.

Opportunities for growth include:

- Use of oil and gas infrastructure to support Carbon Capture and Storage and Hydrogen.

Manufacturing

Key assets include:

- Presence of primes and associated supply chains;
- R&D assets within the area's universities including:
    - The Innovation Studio at AUB, which features state-of-the-art equipment and digital resources, plus the latest digital and physical manufacturing technology;
    - The recently announced Centre for Plastic Identification and Curation at AUB, which will explore how plastics degrade over time or behave in different environments; and
    - Bournemouth University's Joint Centre of Advanced Materials with Northeastern University in China which focuses on creating new materials that can have large scale applications in manufacturing, healthcare and consumer products;
- Close links to 11 neighbouring universities and the National Composite Centre, the South West's "Catapult Centre" located at Bristol & Bath Science Park and Satellite Applications Catapult;
- Dorset Innovation Park Enterprise Zone;
- North Dorset Business Park targeting food production;
- Dorset Food and Drink;

[10] Additive.earth commissioned by The Crown Estate to explore an Aquaculture Enterprise Zone model for England and Wales – additive.earth

[11] Formerly known as AONB

[12] Waste and Minerals scoping report – Topic Paper 2: Minerals

- Dorset Engineering and Manufacturing Cluster

Within the area, there are also key assets and opportunities linked to specific manufacturing sub-sectors:

Aerospace

Key assets include:

- Bournemouth Airport, which has a 2.271km runway and caters for close to 1 million passengers a year and provides flights to a number of domestic and European destinations.
- Aviation Business Park which is adjacent to Bournemouth Airport and is a Centre of Excellence in aviation and aerospace manufacturing including. Facilities include hangar space and fixed base operator and handling facilities
- Home to growing number of aerospace Maintenance and Overhaul (MRO) companies and associated supply chain
- Key business such as: Eaton Mission Systems, Draken Europe, Curtiss-Wright, Honeywell Aerospace, Micro-Nav, Spherea Test & Services, AVIC Cabin Systems, Copperchase, Gama Aviation, Walker AEC, Field International, Aviation Defence, Spares Ltd, Beagle Technologies;
- Part of the South West Aerospace cluster, which is one the largest and most significant in the world. It benefits from 14 top prime companies and over 800 supply chain companies; and
- West of England Aerospace Forum.

Opportunities for growth include:

- Growth of the MRO market, which is expected to grow by 4.1% per annum
- Expansion of Bournemouth Airport which offers an opportunity to create the UK's newest cargo hub to serve London and the South East as well as expand passenger numbers to 3 million per year

Defence and Security

Key assets include:

- Defence BattleLab at Dorset Innovation Park which is a co-creation space which fosters open and collaborative development of technology;
- Dorset Innovation Park which is a secure employment site;
- Home to MoD establishments such as the Army's Armoured Trial and Development Unit in Bovington, the Royal Corps of Signals training centre in Blandford, and the training area at Lulworth Cove which is used by all elements of the UK's Armed Forces;
- Key businesses such as: BAE Systems Army, BAE Systems Defence & Intelligence, BAE Systems Royal Navy, Battlelab, Amsafe Bridport, Atlas Elektronik UK, Babcock International, Coda Octopus, IAP G3 Systems, QinetiQ, Armour Centre, Intrepid Minds, HeliOps; and
- South West Defence and Security Cluster.

Opportunities for growth include:

- Potential market growth associated with global insecurities.

Marine and maritime

Key assets include:

- 2 ports (including Poole and Portland) and 3 harbours;

- A significant MOD presence which is engaged in research, development and operations;
- Key businesses such as: Sunseeker, Atlas Elektronik UK, AGI/Aish Technologies, Caterpillar, Marine Power, RNLI, Norco GRP, Global Marine Systems, Manor Energy Group, Wärtsilä, Pixii Boats, Cobra Ribs, Actisense.
- Maritime UK South West and the British Marine Federation;

Opportunities include:

- Creation of a marine innovation cluster at the Port of Poole;
- Floating Offshore Wind off the coast of Dorset and the Celtic sea; and
- Access to funding through Innovate UK's Marine and Maritime Launchpad

Agri-tech

Key assets include:

- The Kingston Building, Kingston Maurward College;
- Key businesses, such as: Cosy Calf, Crop Desk, Danisco (Dupont), Livestock Improvement Corporation of New Zealand, MK Soil Science, Quill Productions, Silclear Symms, Fabrications Tractors UK, ABP Food Group, C J Cox Agricultural Engineers, GCS Crook Agricultural Engineers, Highwood Agriculture; and
- South West AgriTech, a regional AgriTech network.

Electricity, gas, steam and air conditioning

Research conducted by Regen identified that the area has an impressive array of natural resources to support low carbon energy generation including:

- 62,000 ha of land that could potentially be suitable for large-scale solar PV and 2,000ha of potential roof area for rooftop solar – with only a fraction of this needed to meet net zero scenario projections;
- 25,000 ha of land that could be suitable for onshore wind;
- Resource available for offshore wind off the coast of Dorset and the Isle of Wight as well as links to the Celtic sea;
- Existing green gas projects in the area and scope to increase this; and
- Production of green hydrogen linked to low carbon electricity production associated with solar/wind opportunities. Furthermore, underground salt caverns in the area have potential to be used to support hydrogen storage, carbon capture or storage or heat networks.[13]

Water supply, sewerage, waste management and remediation activities

Whilst there appears to be a specialism around waste management, it is not clear whether this is based on any place-based assets. Analysis of Beauhurst data shows several high growth businesses operating in the waste sector in the area, some of which provide quite specialist services, which may explain the high employment concentration.

Construction

Key assets include:

- A Centre of Excellence for Construction Skills @ Weymouth College;
- Rollalong, the largest offsite design and build contractor in the south of England; and
- Demand linked to delivery of planned housing, employment land and infrastructure projects.

Key opportunities include:

[13] Dorset Low Carbon Energy Route Map and Evidence Base, Energy opportunities for decarbonising Dorset

- Supply chain opportunities linked to renewable energy projects (e.g. floating offshore wind);
- Decarbonisation of new and existing buildings; and
- Modern Methods of Construction (MMC).

Wholesale and retail trade; repair of motor vehicles and motorcycles

Key assets and opportunities include:

- Re-development of town centres across the area as per the Local Plans.

Transportation and storage

Key assets and opportunities include:

- Bournemouth Airport – which has a 2.271km runway and caters for close to 1 million passengers a year and provides flights to a number of domestic and European destinations.
- The Port of Poole – which has passenger services to Cherbourg and the Channel Islands as well as freight services to Bilboa and Morrocco. The port has invested in a new harbour crane and has plans to increase bulk and project cargo volumes substantially over the next five years, building on the success of the recently completed South Quay. The harbour also attracts cruise ships, and the port has aspirations to increase cruise calls, up to 40 over the next five years. The harbour also anticipates strong growth in the marine leisure sector having achieved the UK Marina of the Year accolade and is on the brink of becoming the UK's number one super yacht destination; and
- The Port of Portland – is a sheltered deep water harbour which has a dock estate of nearly 200 hectares and over 2,000 metres of alongside births. It is able to handle all types of cargo from unit load/containers, general cargo (including groupage services) and bulk through to project cargos, heavy lifts and most categories of hazardous goods. It is also perfectly positioned to support any major offshore renewable project. It is also visited by a range of cruise ships, with over 45 scheduled for 2024. The Port was also involved in an Interreg 2 Seas project to build an ecosystem for smart ports.

Accommodation and food service activities

Key assets include:

- The 23,960,000 visitors a year, which spend £1,611m in the local economy.[14] These visitors are attracted by the area's natural and cultural assets including:
  - The Unesco designated World Heritage Site, the Jurassic Coast;
  - The sea, coast, beaches, harbours and maritime heritage;
  - National Landscapes;
  - The largest arts and music centre outside London[15];
  - Five national portfolio organisations funded by Arts Council England including Arts by the Sea Festival, Bournemouth Symphony Orchestra, Pavilion Dance South West Ltd, Poole Arts Trust Ltd and Wessex Museums Trust (Poole Museum);
  - Spa towns, villages and market towns; and
  - Fine art, festivals, museums and theatres.
- Bournemouth University's International Centre for Tourism and Hospitality Research.

Information and communication

Key assets include:

- The Arts University Bournemouth which conducts research across the creative sectors including art and design, performing arts, film and screen studios. The university is internationally renowned for the application of specialist technical knowledge in modelmaking, future fashion technologies and diverse modern materials. The University has the largest film school outside of London and is committed to creating deep collaborations, networks and partnerships.

[14] Sources: The economic impact of Dorset's Visitor Economy, 2022, SWRC, December 2023
[15] Bournemouth Christchurch and Pool Cultural Strategy 2023-2032

- Bournemouth University, which includes:
    - The national research centre for computer animation;
    - The centre for digital entertainment;
    - The centre for computing and informatics research centre;
    - The centre for applied creative technologies;
    - The centre for digital entertainment; and
    - Courses and research expertise in film, television, visual effects and animation, games design and computing and informatics including the faculty of media and communication (the largest UK centre of professional higher education for film and media);
- Silicon South – a not for profit organisation which supports the digital creative and tech industry;
- BCP's Smart Place Programme including innovation hub and 5G testbed;
- Learning from 5G Rural Dorset which sought to understand how 5G could be used to address specific challenges;
- Digital Dorset – including activities to improve digital infrastructure and digital skills; and
- Key businesses, such as: Treehouse Studios, Centre VR, Pop Paper City, 3 Sided Cube, Intergage, Lovelace Films, Talewind, Global Brand Communications, Iceberg Creative.

Financial and insurance activities

Key assets include:

- An existing cluster with key companies such as: Ageas, Gallagher, Barclays, Investec, Phoenix, Liverpool Victoria, Morning Data, JP Morgan, Lloyds Bank, BNY Mellon, Teachers Building Society, RiskSTOP Group Ltd, PKF Francis Clark, Vitality Health, Richmond Group, Handlesbanken and Hazeltree;
- The Lansdowne district of Bournemouth, which is a key financial centre and where there are opportunities to develop new office accommodation;
- Bournemouth and Poole College and Weymouth College which provide relevant technical qualifications; and
- Bournemouth University Business School (which is accredited by the Association of Advanced Collegiate Schools of Business)
- Support from the South Coast Hub of Fintech West which is a partnership between Fintech West, Dorset LEP, BCP Council and Dorset Council.

Key opportunities include:

- Being at the core of a 'near shoring' trend amongst financial and professional services firms: the movement of jobs either out of London or from overseas back to the UK.

Real estate activities

Key assets and opportunities include:

- Stock of housing, land and commercial buildings

Professional, scientific and technical activities

This sector is very broad and covers a range of services such as solicitors, accountants, management consultants, engineers, technical testing and research, advertising and marketing, design, photographic services, translation services and veterinary activities.

Key assets and opportunities include:

- Bournemouth University Business School which is accredited by the Association to Advance Collegiate Schools of Business (AACSB) – an accreditation held by fewer than 6% of the world's business schools. It also offers a range of professional and chartered accreditations as part of its courses. It includes:
    - The department of accounting, finance and economics;
    - The department for people and organisations; and
    - The department of marketing, strategy and innovation.

Some parts of this sector may also benefit from the assets identified under the information and communication sector.

Administrative and support service activities

This is a broad sector which covers a range of services which range from renting and leasing equipment, employment agencies, travel and tour agencies, cleaning services, call centres, security services, conventions and trade shows etc.

The review did not identify any sector specific place-based assets in relation to this sector, although it would benefit from generic assets such the presence of business networking organisations (e.g. the Chambers of Commerce) and the availability of business premises.

Public administration and defence; compulsory social security

This sector represents public sector activities, as local government and social security activities.

The main opportunities for this sector include:

- The transformation programmes put in place following the formation of Dorset Council and Bournemouth, Christchurch and Poole Councils; and
- Potential devolution of powers from national government.

Education

The main assets and opportunities for this sector include:

- The network of state and privately funded schools, colleges, universities and independent training providers;
- Dorset Skills Board which has:
    - Responsibility for strategically planning for skills demands and needs taking into account labour market information and the changing employment landscape;
    - Influencing appropriate strategic responses in skills provision to increase the proportion of higher-productivity, knowledge-intensive jobs;
- Dorset Careers Hub which joins the dots between school careers guidance and local businesses, with the aim of improving the careers provision across the county; and
- The Digital Skills Hub which is an inclusive centre for residents and business owners in the Boscombe-Bournemouth area offering a range of free digital skills, employment and business support sessions.

Human health and social work activities

Key skills and research assets include:

- Royal Bournemouth Hospital
    - Histopathology Diagnostic Hub; and
    - Dorset Clinical Trials Unit – which will allow Dorset Companies to deliver research-led health and medical innovations, clinical products and clinical practice enhancements.
- The AECC University College
    - Specialises in health science and key areas of research activity include radiology, chiropractic, rehabilitation, sport and psychology; and
    - Includes a new £4.5m state of the art rehabilitation centre, funded through the Getting Building Fund.
- Bournemouth University
    - The faculty of health and social science at Bournemouth university includes:
        - Clinical Research Centres relating to women's health, orthopaedics and medical imaging;
        - Research into long term health challenges including ageing and dementia and well-being; and
        - Research into marginalised voices within the health and care system.
- Bournemouth and Poole College

- The Care Innovation Centre at Bournemouth and Poole College which is designed to train the future employees of the Health and Social Care, Childcare and Dental Nursing industries to deliver the highest quality care to the region

Other assets include

- An integrated care system 'Our Dorset' with advanced population intelligence data; and
- Dorset Innovation Hub which is one of four designated Health Foundation Innovation Hubs in the UK. It focuses on supporting proven health innovations and understanding their impact in the local context before they are scaled up.

Key opportunities include:

- An ageing population and opportunity to create a living lab;
- Development of a 'one health' approach to health which aims to balance and optimise the health of people, animals and ecosystems and contribute to global health security; and
- Development of a med-tech science park at Wessex Fiels, providing opportunities for research, collaboration and business growth.

Arts, entertainment and recreation

Key assets and opportunities include:

- AFC Bournemouth, which is in the premier league;
- Bournemouth International Centre which is one of the largest event, exhibition and conference venues on the south coast;
- Five national portfolio organisations funded by Arts Council England including Arts by the Sea Festival, Bournemouth Symphony Orchestra, Pavilion Dance South West Ltd, Poole Arts Trust Ltd and Wessex Museums Trust (Poole Museum);
- A cultural compact within BCP and Cultural Strategy within Dorset Council;
- A host of cultural assets such as museums, art centres, theatres and cultural community organisations; and
- Bournemouth University's department of sport and event management.

There are strong connections between the creative/cultural/arts/entertainment elements of this group and the visitor economy. Similarly, cultural activities have a wider economic impact by helping to create an attractive environment for people to live in.

Sectors conclusion

The combined quantitative and qualitative analysis suggests that the following sectors provide opportunities to create high value clusters and supply chains, which have the potential to drive inward investment and exporting:

- Finance and insurance;
- Advanced engineering and manufacturing (with a focus on marine and maritime, defence and security and aerospace)
- Creative and digital sectors; and
- Health sciences.

And these are underpinned by a 'foundation economy' which provides a range of local services such as health, education, leisure and public services. These sectors are essential to the effective functioning of all economies, and account for a high volume of employment. Therefore, improving productivity, opportunities and wages in these sectors is important to tackling the area's productivity challenge.

Summary: Sectors

- The five largest sectors in employment terms (health and social care, retail, accommodation and food, education and manufacturing) accounted for 58% of employment in 2022 and were the top five in both the BCP and DC areas.
- The distribution of employment is broadly similar to that of the UK, although there is some over-representation in terms of human health and social work, administrative and support services and accommodation and food services across the Pan Dorset area. Within the area, BCP has a greater proportion of employment in human health and social work, administrative and support services and financial and insurance services. Conversely, the DC area has a greater proportion of employment in manufacturing.
- The area has a greater proportion of businesses in the construction sector than the UK average and a smaller proportion of business in the professional, scientific and technical activities sector. Within the area, the most significant difference between the local authority areas was the number of agricultural businesses in the DC area;
- The top five highest paid sectors were in relatively small sectors and accounted for 7% of employment. Conversely, the bottom five lowest paid sectors accounted for 36% of employment.
- When compared with the UK average by sector, wages in the Pan Dorset area were lower than the average for most sector groups.
- The sectoral profile has changed significantly between 2010 and 2022 with some sectors exhibiting strong employment growth (e.g. health and social care) and others declining (e.g. retail).
- The area's industrial structure is not dissimilar to that of the UK, although it does exhibit clear areas of comparative advantage including:
    - Arts, entertainment and recreation (LQ 1.49).
    - Accommodation and food services (LQ 1.55);
    - Financial and insurance activities (LQ 1.24);
    - Human health and social work (LQ1.19)
- Within the area, BCP has a clear comparative advantage in finance and insurance and the DC area has advantages relating to manufacturing, water supply and agriculture.
- At a more granular level (3 digit SIC codes), 16 sector codes were identified where the location quotient was >1.5, wages were above average and employment >500. 10 of these related to specialisms in advanced manufacturing or engineering.
- The qualitative analysis revealed that the area possesses a range of R&D, skills and industrial assets and opportunities that could support the growth of a range of sectors.
- The combined quantitative and qualitative analysis suggests that the following sectors provide opportunities to create high value clusters and supply chains, which have the potential to drive inward investment and exporting:
    - Finance and insurance;
    - Advanced engineering and manufacturing (with a focus on marine and maritime, defence and security and aerospace);
    - Creative and digital sectors; and
    - Health sciences.
- And these are underpinned by a 'foundation economy' which provides a range of local services such as health, education, leisure and public services. These sectors are essential to the effective functioning of all economies, and account for a high volume of employment. Therefore, improving productivity, opportunities and wages in these sectors is important to tackling the area's productivity challenge.

Population and migration

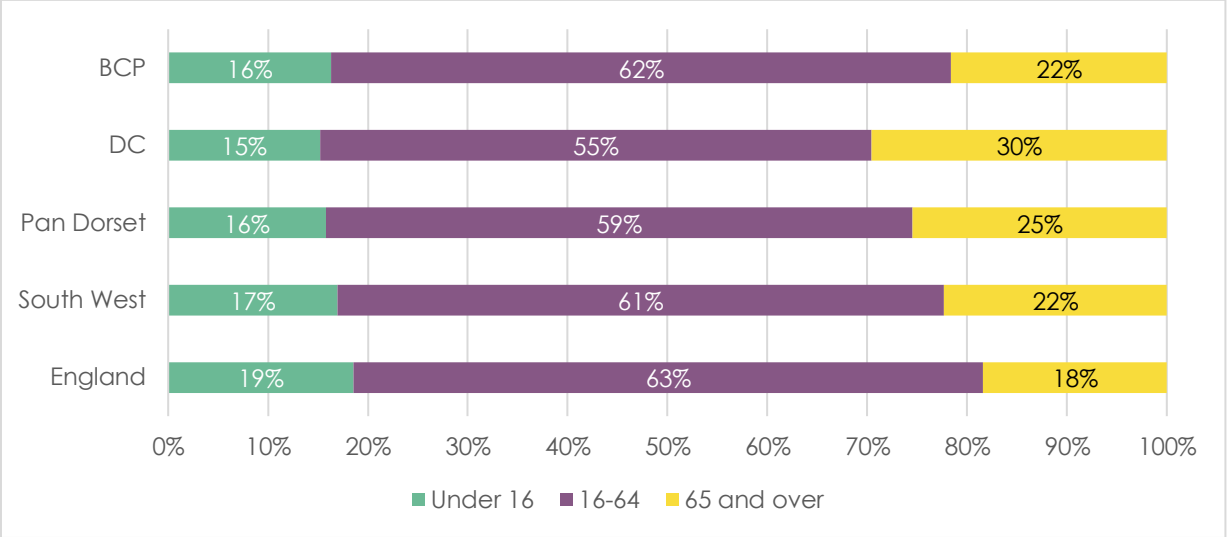
Current population

According to the Census (2021), the pan Dorset area had 779,779 residents in 2021 of which:

- 51% were from BCP and 49% were from DC; and
- 59% were working age, compared to 63% for England.

Figure 33 below shows that the pan Dorset area had a higher proportion of people aged 65 and over than the national and South West average. This is largely due to the age profile of the DC area, where 30% of people were aged 65 and over in 2021. The age profile of the DC area is markedly older than the Pan Dorset area's neighbours, where the proportion of people over the age of 65 ranges from 22% in Hampshire and Wiltshire to 26% in Devon, indeed it has the oldest age profile of all upper tier authorities in England and Wales.

Figure 33: Population by Age, 2021



Source: Census 2021

Trends since 2001

Figure 34 below shows that between 2001 and 2021 the population of the pan Dorset area increased by 12.7% compared with 15.6% for the South West and 14.3% for England. Within the region, the rate of growth in the BCP area (15.4%) was comparable with the regional rate (15.6%), but the rate of growth was much lower for the DC area (10.0%).

In terms of the rate of growth by age group, there are again two contrasting situations. In the BCP area, the number of children and working age adults increased at higher rates than the national average and the number of people aged 65+ increased at a slower rate. In contrast, the DC area saw a reduction in the number of children (-8.2%), a much slower increase in the number of working age adults (2.5% compared to 12.3% for England) and a much higher increase in the number of people aged 65+.

Figure 34: % change in the population by age group between 2001and 2021

	BCP	DC	Pan Dorset	South West	England
Under 16	8.9%	-8.2%	0.2%	2.8%	5.6%
16 to 64	17.4%	2.5%	10.0%	12.4%	12.3%
Aged 65+	14.8%	44.4%	29.9%	39.1%	33.6%
All people	15.4%	10.0%	12.7%	15.6%	14.3%

Source: ONS Mid-year Population Estimates, 2021

Population projections

Looking to the future, ONS population projections (Figure 35) show the population of the pan Dorset area will increase by 5.6% between 2018 and 2043. This is a lower rate of increase than that expected for the South West and England (14.1% and 10.3% respectively). Within the area, population growth is expected to be smaller in BCP (3.3%) than Dorset (8.1%).

Both areas are expected to see a reduction in the number of children and working-aged people and an increase in the number of older people.

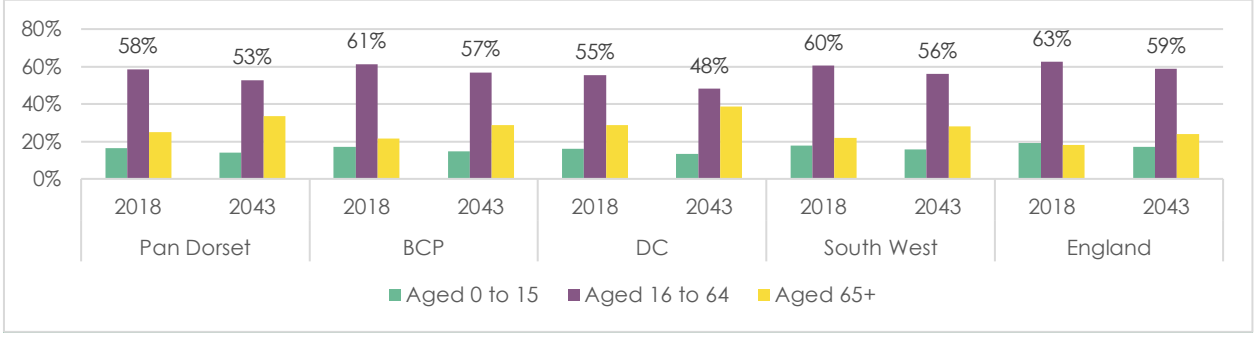
Figure 35: Projected % change in population by age group between 2018 and 2043

	BCP			DC			Pan Dorset	South West	England
	No. 2018	No. 2043	% change	No. 2018	No. 2043	% change	% change	% change	% change
Under 16	67,753	59,600	-12.0%	59,923	54,189	-9.6%	-10.9%	2.8%	-0.9%
16 to 64	242,786	232,280	-4.3%	208,745	196,123	-6.0%	-5.1%	5.7%	3.8%
Aged 65+	85,245	117,061	37.3%	107,816	156,529	45.2%	41.7%	46.2%	44.7%
All people	395,784	408,951	3.3%	376,484	406,841	8.1%	5.6%	14.1%	10.3%

Source: ONS Population Projections 2018-based

Figure 36 below shows how the age profile of each area is expected to change between 2018 and 2043. This illustrates that by 2043 only 53% of people in the pan Dorset area will be aged 16-64 compared to 59% for England. Within the area, the aging trend is most severe in the DC area, where the proportion of working age people is expected to fall to 48%.

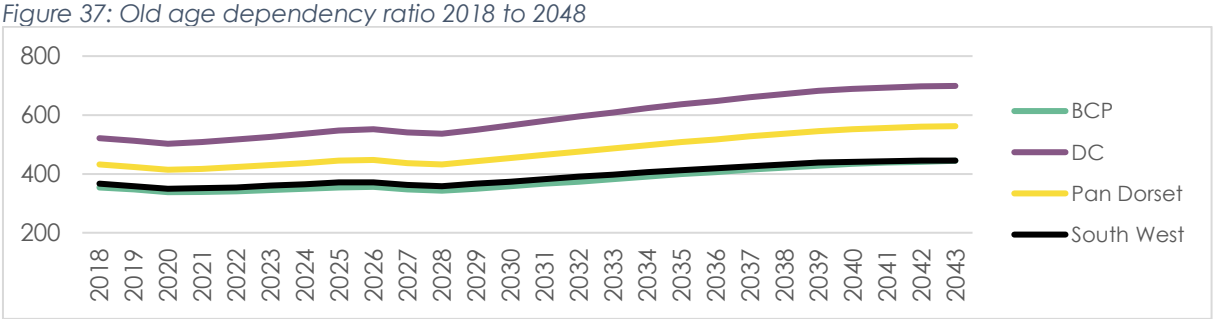
Figure 36: Age Profile in 2018 and 2043



Source: ONS Population Projections 2018-based

The Old Age Dependency Ratio (OADR) is the number of people of State Pension age per 1,000 people of working age. Figure 37 shows that by 2043, for every 1,000 people of working age, there will be 562 people of state pension age in the pan Dorset area. The graph also shows that the OADR is expected to remain fairly level until 2028 as increases in state pension age come into effect before continuing an upward trend to 2043. This upward trend reflects the aging of the 1960's 'baby boomers' as well as increases in life expectancy.

Figure 37: Old age dependency ratio 2018 to 2048



Source: ONS Population Projections 2018-based

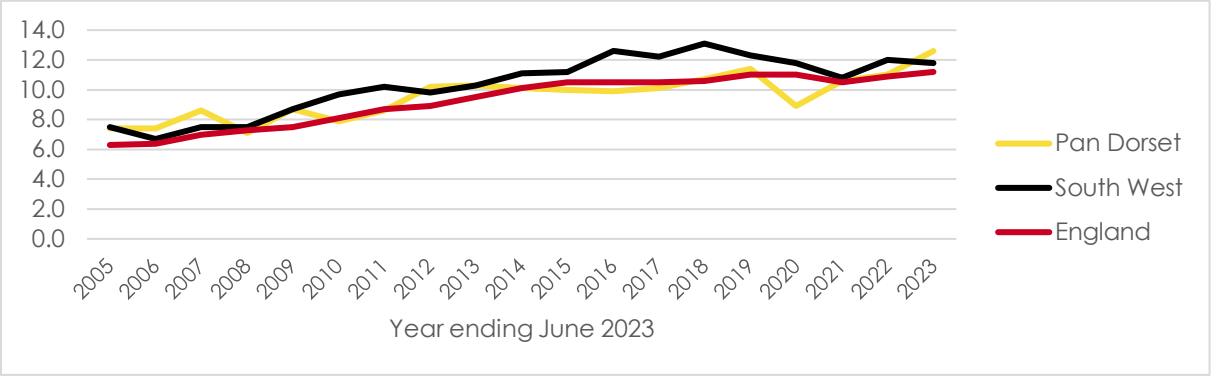
Active aging

Figure 38 shows that the employment rate of people aged 65+ has been increasing since 2005 in all areas. This long-term trend may reflect a combination of:

- The abolition of the default retirement age in 2011;
- The increase in the state pension age from 65 to 66 between 2018 and 2020; and
- Increases in healthy life expectancy.

More recently, the pandemic appears to have reduced the employment rate in this group, but it has since recovered.

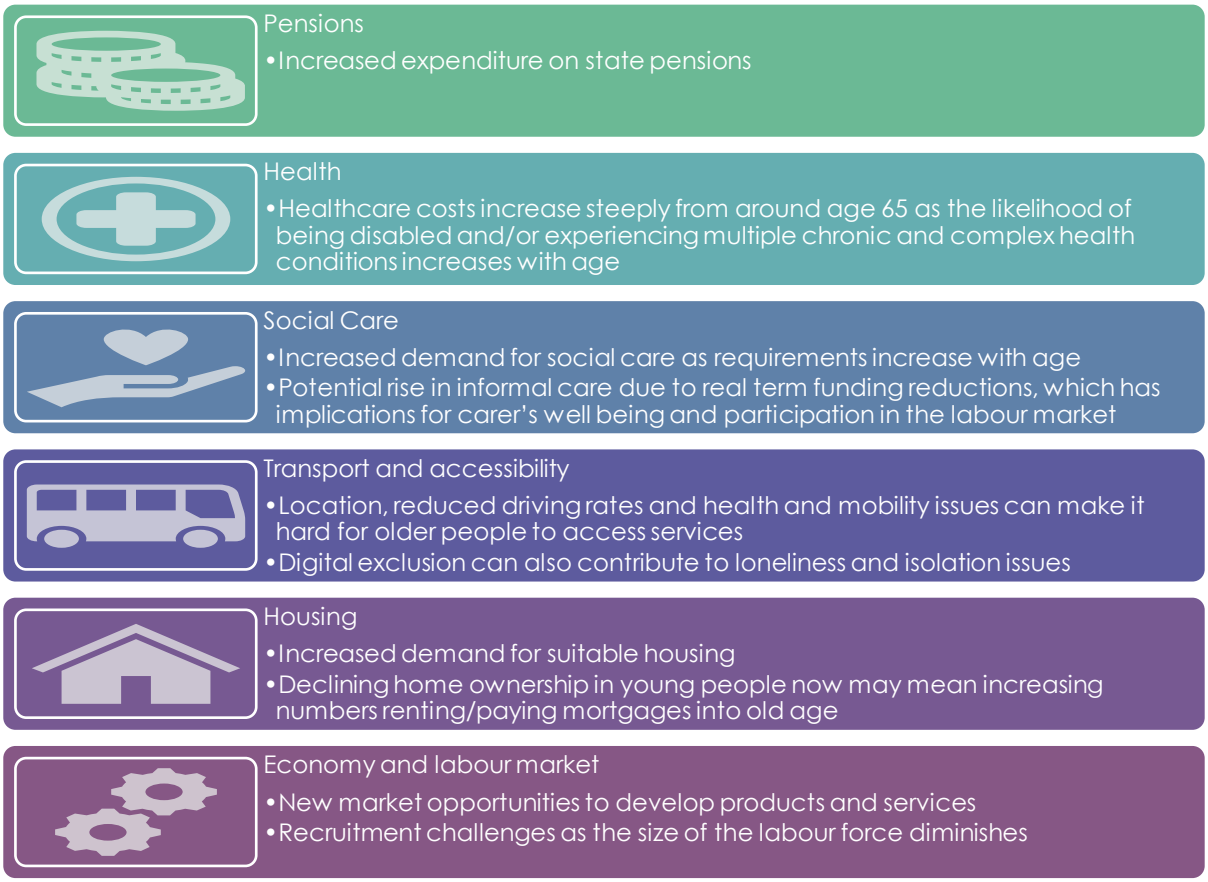
Figure 38: Employment rate of people working aged 65+



Source: Annual Population Survey

Figure 39 illustrates the implications of an aging population.

Figure 39: Implications of an aging population



Material drawn from: Living longer, how our population is changing and why it matters, ONS, 2018

Drivers of population growth

Population change occurs through:

- Natural change (births/deaths);
- Internal migration (to and from England);
- International migration (to and from outside the UK); and
- Cross-border migration (to and from Scotland, Wales and Northern Ireland).

Figure 40 shows that migration will drive population growth between 2018 and 2043 in both BCP and DC, as natural change (births-deaths) will result in a declining population. Note, this is driven by an increase in the number of deaths as the population ages, rather than a reduction in births.

In-migration (moves within England) are expected be the most significant driver, followed by international migration. International migration is expected to be more significant within BCP than DC reflecting the presence of three universities within BCP. Cross border migration (moves between England the Devolved Administrations) is expected to result in a net outflow.

Figure 40: Components of population growth 2018 to 2043

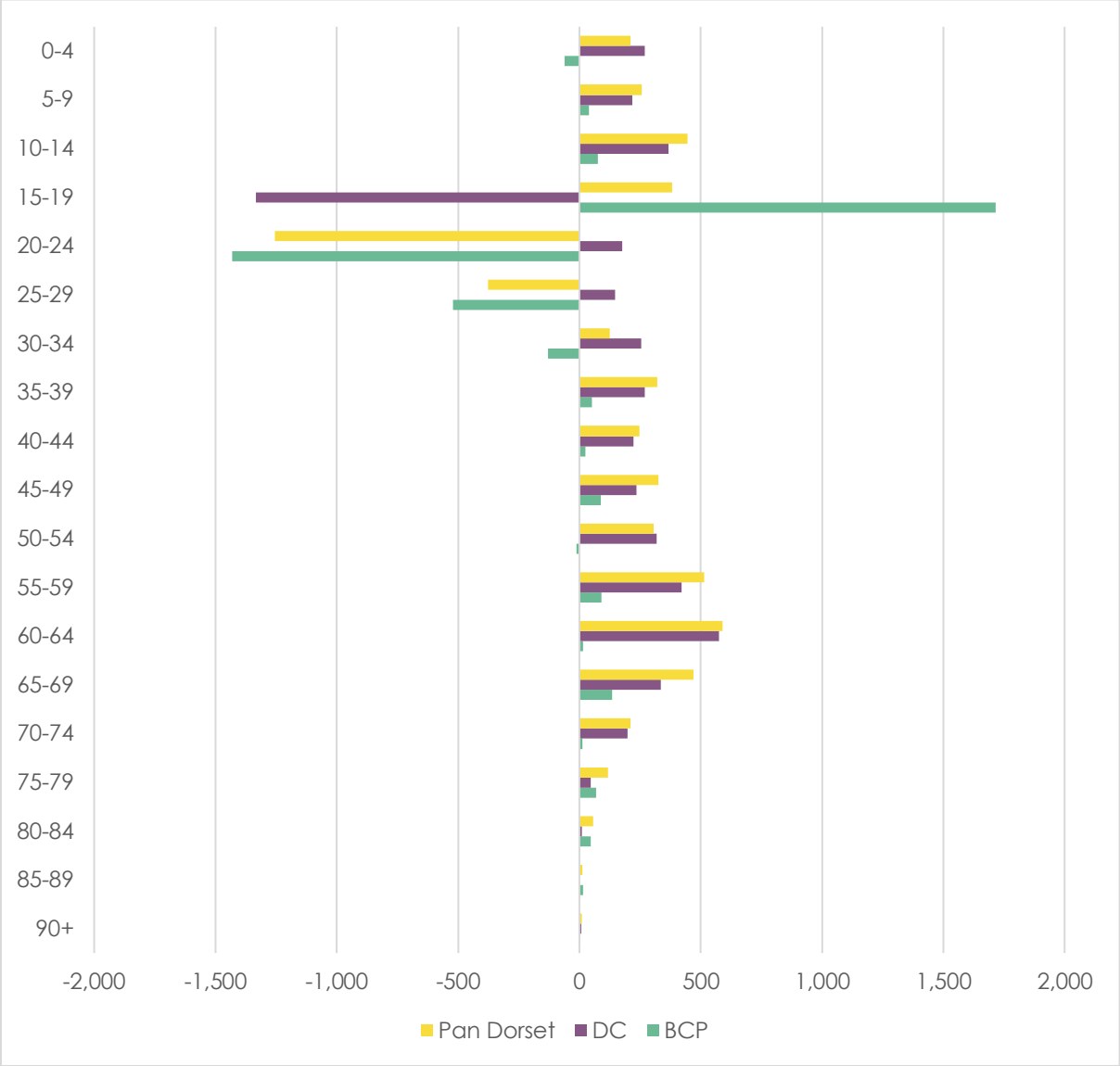
Component	BCP	DC
Population growth 2018-2043	15,763	32,453
Natural change (Births – Deaths)	-28,547	-68,463
Net Internal Migration	27,447	93,861
Net International Migration	20,299	8,874
Cross border migration	-3,025	-2,055

Source: ONS Population Projections 2018-based

During 2020 there was a net Internal migration to the pan Dorset area of 2,965. 92% of this was to the DC area. Figure 41 shows the annual net internal migration during 2020. This shows that:

- The pan Dorset area experiences a net loss of people in their 20's and a net gain of people in all other age groups. The age group with the highest net gain is 60-64 year olds;
- The BCP area experiences a high volume of both in and out migration of young people. Of note is the large net gain in 15-19 year olds and then a net loss of people in their 20's, which is most likely explained by the three universities in the area. However, there is also a smaller net loss of people in their early thirties and children under 5, which may point to a loss of young families; and
- The DC area experiences a net loss of 15-19 year olds which is most likely associated with young people leaving home to work or study. The DC area experiences a net gain in all other age groups, but the highest gains are associated with people in the late 50's and 60's.

Figure 41: Annual net internal migration



Source: ONS, internal migration – moves by local authorities and regions in England and Wales, June 2020

Summary: Population and Migration

- The pan Dorset area has 779,779 residents, of which 25% are aged 65 or over, compared to 18% for England. This difference is largely due to the demographic profile of the DC area, where 30% of people were aged 65 or over. The DC area has the oldest age profile of all upper tier authorities in England and Wales.
- Over the last 20 years, the population of the pan Dorset area has increased by 12.7% compared to 15.6% for the South West and 14.3% for England.
- Population projections show that the population of the pan Dorset area will increase by 5.6% between 2018 and 2043, compared to 14.1% for the South West and 10.3% for England.
- By 2043, only 53% of people in the pan Dorset area will be aged 16-64, compared to 59% for England. Whilst more people are working beyond the age of 65, the numbers are not sufficient to mitigate the dependency challenges.
- Migration will drive population growth between 2018 and 2043 in both the BCP and DC areas, as natural change (births-deaths) will result in a declining population.
- Focusing on in-migration (to and from other authorities in England and Wales), during 2020, the area experienced a net loss of people in their 20's, but a net gain in all other groups (particularly people in their 50's and 60's).

The labour market

This section covers key indicators relating to the labour market, such as the size of the workforce, economic activity/inactivity, employment, unemployment, the types of jobs that people do and their earnings. The data is drawn principally from the following ONS sources:

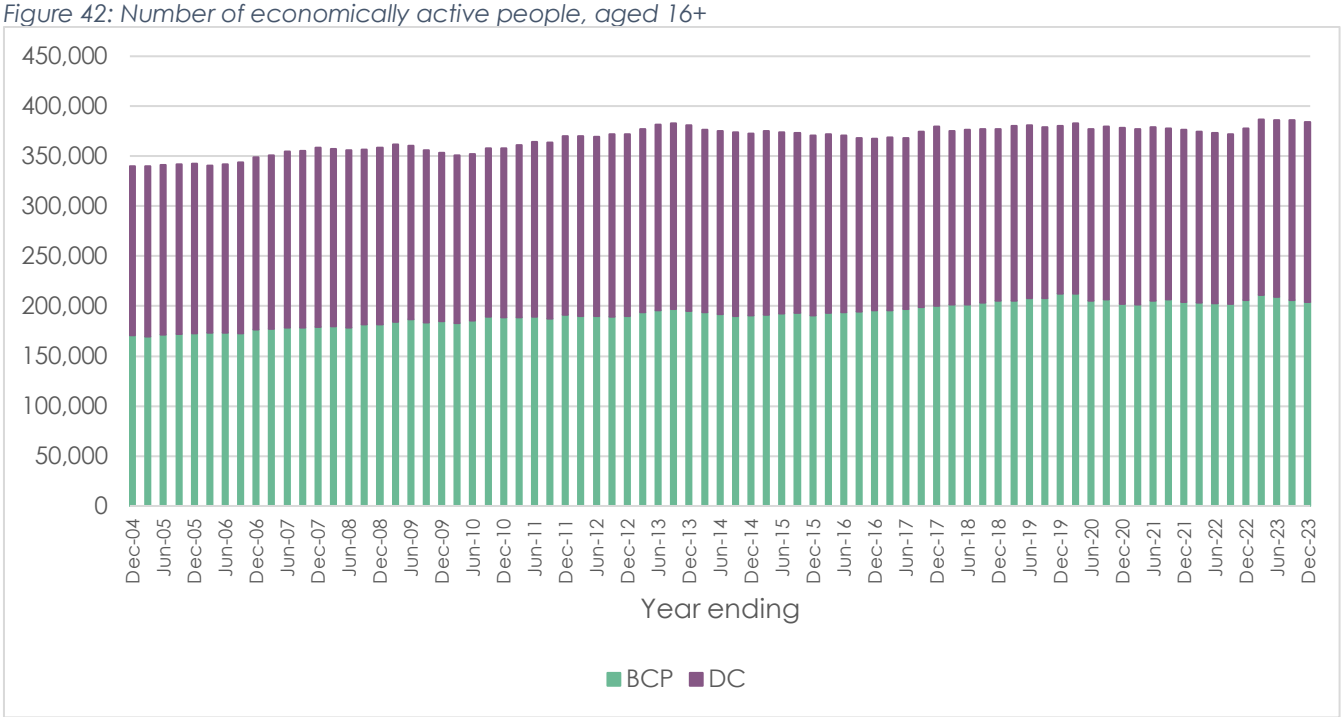
- Annual Population Survey (APS);
- Annual Survey of Hours and Earnings (ASHE); and
- Claimant Count.

It should be noted that the APS and ASHE are national surveys where the results have been disaggregated to cover local geographies. As such the sample size covering local geographies is smaller and the confidence levels around each data point are wider. To mitigate the risk that a given result is due is an anomaly due to sampling, time series data are presented where possible to enable consistent trends to be identified.

The size of the labour force

Figure 42 shows that the total number of economically active people (aged 16+) rose steadily in the pan Dorset area in the years running up the pandemic, reflecting a growing population, increasing activity rates amongst women and increasing activity rates amongst older people. Whilst activity rates dropped during the pandemic, there is now some evidence that the number of economically active people is returning to pre-pandemic levels. By Dec 2023 the number of economically active people in the pan Dorset area was 383,900, higher than the pre-pandemic peak of 382,900.

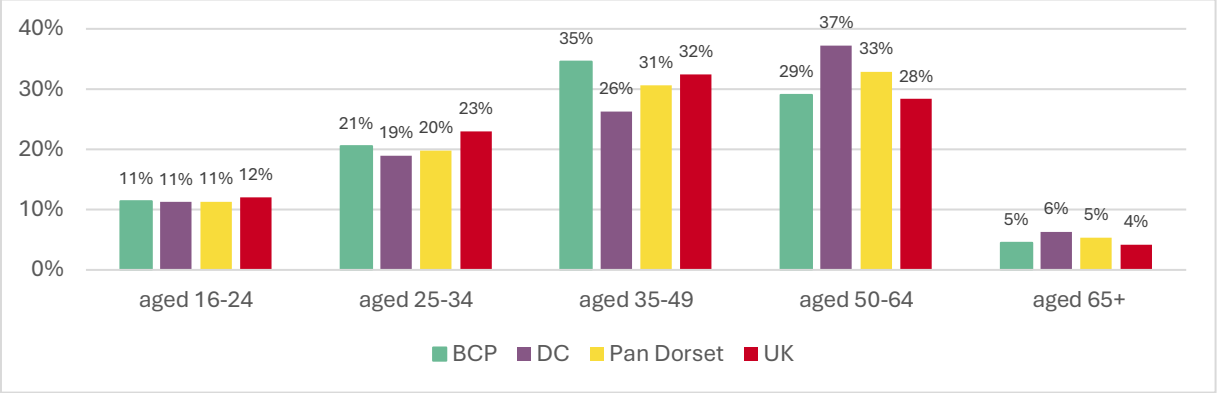
Figure 42: Number of economically active people, aged 16+



Source: Annual Population Survey, ONS

Of this group, 47% were women and 53% men. Figure 43 shows that the pan Dorset area's workforce has an older demographic profile than the UK, with 38% of all economically active people aged over 50, compared to 32% for the UK. This trend is most pronounced in the DC area, where 43% of the workforce is over 50.

Figure 43: Economically active by age group, pan Dorset and UK, Year to end of December 2023

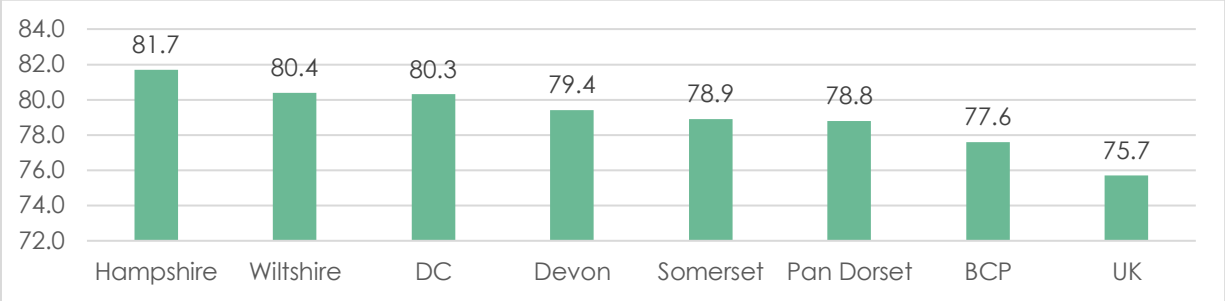


Source: Annual Population Survey, ONS

Employment rate

Figure 44 shows that the employment rate was 78.8% in the pan Dorset for the year ending December 2023, which compares favourably with the UK average of 75.7%. Within the area, the employment rate was 80.3% in the DC area and 77.6% in the BCP area. When benchmarked against neighbouring authorities, the employment rate in the DC area is similar to that observed in Wiltshire and Devon, but the rate in Hampshire is notably higher. Conversely, the rate in BCP is the lowest of the neighbouring authorities.

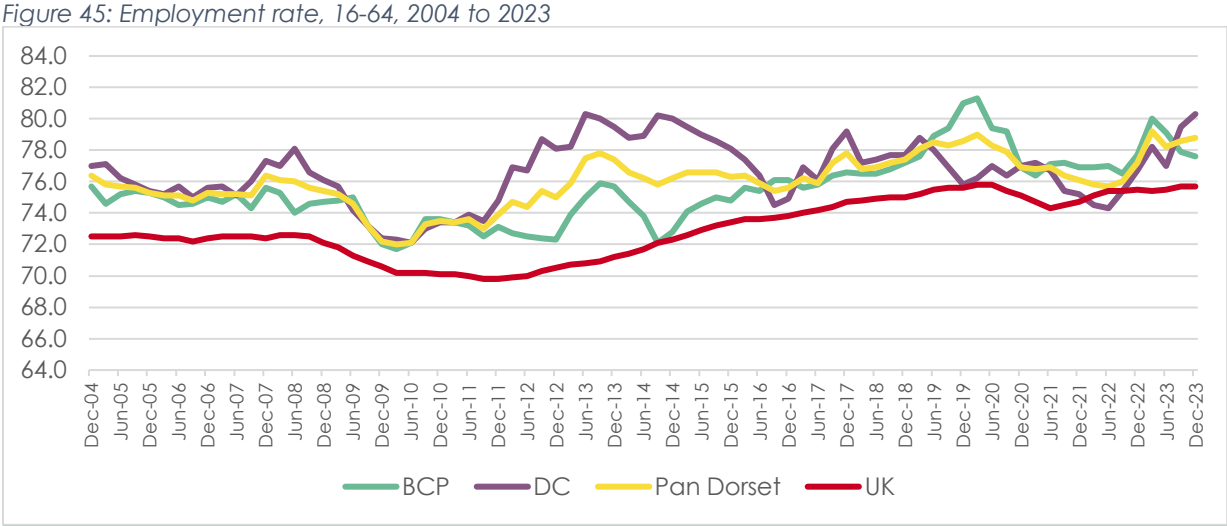
Figure 44: Employment Rate, Pan LEP local authorities and neighbours, year ending Dec 2023



Source: Annual Population Survey, ONS

The long-term trends (see figure 45) show considerable variability, although the local employment rate has exceeded the national rate in the majority of quarters. Over the last year, there appears to have been an upward trend.

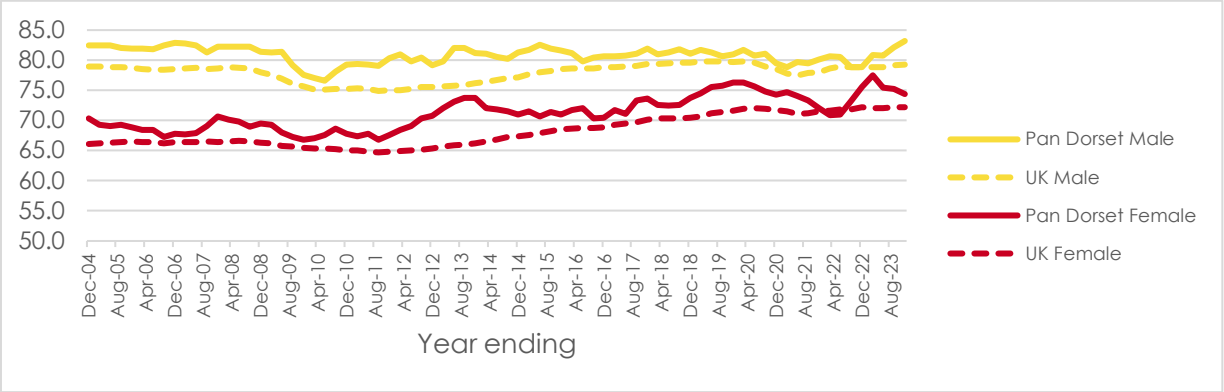
Figure 45: Employment rate, 16-64, 2004 to 2023



Source: Annual Population Survey, ONS

Figure 46 shows that the female employment rate has been increasing nationally and locally since the financial crisis and the gap between male and female employment rates is closing. In the year ending December 2023 74.4% of women were in employment in the pan Dorset area, compared to 83.2% of men.

Figure 46: Employment rate, male/female, 2004-2023



Source: Annual Population Survey, ONS

Self-employment and part-time working

Figure 47 shows that 15.7% of people in employment in the pan Dorset area were self-employed compared to 12.3% for the UK. Within the region, the self-employment rate was higher in the Dorset Council area and amongst males.

Figure 47: Self-employment year ending December2023

	BCP	DC	Pan Dorset	UK
% in employment who are self employed - aged 16-64	13.5	18.1	15.7	12.3
% of males in employment who are self employed - aged 16-64	16.0	20.5	18.0	14.9
% of females in employment who are self employed - aged 16-64	10.5	15.7	13.1	9.5

Source: Annual Population Survey, ONS, Jul 2022 – Jun 2023

Similarly, figure 48 shows 26.6% of people in employment were working part time in the Pan Dorset area, compared to 23.5% for the UK. Within the region, part-time working was higher in the Dorset Council area and amongst women. This may reflect additional caring responsibilities (in terms of caring for both young and old). A recent review by the Productivity Institute suggests that while part-time work can be a mechanism to enable productive lives by allowing retention in career jobs and/or reducing work burdens for those with care responsibilities or ill-health, it may also limit talent utilisation and therefore affect productivity.[16]

Figure 48: Part time working, year ending December 2023

	BCP	DC	Pan Dorset	UK
% in employment working part-time - aged 16-64	24.6	29.0	26.6	23.5
% of males in employment working part-time - aged 16-64	14.0	15.0	14.4	11.8
% of females in employment working part-time - aged 16-64	37.8	43.0	40.4	36.3

Source: Annual Population Survey, ONS, Jul 2022 – Jun 2023

Occupational profile

Figure 49 shows that the occupational profile of people living in the pan Dorset area is similar to that of the UK. However, the confidence intervals associated with the local data are wider, therefore the results may not be statistically significant. To mitigate this, a longer time series has

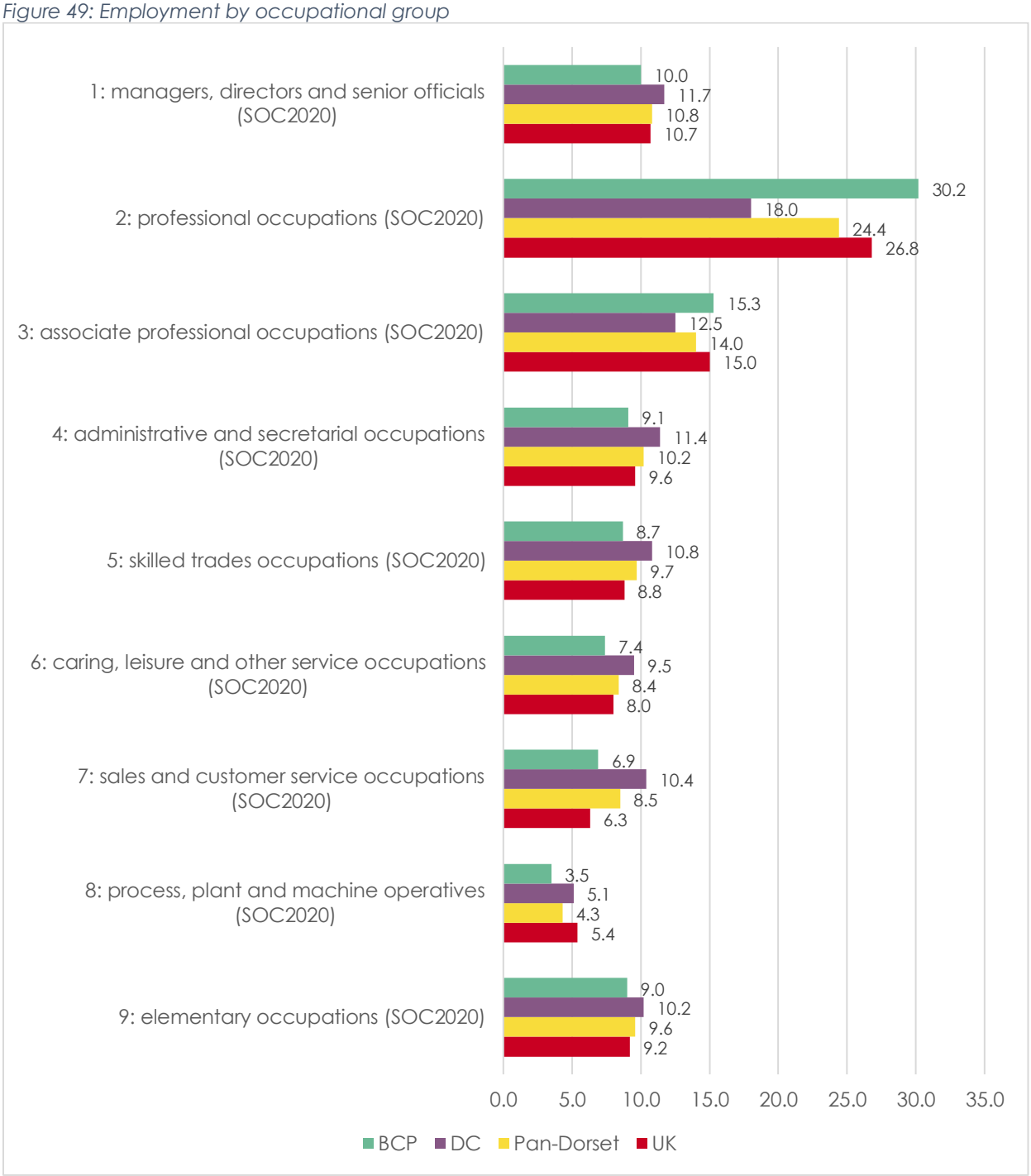
[16] The Productivity Institute, Part-time work and productivity (2024)

been reviewed (not shown) to identify occupational groups which are consistently higher or lower in the pan Dorset area. This analysis found that the pan Dorset area has:

- A lower proportion of people in employment who are in professional, associate professional and process, plant and machine operative occupations; and
- A higher proportion of people in sales and customers service and caring, leisure and other service occupations.

Within the area, the occupational profile differs between the BCP and DC areas, with the BCP area having a higher proportion of employment in management and professional occupations.

Figure 49: Employment by occupational group



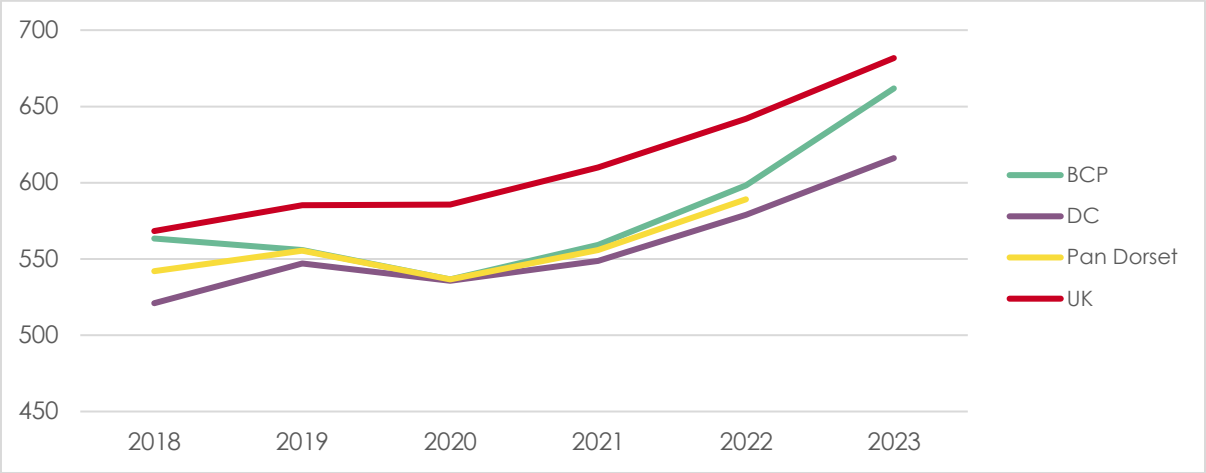
Source: Annual Population Survey, ONS, Jan-Dec 2023

Earnings

Figure 50 shows that since the pandemic, gross weekly pay for full time employees has been rising. However, analysis by ONS shows that after adjusting for inflation, median weekly earnings for full-time employees in the UK fell by 1.5% between April 2022 and April 2023.

The data shows the presence of a pay gap between workers in the pan Dorset area and the rest of the UK. Similarly, within the pan Dorset area, the median wage for workers in BCP is higher than for workers in DC. This most likely reflects the presence of higher paid jobs in sectors such as finance and insurance in BCP.

Figure 50: Median gross weekly pay for full time workers between 2018 and 2023

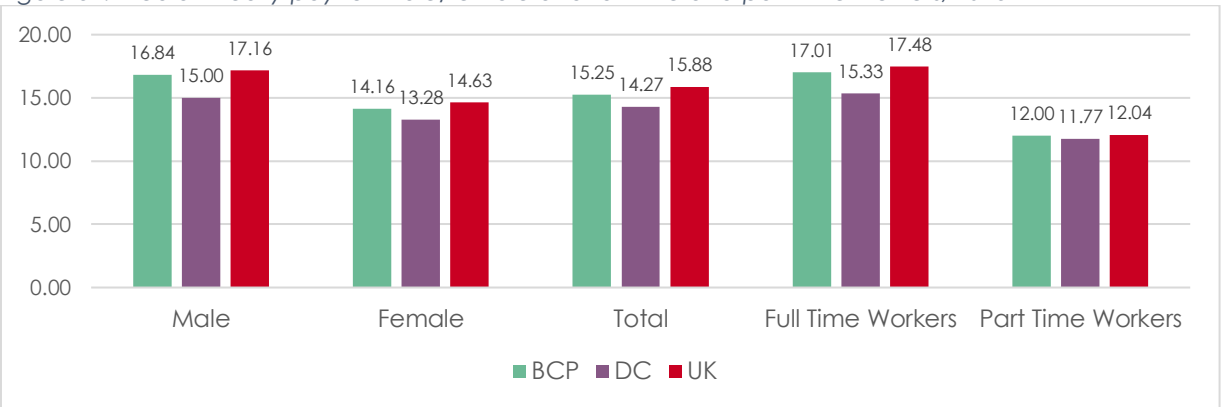


Source: Annual Survey of Hours and Earnings – workplace analysis
Notes: 1) 2023 data for LEP areas are delayed, 2) the data for 2020 and 2021 were affected by the pandemic and should be treated with caution

Figure 51 shows that on average:

- Part time workers are paid less per hour than full time workers. This is most likely due to a greater proportion of part-time work in lower paying sectors of the economy (e.g. retail, health and social care);
- There is little difference between the hourly rate of part time workers in the BCP or DC areas than the rest of the UK. This is most likely associated with the fact that more part time jobs are paid at the minimum wage; and
- Men are paid more than women in all three areas. Whilst the gender pay gap is greater in BCP than DC, this appears to be driven by lower wages for men in the DC area.

Figure 51: Median hourly pay for male/female and full time and part time workers, 2023



Source: Annual Survey of Hours and Earnings – workplace analysis

The Living Wage Foundation estimates the 'Real Living Wage' based on the cost of Living. In 2023, this was £10.90 for people working outside London. Analysis by the ONS (Figure 52) shows that there were approximately 39,000 jobs paying below the Living Wage in the pan Dorset area. Within the area, approximately 18,000 jobs fell into this category in the BCP area and 21,000 in the DC area. The proportion of jobs paying below the Living Wage was lower than the national average for BCP and higher than the national average for the DC area.

Figure 52: Earnings below the Real Living Wage, 2023

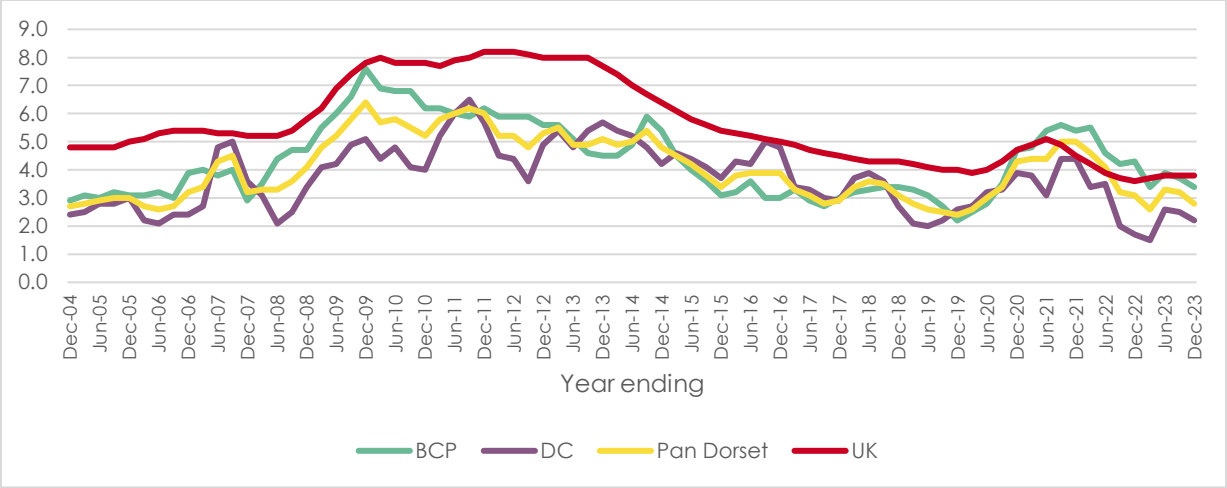
	Thousands	%
BCP	18	11.6
DC	21	14.7
South West	285	11.8
UK	3,664	12.9

Source: ONS, Number and Proportion of employee jobs with hourly pay below the living wage

Unemployment

Figure 53 shows that over the last 20 years, unemployment rates in the pan Dorset area have tended to follow national trends, albeit at a slightly lower rate. Unemployment peaked in 2009 and then fell steadily to the pre-pandemic low of 2.4% in 2019. Unemployment then rose again during the pandemic, reaching a post pandemic high of 5.0% in 2021 and then falling back to 2.8% by Dec 2023. Within the area, unemployment rates in BCP have tended to be higher than those in the DC area since the pandemic (3.4% in BCP compared to 2.2% in DC). However, due to the small sample size in the DC area, the results are considered unreliable.

Figure 53: Unemployment rate,16-64, 2004 – 2023



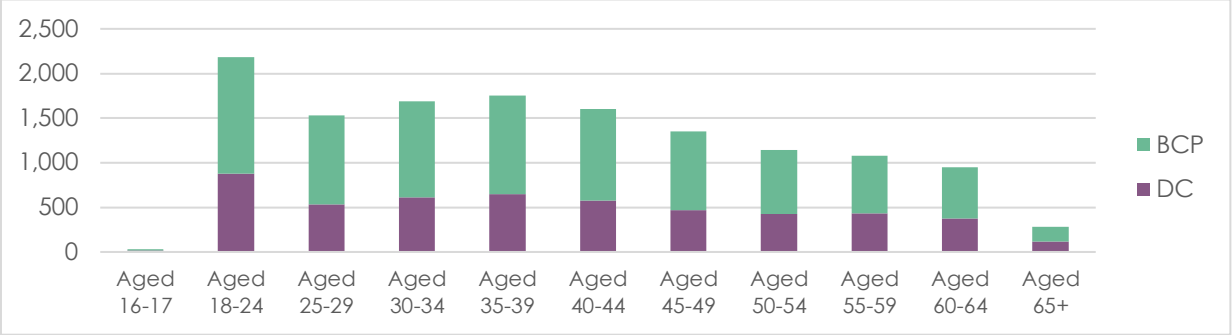
Source: Annual Population Survey, ONS

The claimant count shows the number of people claiming benefits principally for the reason of being unemployed. Whilst it does not include unemployed people who may not be claiming benefits, it does help to provide some insight into the unemployed population.
Of the 13,590 people claiming in April 2024:

- 63% were in BCP and 37% in Dorset; and
- 56% were male and 46% female.

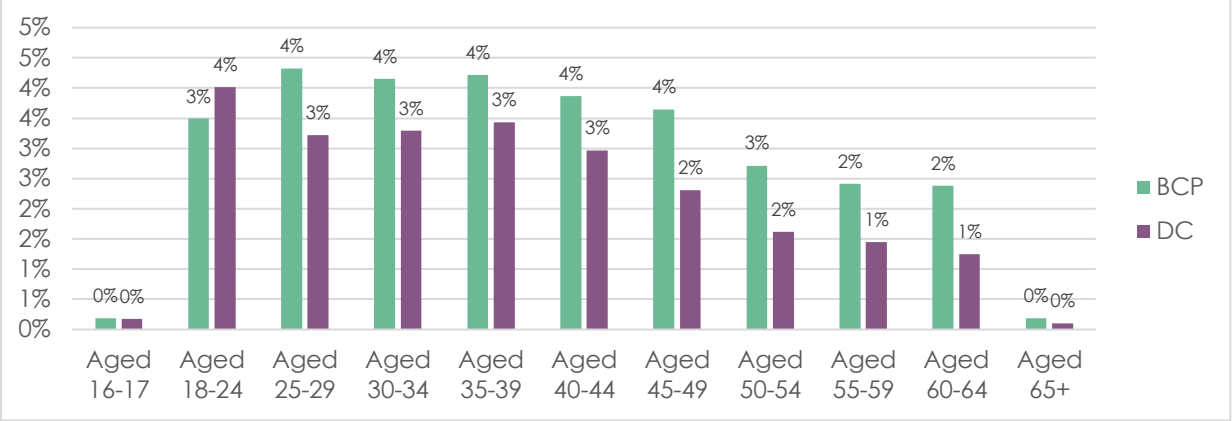
Figure 54 shows that the age group with the largest number of claimants was 18-24 year olds. However, figure 55 shows that when examined as a percentage of the population, the highest rate are seen amongst the under 40 age groups.

Figure 54: Claimant count by age group, Apr 2024



Source: Claimant Count, Apr 2024

Figure 55: Claimant count (Apr 2024) as a percentage of the population (2022)



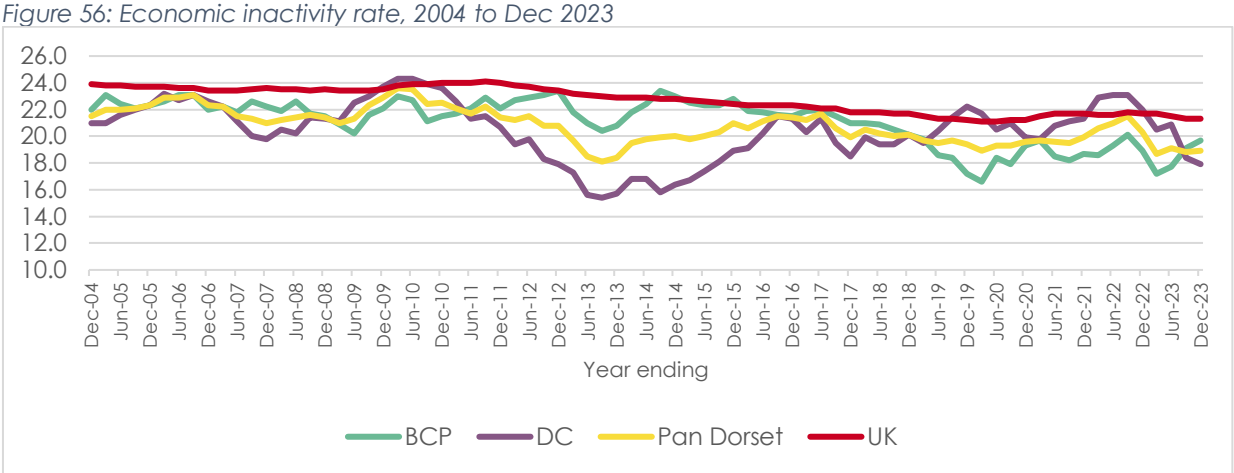
Source: Claimant Count, Apr 2024 and Mid-Year Population Estimates (2022)

Inactivity

Figure 56 shows that nationally, economic inactivity rates fell from a peak of 24.0% in 2011 to 21.1% in March 2020. Post pandemic, the rate rose slightly and stabilised at around 21.7%, before beginning to fall during 2023, reaching 21.3% by December 2023.

The local picture has been more variable, and this may reflect wider confidence intervals for local data. Despite the variability, inactivity rates in the pan Dorset area have been consistently lower than the national average. Although post pandemic, the area appears to have had a steeper rise in inactivity rates, which peaked in Sept 2022 before falling again in 2023. As of December 2023, 84,600 people (18.9%) aged 16-64 were inactive in the pan Dorset area. Of these, 47,900 were resident in BCP and 36,700 in the DC area.

Figure 56: Economic inactivity rate, 2004 to Dec 2023

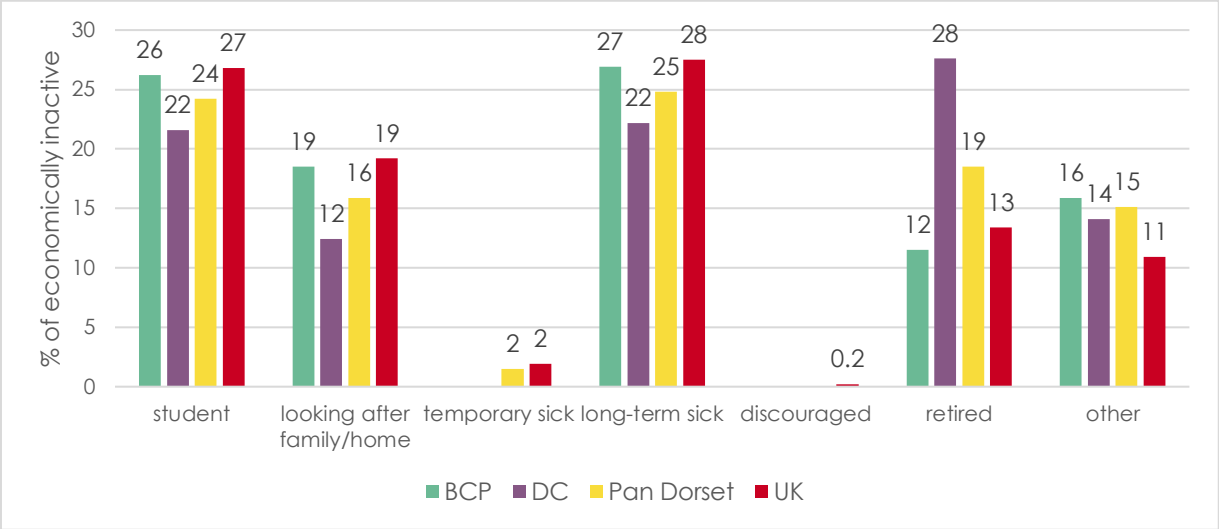


Source: Annual Population Survey, ONS

Figure 57 shows the percentage of the economically inactive population by reason for inactivity. As this data is drawn from the Annual Population Survey, care must be taken when interpreting these figures at smaller geographies, because the sample size is smaller. The analysis therefore focuses on the general trends, rather than specific figures (which are subject to large confidence intervals and vary significantly from quarter to quarter). The data shows that:

- the reasons for economic inactivity in BCP are broadly similar to the national average with the most significant reason being long-term sick, followed by being a student[17], looking after home and family and early retirement; and
- in the DC area, the distribution is dominated by the high proportion of early retirees, followed by long-term sick and being a student and finally looking after home/family.

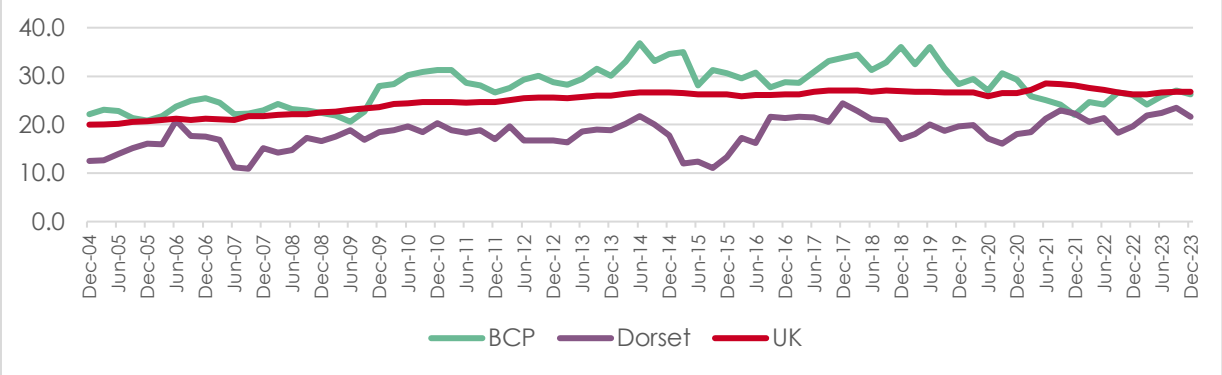
Figure 57: % of economically inactive (16-64) by reason, Dec 2023



Source: Annual Population Survey, ONS

Figure 58 shows that across the UK, the proportion of people who are inactive because they are a student has increased over the last 20 years, although it has fallen post pandemic. This more recent trend could reflect an increase in the number of students choosing to work at the same time as they study due to the cost-of-living crisis. Within the pan-Dorset area, there has been an upward trend in both areas, although in BCP the proportion has fallen post pandemic.

Figure 58: Proportion of economically inactive (16-64) due to being a student between 2004 and 2023

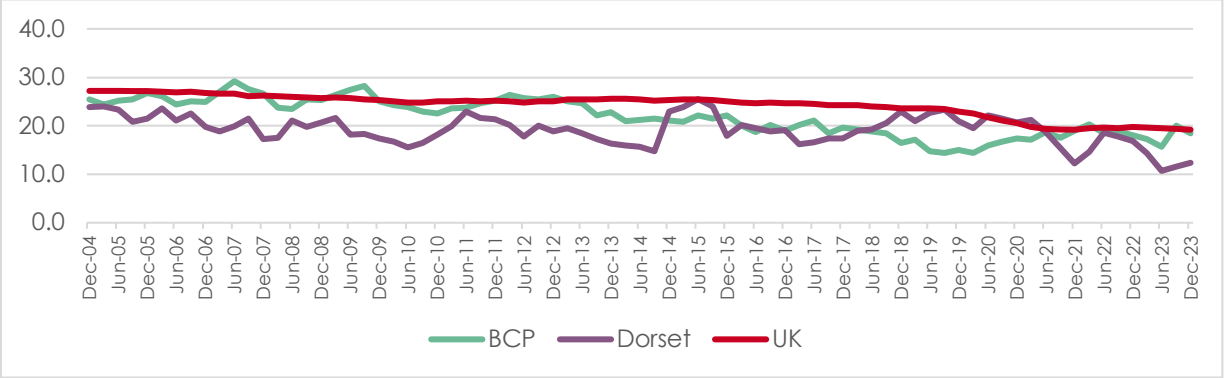


Source: Annual Population Survey, ONS

Figure 59 shows that over the past 20 years across the UK and within the pan Dorset area, the proportion of people who are inactive due to looking after home/family has been declining.

[17] Students working part-time as well as studying would not be counted in the inactive population

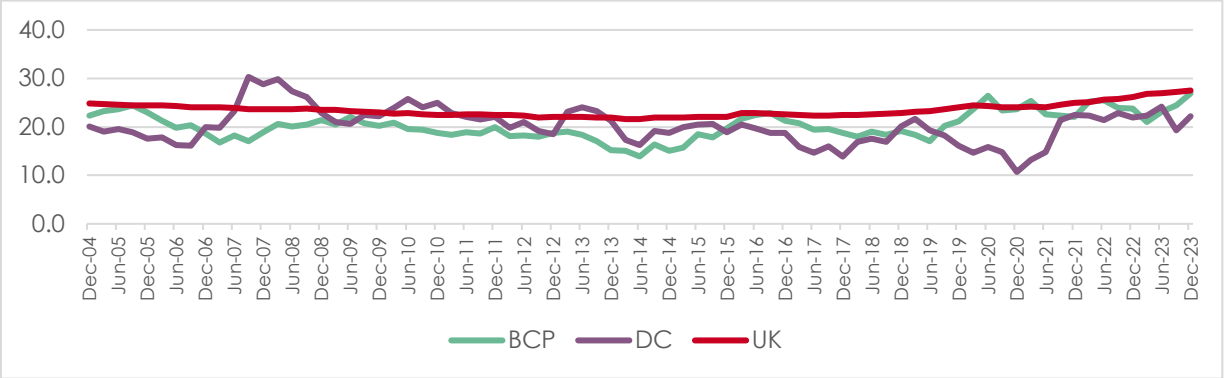
Figure 59: Proportion of economically inactive (16-64)due to looking after home/family



Source: Annual Population Survey, ONS

Figure 60 shows that the proportion of people in the UK inactive due to long-term sickness was dropping until approx. 2015, when it started to gradually rise again, before rising more steeply post pandemic. Within the pan Dorset area, the rate is much more variable, but broadly follows the national trend.

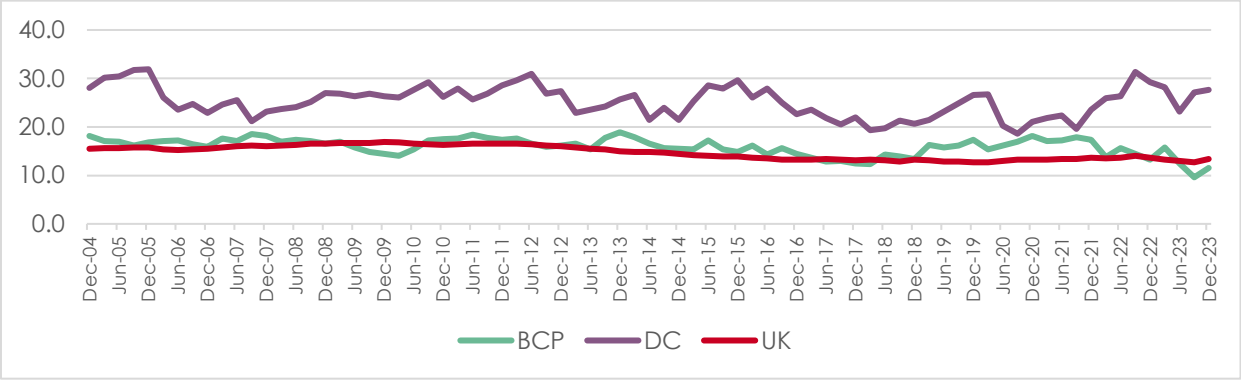
Figure 60: Proportion of economically inactive (16-64) due to long term sickness



Source: Annual Population Survey, ONS

Figure 61 shows that over the last 20 years, the proportion of people in the UK inactive due to (early) retirement has fallen slightly and the figures in the BCP area broadly follow this national trend. The rate in the DC area in contrast has been consistently significantly higher than the national average and appears to have risen post pandemic.

Figure 61: Proportion of economically inactive (16-64) due to retirement

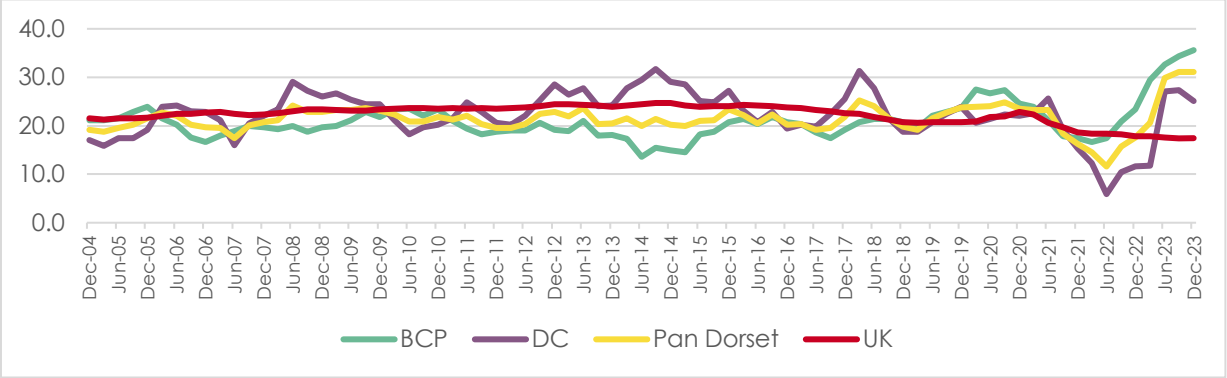


Source: Annual Population Survey, ONS

Figure 62 shows that at the UK level, the proportion of economically inactive people that wanted a job rose between 2004 and the mid 2010's, but then started to fall in the late 2010's. It then rose again during the pandemic but has subsequently fallen to a low of 17.5%. This may

reflect the fact that the overall number of inactive people has fallen over time and those individuals that have wanted a job, have moved back into the labour market. Within the pan Dorset area, the proportion has fluctuated significantly around the national trend, although results in 2023 suggest that the proportion that want a job has increased and stands at approximately 31%.

Figure 62: Proportion of economically inactive (16-64) who want a job



Source: Annual Population Survey, ONS

Summary – Labour Market

- The number of economically active people (aged 16+) has been slowly increasing since 2004 and now stands at 383,900. This growth reflects the growing population, an increase in the proportion of people aged over 65 who are continuing to work, as well as a growing proportion of women working. The size of the workforce has increased faster in BCP than within the DC area.
- The workforce has an older demographic profile than nationally, with 38% of all economically active people aged over 50, compared to 32% for the UK, which has implications for replacement demand.
- The employment rate in the pan Dorset area has consistently exceeded the national rate over the long-term and may be approaching the concept of 'full employment'.
- The area has a higher proportion of self-employment than the UK average and men are more likely to be self-employed than women.
- The area has a higher proportion of people working part-time than the UK average, and women were much more likely to be working part-time than men.
- Whilst the occupational profile is similar to the national picture, the pan Dorset area has a lower proportion of people employed in professional, associate professional and process, plant and machine operative occupations and higher proportions employed in sales and customer service and caring, leisure and other service occupations. The occupational profile differs between BCP and DC with the BCP area having a higher proportion of employment in management and professional occupations
- There is a pay gap between full time workers in the pan Dorset area and those in the rest of the UK, which is more pronounced in the DC area.
- Approximately 39,000 jobs pay below the 'Real Living Wage', and these are most likely to be part time workers and women.
- Over the last 20 years, unemployment rates in pan Dorset area have usually been lower than the national average, but post pandemic, rates have exceeded the national average within the BCP area. The unemployment rate has been falling in all areas since 2021 and in December 2023 stood at 2.8%.
- Claimant count data suggests that unemployment rates are currently higher amongst men, people under 40 and people in the BCP area.
- Economic inactivity rates have been consistently lower than the national average in the long term, but post pandemic the pan Dorset area appears to have had a steeper rise in inactivity rates, which peaked in September 2022. As of the end of December 2023, 84,600 people (18.9% of people aged 16-64) were inactive in the pan Dorset area.
- The reasons why people are inactive differ across the two local authority areas. In the DC area, (early) retirement is the most significant reason, whereas in the BCP area, long term sickness or being a student are the most significant reasons.

Skills supply

This section explores the skills being supplied into the labour market in terms of:

- The qualifications of the workforce;
- Educational attainment of young people and their destinations;
- Adult learning; and
- Employer training.

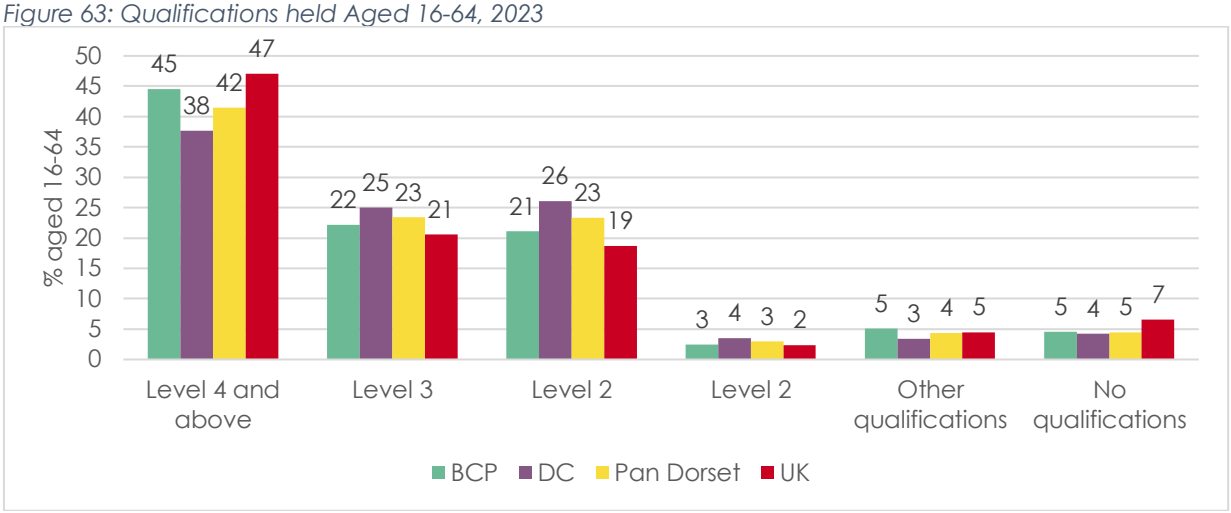
Key sources include:

- The Annual Population Survey;
- Department for Education data; and
- Higher Education Statistics Authority.

Workforce qualifications

Figure 63 shows that the Pan Dorset area has a lower proportion of people with no formal qualifications than the national average (5% compared to 7%), but also a lower proportion of people with Level 4 and above qualifications (42% compared to 47%). However, the proportion of people with mid-level qualifications (Levels 1, 2 and 3) is higher than the national average. Within the area, BCP had a higher proportion of residents with Level 4 and above qualifications than the DC area, although this remained below the national average.

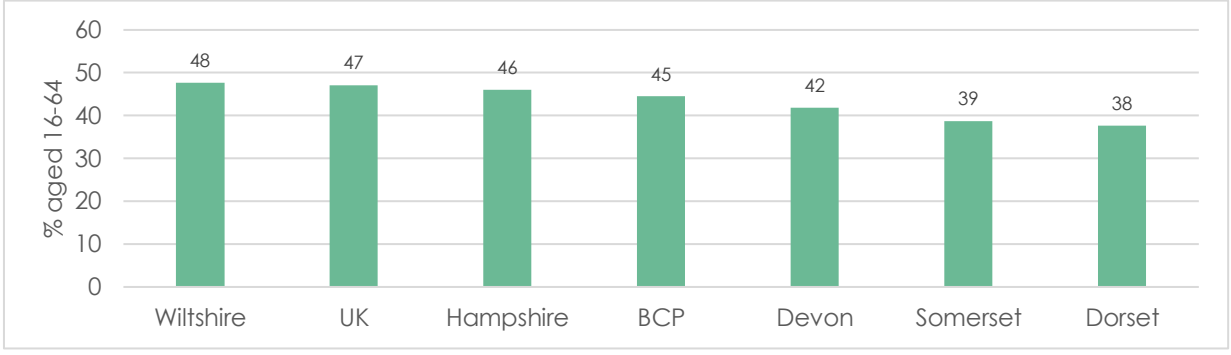
Figure 63: Qualifications held Aged 16-64, 2023



Source: Annual Population Survey, ONS

When Level 4+ qualifications are benchmarked against the area's neighbours (Figure 64), Hampshire and Wiltshire perform better than BCP, but Devon and Somerset perform better than Dorset. Only Wiltshire exceeds the UK average.

Figure 64: % of residents (16-64) with Level 4+ qualifications – benchmarked by neighbouring areas, 2023



Source: Annual Population Survey, ONS, December 2023

Educational outcomes at 16 (Key Stage 4)

Attainment 8 measures pupil's performance in 8 GCSE-level qualifications. The maximum score is 90. Figure 65 shows that attainment 8 scores were higher than the England average for BCP schools, but lower than the England average for DC schools. A similar pattern can be observed for the proportion of pupils achieving grades 5 or above in English and Maths.

When disaggregated by various student characteristics, the data shows that disadvantaged students, students in receipt of Free School Meals and those with Special Educational Needs on average, achieved lower grades. Conversely, those students whose first language was not English, secured higher grades. The same geographical patterns were observed across all groups.

Figure 65: Educational outcomes at 16, academic year 22/23

Indicator	Area	All	Disadvantaged	Free School Meals	First language other than English	Any Special Educational Needs
Average Attainment 8 score of all pupils	BCP	50.0	36.4	36.2	53.1	35.2
	DC	44.1	33.1	33.4	49.2	27
	South West	46.2	33	32.8	49.5	28
	England	46.3	35.1	34.8	49.3	28
Percentage of pupils achieving grades 5 or above in English and Mathematics GCSEs	BCP	53.8%	29.7%	29.4%	55.7%	30.9%
	DC	40.2%	20.9%	21.6%	53.3%	13%
	South West	44.7%	21.1%	20.8%	48.6%	16.2%
	England	45.3%	25.2%	24.8%	50%	16.8%
Total number of pupils at the end of key stage 4	BCP	3,836	767	673	442	725
	DC	3,781	839	745	137	733
	South West	56,009	11,758	9,948	4,045	10,097
	England	603,648	157,984	136,068	105,059	100,066

Source: Key State 4 Performance data, DfE[18]

Figure 66 shows that the proportion of students achieving sustained, education, employment and apprenticeship destinations after completing KS4 (aged 16), is higher than the national and regional average for both BCP and Dorset.

Whilst the proportions achieving a sustained apprenticeship destination and a sustained employment destinations are higher than the national average in both BCP and DC, they are lower than the regional average.

In both BCP and DC areas, 49.2% of all students attended school sixth forms, compared to 37.9% in England.

[18] All state-funded schools include local authority maintained mainstream schools, academies, free schools, city technology colleges, further education colleges with provision for 14 to 16 year-olds and state-funded special schools. **They exclude independent schools, independent special schools, non-maintained special schools, hospital schools, pupil referral units and alternative provision.** Alternative provision includes academy and free school alternative provision.

Figure 66: Key stage 4 destinations, academic year 21/22

	BCP	DC	South West	England
Sustained apprenticeships	3.7	4.0	4.7	3.4
Sustained education destination	86.2	85.7	84.6	86.2
Sustained employment destination	4.5	4.7	4.8	4.0
Not recorded as a sustained destination	4.8	4.7	5.1	5.2
Sustained education, employment & apprenticeships	94.4	94.4	94.1	93.6
Type of provider				
Further education	35.7	35.8	41.7	34.7
Other education destination	0.9	0.6	0.6	0.5
School sixth form	49.2	49.2	36.8	37.9
Sixth form college	0.4	0.1	5.3	13.1

Source: Key Stage 4 Destination Measures, Academic year 2021/22, State-funded mainstream schools

Disadvantaged pupils were less likely to be in a sustained education, employment and apprenticeship destination (88.6% BCP, 88.3% Dorset), although the proportion achieving employment destinations was higher (7.0% BCP and 6.2% Dorset).

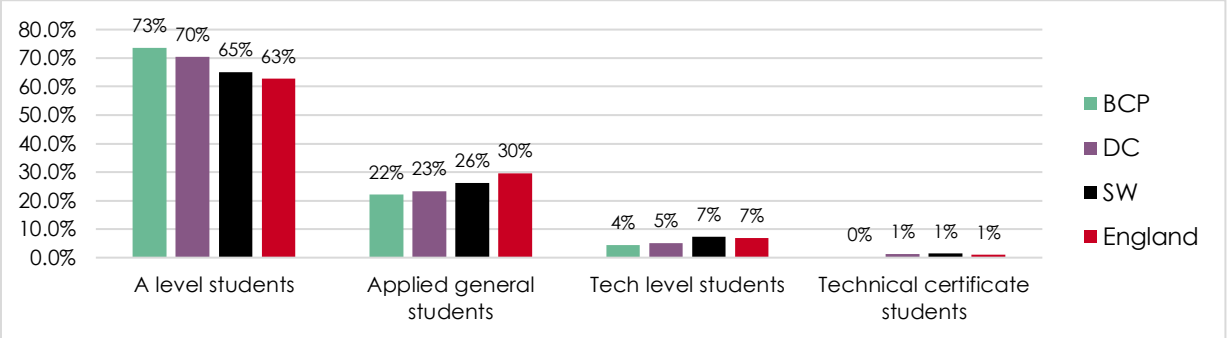
Neets

The Department for Education (DfE) publishes an estimate each year of the proportion of 16-17 year olds not in education, employment or training (NEET).[19] This shows as of the end of 2022, the NEET rates was 3.4% in BCP and 3.8% in DC, which compares favourably with the South West rate of 5.8% and the England rate of 5.2%.

Educational outcomes at key stage 5

At 16-18, qualifications are grouped into A levels, applied general, and technical level exam cohorts at level 3 and technical certificates at level 2. Figure 67 shows that the proportion of students studying A-levels in BCP and DC were much higher than the regional and national average. Conversely the proportion studying applied general or technical level qualifications is lower. This pattern may be explained by the higher than average proportion of KS4 students attending school sixth forms, which often focus on A-levels, rather than other types of qualification (see figure 66 above).

Figure 67: Proportion of 16-18 students by type, academic year 2022/23 – all students

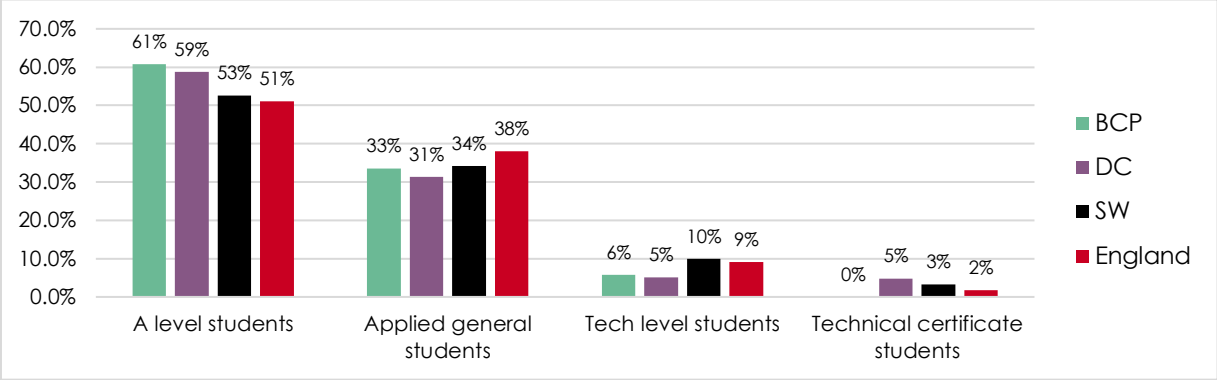


Source: A Level and other 16-18 results

Figure 68 overleaf shows that the pattern for disadvantaged students is slightly different with these students more likely to study applied general or technical qualifications, although fewer disadvantaged students in BCP and DC areas studied these qualifications compared to their national counterparts.

[19] https://department-for-education.shinyapps.io/neet-comparative-la-scorecard/

Figure 68: Proportion of 16-18 students by type, academic year 2022/23 – disadvantaged students



Source: A Level and other 16-18 results

Figure 66 shows the average point score for 16-18 qualifications. This shows that the average point score (APS) for each A level entry varied between the two local authorities. The score within the DC area was lower than both the regional and national average. However, for BCP it was much closer to the national average.

For applied general qualifications, the APS in BCP was similar to that of DC. For both areas, the score fell below both regional and national averages. Conversely, whilst only a small proportion of students entered tech-level exams, the APS per entry was higher than both regional and national averages.

Figure 69: Average point score (APS) for 16-18 qualifications, academic year 22/23

	BCP	DC	South West	England
APS per A level entry	34.96	32.63	33.88	35.16
APS per applied general entry	28.36	28.28	29.65	29.56
APS per tech level entry	30.61	29.92	29.65	28.51
APS per technical certificate entry	7.17	6.24	5.9	5.68

Source: A Level and other 16-18 results

Figure 70 shows the destinations that young people went on to after key stage 5 (e.g. A-levels). This shows that the proportion going into a sustained education, apprenticeships or employment destination was similar to the national average. Disadvantaged young people were less likely be in a sustained education destination (28.9% in BCP and 35.6% in DC compared to 43.7% and 42.4% for non-disadvantaged students), which has implications for social mobility.

However, compared with the national average, young people in BCP and DC were:

- More likely to go into employment; and
- Less likely to go into higher education.

There are two issues to consider with this pattern:

1) As more young people are going into employment destinations, it is surprising that take-up of applied general or technical qualifications is not higher – this may indicate a misalignment of provision. Equally, it may indicate entry into lower skilled, lower paid employment pathways or a lack of aspiration.
2) Given the importance of higher level skills to productivity growth and future skills needs, the fact that young people in the area are less likely to go into higher education has implications for growth and social mobility.[20]

[20] How higher education can boost people-powered growth, The Economy 2030 Enquiry, 2023

The proportion going into an apprenticeship was slightly lower than the national average in Dorset and slightly higher in BCP.

Figure 70: Key stage 5 destinations, academic year 21/22

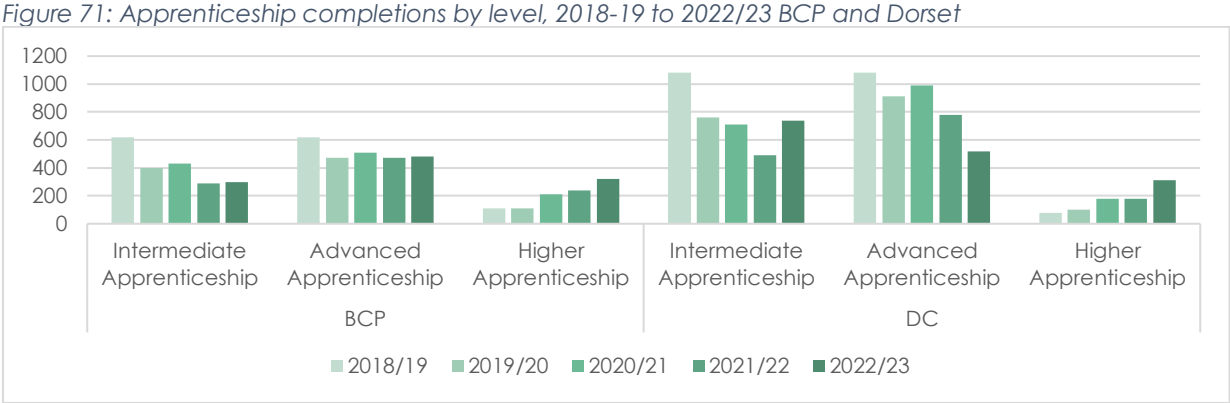
	BCP	DC	South West	England
Sustained apprenticeships	8.3	6.8	8.4	7.2
Sustained education destination	43.7	42.4	42.1	51.2
Sustained employment destination	31	33.3	32.7	24.2
Sustained education, apprenticeship or employment	83	82.5	83.2	82.6
UK higher education institution	38	35	34.7	43.7
Intermediate apprenticeships (level 2)	3.1	2.8	3.2	2.5
Advanced apprenticeships (level 3)	3.7	3.1	4.3	3.6
Higher and degree apprenticeships (level 4 and above)	1.4	0.9	0.9	1.1

Source: 16-18 destination measures, Local Education Authority Area, State funding mainstream schools and colleges 2021/22

Apprenticeships

Figure 71 shows that in both BCP and DC areas the number of apprenticeship completions has fallen since pre-pandemic levels, for intermediate and advanced apprenticeships. In contrast, the number of higher apprenticeships has grown in both areas.

Figure 71: Apprenticeship completions by level, 2018-19 to 2022/23 BCP and Dorset



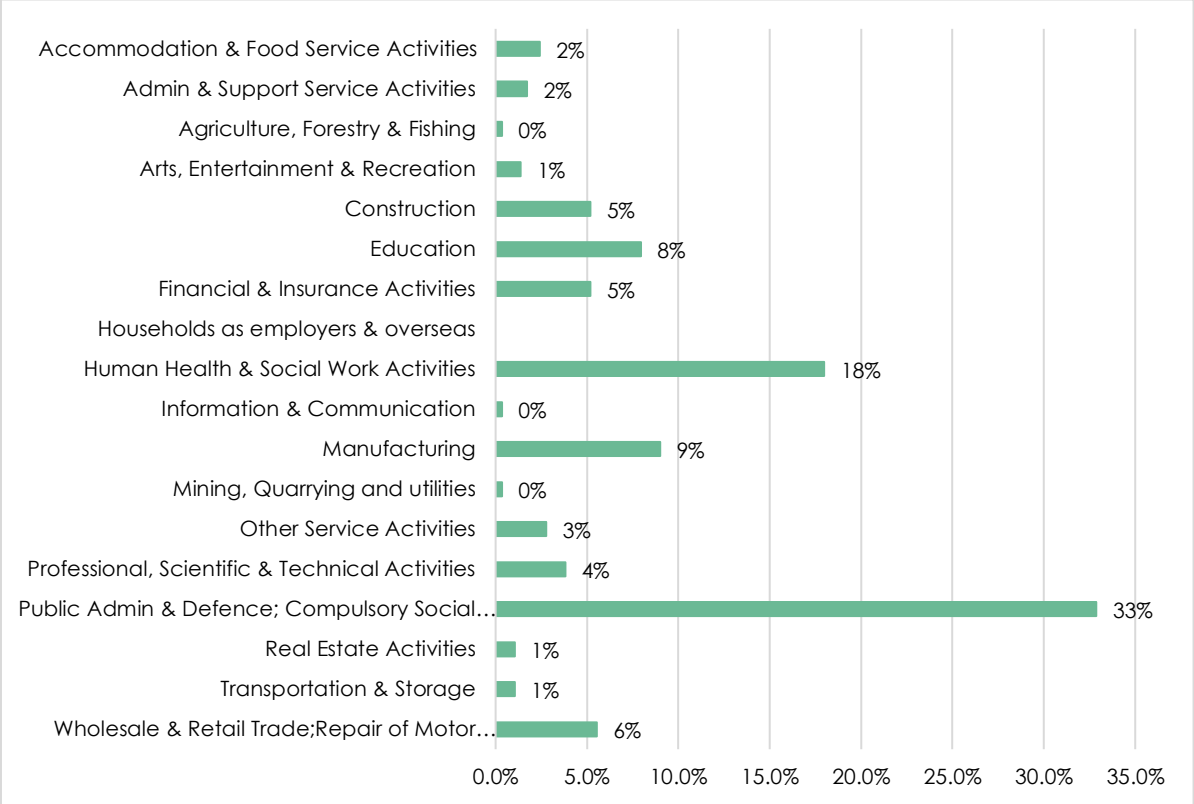
Source: Geography LAD and PCON - Starts, Participation, Achievements by Age, Sex, Level

Of the apprenticeship completions in the pan Dorset area in 22/23, 22% were under 19, 32% were aged 19-24 and 45% were aged 25 or over. This demonstrates the importance of apprenticeships as a training route for adults.

Figure 72 shows the industry sector with the highest number of completed apprenticeships in 2020/21 in the pan Dorset area was public admin and defence which accounted for 33% of completions. This is equivalent to 950 apprentices or 7% of all apprentices in this industry sector in England. 910 of these were in the DC area.

The second largest industry sectors were human health and social work (18%), followed by manufacturing (9%).

Figure 72: Proportion of apprenticeship completions by enterprise characteristic, pan Dorset, 2020/21



Source: Apprenticeship achievements by enterprise characteristic and geography 2020/21

Figure 73 shows apprenticeship destinations and median annualised earnings for people completing apprenticeships at different levels. This shows that:

- In 2020/21, 94% of apprentices had a sustained positive destination in the pan Dorset area compared to 93% for England;
- The sustained positive destination rate increased with the apprenticeship level; and
- Median annualised earnings one year after study were higher in the pan Dorset area than in England.[21]

Figure 73: Apprenticeship destinations and median annualised earnings

	Sustained positive destination rate		Median annualised earnings	
	Pan Dorset	England	Pan Dorset	England
Total	94%	93%	£24,140	£23,100
Intermediate Apprenticeship	94%	93%	£21,650	£19,600
Advanced Apprenticeship	93%	93%	£26,920	£23,660
Higher (Level 4) Apprenticeship	93%	95%	£30,620	£29,310
Higher (Level 5) Apprenticeship	97%	95%	£30,470	£33,710
Higher (Level 6) Apprenticeship	100%	95%	£45,820	£35,860
Higher (Level 7+) Apprenticeship	100%	95%	£35,200	£43,600

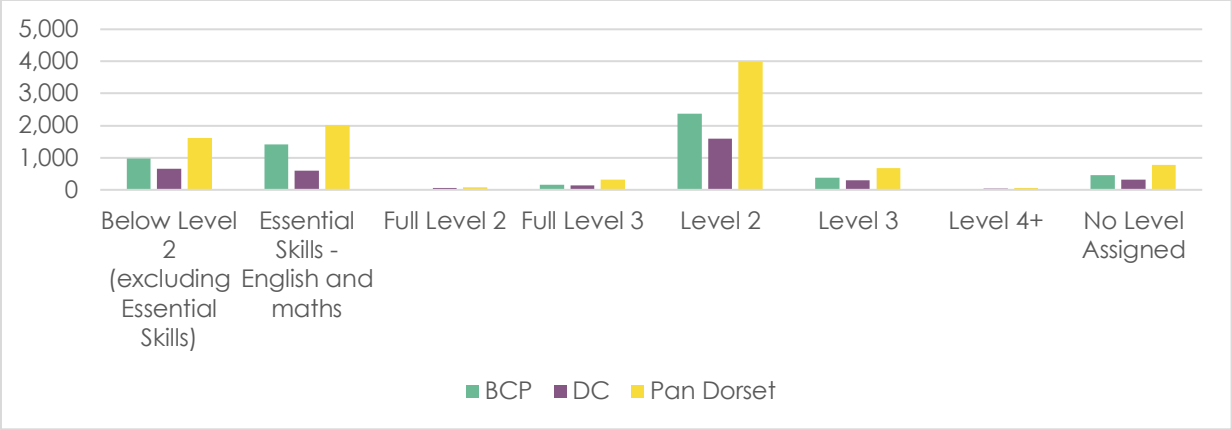
Source: Further Education Outcomes 2020/21

[21] Earnings estimates are based on information recorded by HMRC through the Pay As You Earn (PAYE) and self-assessment tax return systems for collecting income tax and national insurance. Learners are only included in the figures if they have an earnings record on the self-assessment data or P14 (HMRC data), a record of sustained employment in the Real Time Information submitted to HMRC, and no record of further study at a Higher Education institution.

Adult education

Adult (19+) education and training includes classroom, distance and e-learning, traineeships and learning funded by advanced learner loans. Total achievement levels have varied in the last 3 years but in 2022/23 there were 7,550. Figure 74 shows that level 2 achievements were the most popular, followed by basic skills and courses below level 2.

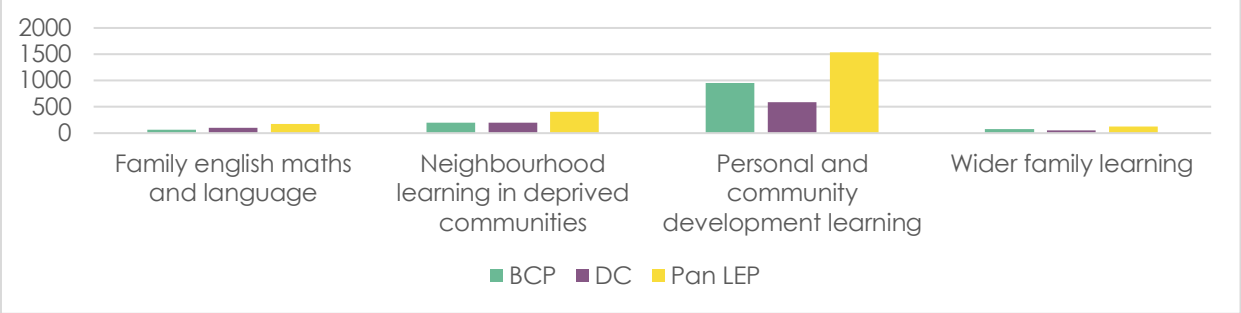
Figure 74: Adult education and training, achievements by level and type, pan Dorset 2022/23



Source: Adult Education and training achievements, 2022/23[22]

Community learning includes a range of non-formal courses to promote civic engagement and community development. In 2022/23 over 2,000 people achieved qualifications through community education. Figure 75 shows that the majority of these were in personal and community development learning.

Figure 75: Community education achievements by type, pan Dorset, 2022/23



Source: Adult Education and training achievements, 2022/23

Figure 76 shows that the participation rate per 1,000 population is higher than the national average in the area for apprenticeships, but lower than the national average for education and training and community education provision.

Figure 76: Indicative participation rate per 1,000 population

	Apprenticeships	Education and Training	Community Education
BCP	2,075	2,549	569
DC	3,589	2,038	474
Pan Dorset	2,769	2,316	526
England	2,095	2,811	916

Source: Adult Education and training achievements, 2022/23[23]

[22] A full level 2 achievement is equivalent to 5 or more GCSEs at grades 9-4 and a full level 3 achievement is equivalent to 3 or more A-levels.
[23] A full level 2 achievement is equivalent to 5 or more GCSEs at grades 9-4 and a full level 3 achievement is equivalent to 3 or more A-levels.

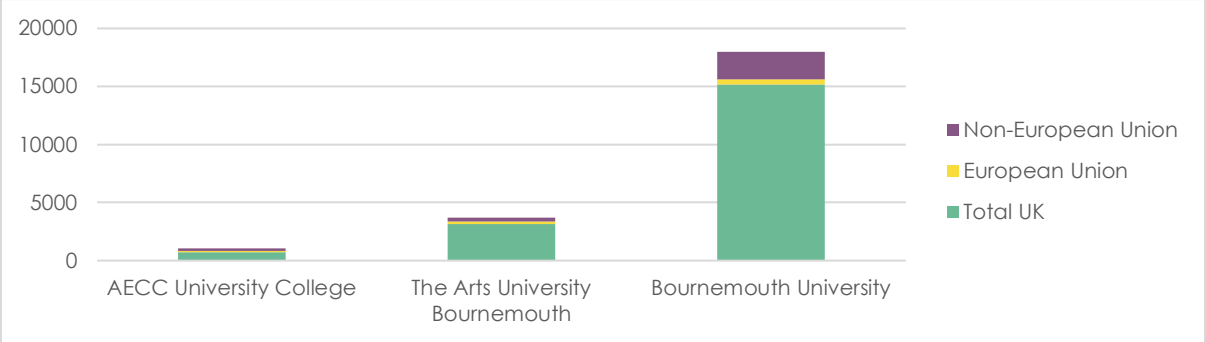
Higher education

Figure 77 shows that the area's three universities had 22,720 students enrolled in 2021/22, of which:

- 16% were international students; and
- 21% were post graduate students.

Bournemouth University is the largest institution, followed by the Arts University Bournemouth and AECC University College.

Figure 77: Students enrolled in the area's universities, by student domicile, 2021/22

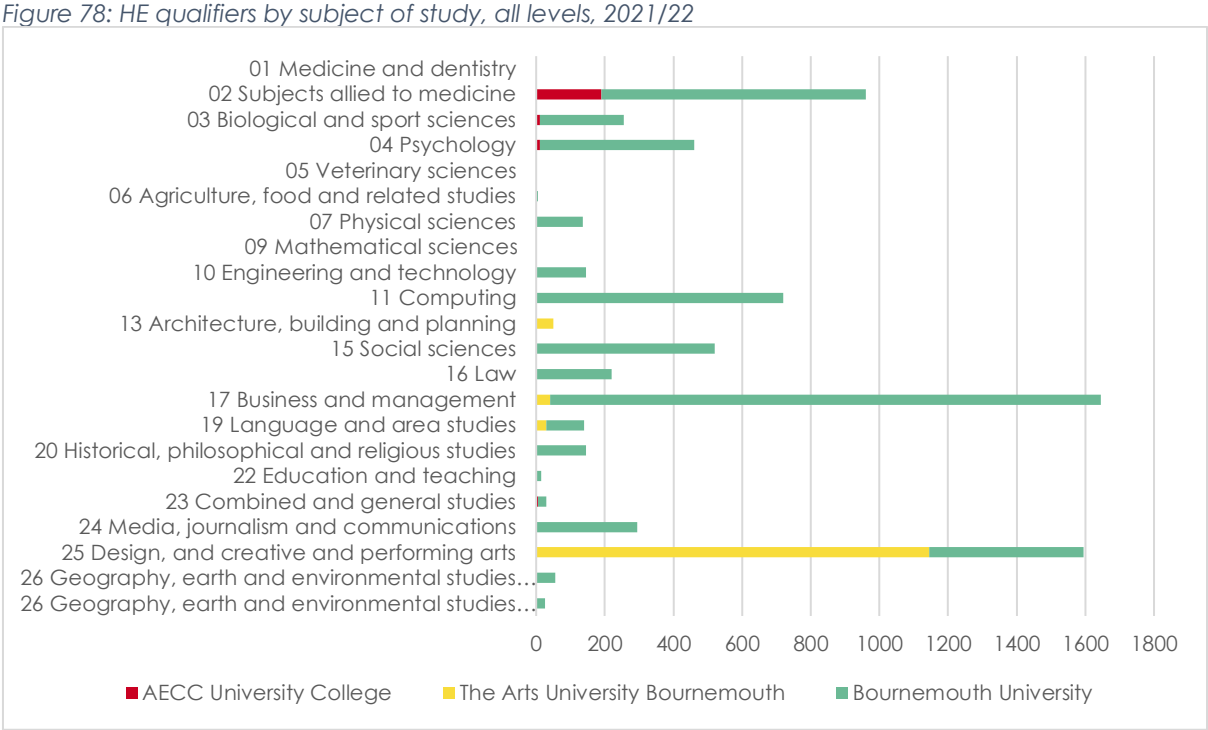


Source: HESA

In 2021/22 there were 7,405 graduates qualifying from the pan Dorset area's institutions. Of which, 28% were post-graduates. Figure 78 shows high volumes of graduates in:

- Business and management;
- Design and creative and performing arts (particularly associated with the Arts University Bournemouth);
- Subjects allied to medicine (which is a particular focus of AECC University College); and
- Computing.

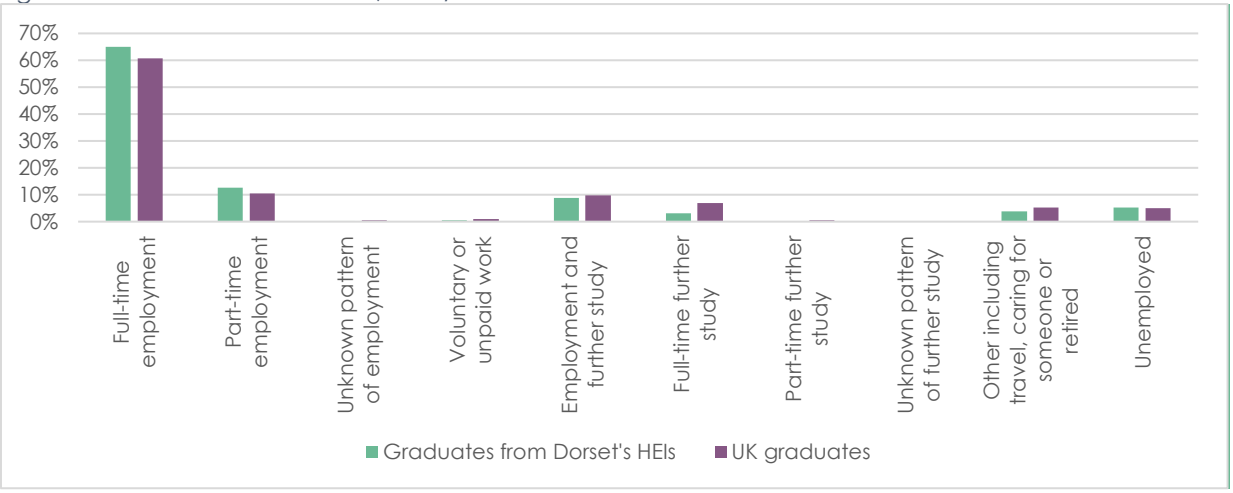
Figure 78: HE qualifiers by subject of study, all levels, 2021/22



Source: HESA

Figure 79 shows that 86% of graduates from the area's HEIs were in some form of paid employment 15 months after course completion, which is higher than the employment rate for all UK graduates.

Figure 79: Graduate destinations, 2020/21



Source: Graduate Outcome Survey, HESA[24]

In terms of industry of employment, graduates from the area's HEIs were more likely to be employed in information and technology (15% of Dorset graduates compared to 8% of UK graduates) and less likely to be employed in education (7% compared to 18%).

Geographical mobility of young people

ONS have conducted research to explore the links between education, geographical mobility and place characteristics for towns and cities across the UK and the extent to which towns and cities in England retain and attract qualified labour.[25] The analysis uses the Longitudinal Education Outcomes (LEO) dataset, which combines education data from early years through to higher education with labour market data. The analysis tracks the outcomes from four cohorts of pupils living in England who took their GCSEs at the end of Key Stage 4 in stage schools between 2008 and 2011. Individuals in this cohort have been split into two groups, according to the highest qualification levels achieved by the academic year 2017 to 2018:

- **graduates** – those who obtained at least a bachelor's degree, or equivalent level 6 qualifications; and
- **non-graduates with advanced qualifications** – those who obtained a sub-degree higher education qualification (level 4 and level 5), combined with those who achieved an advanced post-16 education (level 3), referred to in this article as level 3 (L3) to level 5 (L5) non-graduates.

Figure 80 shows the proportion of the cohort from each town who went on to achieve a graduate-level qualification as well as the share that obtained a Level 3 to Level 5 non-graduate qualification. The proportion achieving a graduate level qualification ranged from 22.0% in Weston to 52.0% in Merley. The average across the pan Dorset towns was 30.1%, slightly lower than the England average of 32%, which is consistent with the Key Stage 5 destination data above which shows a lower proportion of young people than average go on to higher education. Towns with a higher than average graduate share, also had lower levels of deprivation.

[24] It should be noted that this cohort completed their studies during the COVID-19 pandemic.
[25] Geographical mobility of young people across English towns and cities: March 2024, ONS

Figure 80 also shows that the proportion of non-graduates with a L3 to L5 qualification ranged from 28.9% in Wimborne Minster to 37.3% in Weston and the proportion achieving this level was slightly higher than the national average (32.9% compared to 31%).

Figure 80: Proportion of 2008-2011 GCSE cohort who went on to achieve graduate or L3-L5 non graduate qualifications by 2017-2018

	GCSE Cohort '08 to '11	Proportion of graduates	Proportion of L3 to L5 non-graduates
Blandford Forum	520	25.0%	29.8%
Bournemouth	6575	28.1%	31.8%
Bridport	560	25.9%	33.9%
Christchurch	2055	32.1%	35.8%
Dorchester	905	37.6%	33.1%
Ferndown	985	32.0%	34.5%
Gillingham	535	28.0%	32.7%
Merley	250	52.0%	32.0%
Poole	6665	29.9%	32.0%
Shaftesbury	340	29.4%	35.3%
St Leonards	185	43.2%	29.7%
Swanage	430	29.1%	32.6%
Verwood	575	30.4%	36.5%
Wareham	250	30.0%	30.0%
Weston	295	22.0%	37.3%
Weymouth	2365	29.0%	35.9%
Wimborne Minster	675	39.3%	28.9%
Pan Dorset towns	24,165	30.1%	32.9%
England average	2.3m	32%	31%

Source: Geographical mobility of young people across English towns and cities, March 2024

Tables 81 and 82 explore the extent to which the young people in the GCSE cohort above changed their location between taking their GCSE exams in 2007-2011 and the end point of the cohort analysis, which was the tax year 2018 to 2019, when the young people would have been aged between 24 and 27 years.

Figure 81 shows that the share of graduates that moved ranged from 38.1% in Bournemouth to 57.7% in Blandford Forum and the towns with the highest proportion of movers were those in rural travel to work areas and smaller towns. This is consistent with the national pattern.

Overall, across the area, 43.5% of graduates had moved from the town or city where they took their GCSEs to another town or city by the mid-late 20's. This compares to 36% for England. Within this it is important to understand a bit more about where they are moving to. The table shows that a relatively small proportion moved within their travel to work area and the majority moved region.

Figure 82 shows that the share of L3-L5 non-graduates that moved ranged from 22.5% in Bournemouth to 54.5% in St Leonards and the Pan Dorset average was 28.5% compared to 29% for England. Of these movers, compared with the graduates, a lower proportion appear to have moved out of the region.

Figure 81: Share of graduates who moved from the place they took their GCSEs in 2007-2011 to another town or city by 2018-19 and of these, the share the remained in the same TTWA or moved region

	Share of graduates who moved	Share of movers that remained in TTWA	Share of movers who moved region
Blandford Forum	57.7%	*	53.3%
Bournemouth	38.1%	9.2%	75.2%
Bridport	51.7%	*	66.7%
Christchurch	43.9%	25.9%	60.3%
Dorchester	54.4%	*	67.6%
Ferndown	47.6%	23.3%	56.7%
Gillingham	56.7%	*	58.8%
Merley	46.2%	*	66.7%
Poole	39.3%	3.8%	71.3%
Shaftesbury	55.0%	*	63.6%
St Leonards	43.8%	*	85.7%
Swanage	44.0%	*	54.5%
Verwood	48.6%	*	70.6%
Wareham	46.7%	*	71.4%
Weston	53.8%	*	*
Weymouth	48.2%	13.6%	59.1%
Wimborne Minster	50.9%	*	70.4%

Source: Geographical mobility of young people across English towns and cities, March 2024

Figure 82: Share of L3 to L5 non graduates who moved from the place they took their GCSEs in 2007-2011 to another town or city by 2018-19 and of these, the share the remained in the same TTWA or moved region

	Share of L3 to L5 non-graduates who moved	Share of movers that remained in TTWA	Share of movers who moved region
Blandford Forum	32.3%	*	*
Bournemouth	22.5%	20.2%	41.5%
Bridport	36.8%	*	*
Christchurch	34.7%	51.0%	45.1%
Dorchester	33.3%	40.0%	25.0%
Ferndown	36.8%	48.0%	28.0%
Gillingham	48.6%	29.4%	*
Merley	31.3%	*	*
Poole	22.8%	11.3%	39.2%
Shaftesbury	41.7%	*	*
St Leonards	54.5%	*	*
Swanage	35.7%	*	*
Verwood	42.9%	50.0%	38.9%
Wareham	53.3%	*	*
Weston	45.5%	70.0%	*
Weymouth	24.1%	34.1%	36.6%
Wimborne Minster	43.6%	29.4%	29.4%

Source: Geographical mobility of young people across English towns and cities, March 2024

Figure 83 explores the 'journey' that young people go on when they go to university and then afterwards, breaking down the proportions that:

- Moved (away from) for HE and stayed in that area;
- Moved for HE and returned home;

- Moved for HE and moved after HE;
- Stayed home for HE and moved after; and
- Did not leave home.

Figure 83 shows that relatively small proportions of graduates moved away for HE and then stayed in the area that they studied in. Significant proportions were only observed for Dorchester, Wimborne Minster, Weymouth, Christchurch, Poole and Bournemouth.

The share of graduates who left their town for HE and then returned home ranged from 38.5% in Blandford Forum to 58.6% in Bournemouth. These figures are broadly comparable with towns of similar size in England.

Of particular interest is the proportion of graduates that did not leave home. This was relatively small with just 12.0% for graduates from Poole and 1.4% for graduates from Bournemouth. The small proportion for Bournemouth may reflect the fact that Bournemouth University is actually located in Poole. Unfortunately, the analysis conducted by ONS does allow us to understand the aggregate picture across the pan Dorset geography.

Figure 83: Movement of graduates to and from HE

Town and City Name	Share of graduates who moved away for HE and stayed afterwards	Share of graduates who moved for HE and returned afterwards	Share of graduates who moved for HE and moved elsewhere afterwards	Share of graduates who stayed during HE but moved elsewhere afterwards	Share of graduates who remained in town or city during and afterwards
Blandford Forum	*	38.5%	50.0%	*	*
Bournemouth	8.6%	58.6%	28.9%	*	1.4%
Bridport	*	44.8%	34.5%	*	*
Christchurch	9.8%	53.8%	33.3%	*	*
Dorchester	13.2%	44.1%	39.7%	*	*
Ferndown	*	49.2%	41.3%	*	*
Gillingham	*	40.0%	46.7%	*	*
Merley	*	46.2%	38.5%	*	*
Poole	8.3%	46.6%	26.8%	4.3%	12.0%
Shaftesbury	*	40.0%	50.0%	*	*
St Leonards	*	50.0%	43.8%	*	*
Swanage	*	48.0%	36.0%	*	*
Verwood	*	48.6%	37.1%	*	*
Wareham	*	53.3%	40.0%	*	*
Weston	*	46.2%	*	*	*
Weymouth	9.5%	48.9%	36.5%	*	*
Wimborne Minster	11.3%	43.4%	39.6%	*	*

Source: Geographical mobility of young people across English towns and cities, March 2024
Asterisk denotes where the same sizes are too small to be displayed

Finally, the analysis conducted by the ONS calculates for each town:

- A graduate retention rate – share of graduates from the 2008 to 2011 GCSE cohort who were still living in that town or city in the 2018-19 tax year;
- A graduate inward migration rate - the rate at which a town or city was able to attract graduates from the 2008 to 2011 GSCE cohort to move to that town or city by the 2018-19 tax year; and
- A graduate net gain rate - proportion of graduates gained or lost (net).

Figure 84 shows that only Bournemouth has a positive net gain rate and all other areas experience a net loss of graduates. However, the analysis does not tell us the extent to which the towns are losing graduate to each other or the aggregate position across the pan Dorset geography.

Figure 84: Graduate retention rate, inward migration rate and net gain rate for towns in the pan Doret area

	Graduate retention rate	Graduate inward-migration rate	Graduate net gain rate
Blandford Forum	39%	9.6%	-19.2%
Bournemouth	60%	20.6%	33.5%
Bridport	45%	6.3%	-31.0%
Christchurch	55%	6.8%	-23.5%
Dorchester	44%	8.0%	-33.8%
Ferndown	51%	6.6%	-30.2%
Gillingham	43%	*	*
Merley	46%	*	*
Poole	59%	8.0%	-15.0%
Shaftesbury	40%	*	*
St Leonards	50%	13.5%	-18.8%
Swanage	52%	*	*
Verwood	51%	6.1%	-28.6%
Wareham	53%	*	*
Weston	46%	*	*
Weymouth	50%	4.0%	-35.0%
Wimborne Minster	45%	8.0%	-34.0%

Source: Geographical mobility of young people across English towns and cities, March 2024
Asterisk denotes where the same sizes are too small to be displayed

Figure 85 shows the same data but for L3-L5 non graduates. This shows that many more towns had a positive net gain rate for young people with these sub-degree higher education qualifications.

Figure 85: L3-L5 non-graduate retention rate, inward migration rate and net gain rate for towns in the pan Doret area

	L3 to L5 non-graduates retention rate	L3 to L5 non-graduates inward migration rate	L3 to L5 non-graduates net gain rate
Blandford Forum	67.7%	11.5%	6.5%
Bournemouth	75.1%	14.4%	20.3%
Bridport	63.2%	9.8%	-7.9%
Christchurch	63.3%	9.0%	-11.6%
Dorchester	63.3%	12.7%	1.7%
Ferndown	61.8%	10.2%	-8.8%
Gillingham	51.4%	10.3%	-17.1%
Merley	68.8%	*	*
Poole	75.8%	8.2%	2.8%
Shaftesbury	58.3%	17.6%	2.8%
St Leonards	54.5%	*	2.8%
Swanage	60.7%	7.0%	2.8%
Verwood	54.8%	9.6%	2.8%
Wareham	46.7%	14.0%	2.8%
Weston	50.0%	8.5%	2.8%
Weymouth	74.7%	7.4%	2.8%
Wimborne Minster	56.4%	9.6%	2.8%

Source: Geographical mobility of young people across English towns and cities, March 2024
Asterisk denotes where the same sizes are too small to be displayed

Graduate employment

Research conducted by the Office for Students explored the geographical distribution of graduates in highly skilled jobs (SOC major groups 1-3) and how it varies across the country (based on Travel to Work areas (TTWA)). TTWAs were grouped into quintiles, where quintile 1 includes the areas with the lowest proportion of graduates in highly skilled jobs and quintile 5 the areas with the highest proportion of graduates with highly skilled jobs.

Figure 86 shows that across Dorset's TTWA's, the percentage of graduates in highly skilled employment ranged from 63.9% in Bridport to 72.7% in Poole and all five TTWA's fell into the two lowest quintiles, which indicates that graduate opportunities are more limited in the pan Dorset area.

Figure 86: % in highly skilled employment and quintile group

Travel to work areas	Undergraduate qualifiers: % in highly skilled employment	Undergraduate qualifiers: Quintile
Bridport	63.9%	1
Dorchester and Weymouth	71.2%	2
Blandford Forum and Gillingham	66.9%	1
Poole	72.7%	2
Bournemouth	71.4%	2

Source: A geography of Employment, Office for Students, Sept 2022

Summary: Skills Supply

- The area has a good supply of intermediate level skills, but a slightly lower proportion of people with Level 4 or higher qualifications than the national average
- Educational outcomes at 16 for all groups are higher than the national average amongst BCP schools and lower than the national average for DC schools.
- A high proportion of students are achieving sustained education, employment and apprenticeship destinations after key stage 4.
- At 16-18, a higher proportion of students studied A-levels than other applied or technical qualifications than the national average.
- After Key Stage 4 (A levels), a greater proportion of young people went into employment destinations than the national average and a lower proportion went into higher education. A greater proportion of young people in BCP went into an apprenticeship destination than the national average, but in Dorset a lower proportion did so.
- Apprenticeship completions have fallen since 2018/19 for intermediate and advanced apprenticeships but increased for higher apprenticeships.
- 7,550 adults achieved adult education and training qualifications in 2022/23, the majority achieved Level 2 qualifications and over 2,000 people achieved qualifications through community education.
- The area has a higher than average participation rate in apprenticeships, but lower than average rate for other routes (education and training and community education provision)
- In 2021/22 there were 22,720 students enrolled in the area's three universities, of which 16% were international students and 21% post graduate students.
- In 2021/22 there were 7,405 graduates qualifying from the area's institutions. Subjects with high volumes of graduates included: business and management, design and create and performing arts, subjects allied to medicine and computing.
- Research by ONS indicates that towns in Dorset struggle to attract and retain graduates, except for Bournemouth which was the only town to have a positive net gain of graduates. However, towns were much better at retaining and attracting young people with L3-L5 sub-degree level skills
- Graduates employed in the pan Dorset area 15 months after graduating, were less likely to be employed in highly skilled jobs than their counterparts elsewhere in the England, indicating that graduate opportunities are more limited in the area.

Skills Demand

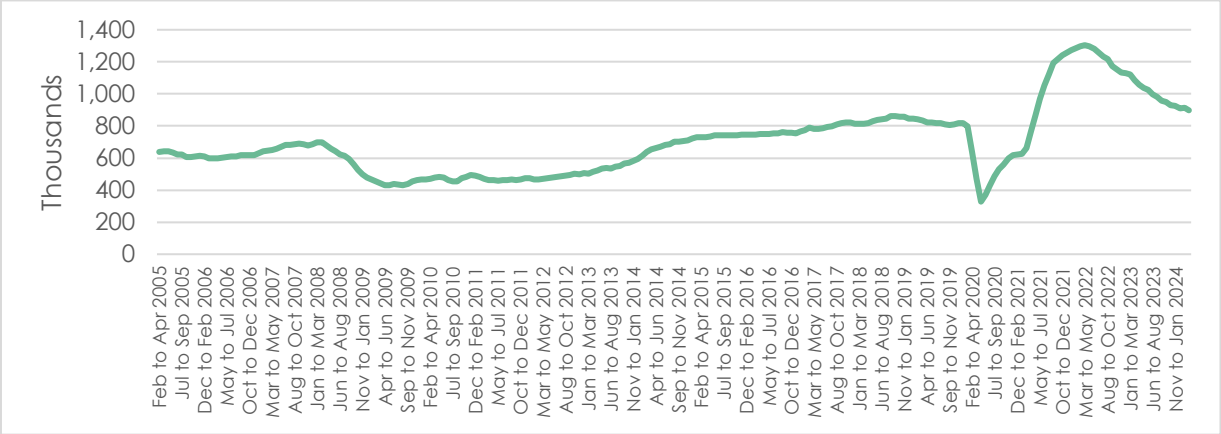
This section explores the labour and skills demands of employers in the area in terms of:

- Vacancies;
- Occupations;
- Specific skills sought; and
- Future demand.

UK vacancies and jobs

Figure 87 shows that the number of vacancies in the UK has been falling since May 2022, although the number of vacancies were still higher than pre-pandemic levels.

Figure 87: Estimated number of vacancies (UK), October- December 2004 to February to April 2024



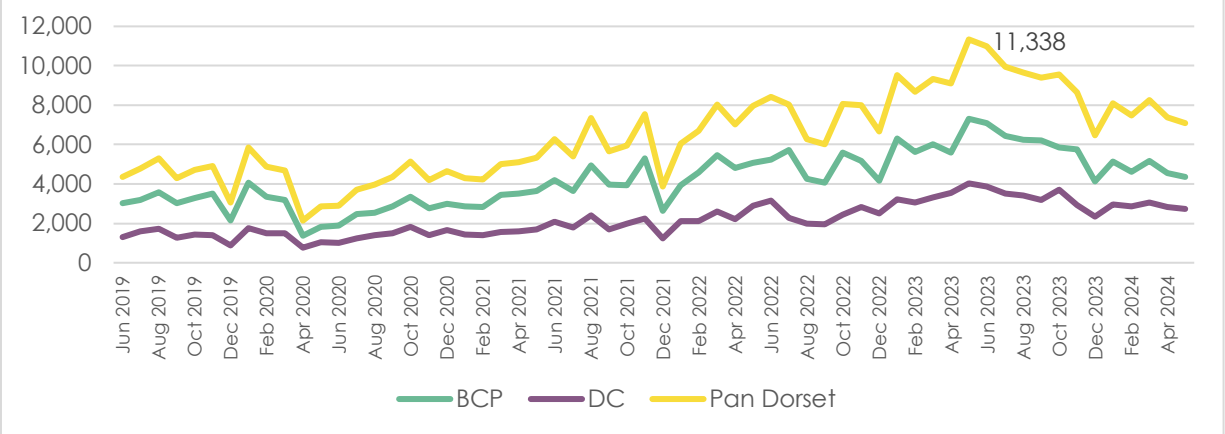
Source: Vacancies and jobs in the UK, May 2024

The total number of workforce jobs was a record 36.9m in December 2023 which is an increase of 1.2m above the December 2019 pre pandemic level. The total number of jobs includes both employee jobs and self-employment jobs. Whilst the number of employee jobs reached a record high in December 2024 (1.8m above pre-pandemic levels), the number of self-employment jobs have fallen by approx. 0.5m.

Vacancies in Dorset

Figure 88 shows that the number of vacancies in the pan Dorset area grew from a low of 2,139 in April 2020 to a peak of 11,338 in May 2023 (a full year after the national peak above). However, the number of vacancies fell month on month for the rest of 2023, before stabilising in the first half of 2024. Over 2023, there were 112,598 vacancies and 64% of these were in the BCP area and 36% in the DC area.

Figure 88: Monthly unique postings (new posts) – Pan Dorset Jan 2020 to May 2024



Source: Lightcast ™ 2024

Vacancies by employer

Figure 89 shows that the NHS is by far the largest source of labour demand in the pan Dorset area – over 5 times as many as the second largest employer – Dorset Council (excluding recruitment agencies). The NHS and the care sector continue to face significant skills shortages and recruitment difficulties (as shown by average posting duration).

Demand has also been high at local Councils, Haven Holidays, JP Morgan Chase, Holt Engineering, Ultra Agency and residential care firms. Much recruitment still flows through recruitment agencies. Strong demand has been shown for some manufacturers and engineering companies, as well as in the hospitality industry.

Figure 89: Top Employers by number of postings

Company	Unique Postings (Jan 2023 - Dec 2023)	Median Posting Duration
NHS	6,615	33 days
Rubicon Recruitment	2,117	29 days
Teaching Personnel	1,653	34 days
BCP Council	1,439	26 days
Dorset Council	1,315	25 days
Hays	1,039	30 days
Reed	905	27 days
Bond Williams	900	27 days
Mploy Staffing Solutions Limited	873	32 days
JPMorgan Chase	698	30 days
Dovetail Recruitment	647	31 days
Randstad	642	31 days
Rise Technical Recruitment Ltd	605	30 days
Ultra Agency	595	52 days
Colten Care	588	30 days
Haven Holidays	570	31 days
Prospero Teaching	546	34 days
Cma Recruitment Group	544	31 days
Holt Engineering	531	33 days
Adecco	509	34 days
South West Recruitment Limited	485	28 days
Tesco	472	28 days
Resource Recruitment	463	32 days

Source: Lightcast ™ 2024

Vacancies by industry

Figure 90 shows unique job postings by industry where the number of unique postings is greater than 1,000. Unfortunately, this is somewhat skewed by recruitment via employment agencies (where the ultimate employers could be across multiple industrial sectors). Disregarding this, the health care sector dominates, followed by retail, food and drink and residential care.

Figure 90: Pan Dorset Industry Posting 2023)

Industry	Unique Postings (Jan 2023 - Dec 2023)	Median Posting Duration
Employment Activities	35,619	31 days
Human Health Activities	8,890	32 days
Retail Trade, Except of Motor Vehicles and Motorcycles	4,339	28 days
Food and Beverage Service Activities	4,178	31 days
Residential Care Activities	3,630	30 days
Public Administration and Defence; Compulsory Social Security	2,713	26 days
Education	2,622	30 days
Activities of Head Offices; Management Consultancy Activities	2,048	29 days
Financial Service Activities, Except Insurance and Pension Funding	1,788	30 days
Other Professional, Scientific and Technical Activities	1,644	32 days
Computer Programming, Consultancy and Related Activities	1,629	29 days
Office Administrative, Office Support and Other Business Support Activities	1,582	29 days
Accommodation	1,568	29 days
Other Personal Service Activities	1,333	30 days
Services to Buildings and Landscape Activities	1,191	25 days
Real Estate Activities	1,181	30 days
Wholesale Trade, Except of Motor Vehicles and Motorcycles	1,070	30 days
Social Work Activities Without Accommodation	1,023	32 days

Source: Lightcast ™ 2024

Vacancies by occupation

Figure 91 below shows the Standard Occupation Classification (SOC) groups, the types of job and typical skills/education requirements for each group.

Figure 91: SOC groups and their skills/education levels

SOC group	Type of jobs and skills levels required
SOC 1-3 Digits	**High skilled jobs**
1 – Managers 2 – Professionals 3 – Associate Professionals	Generally require a graduate level education
SOC 4-6 Digits	**Med-range skilled**
4 – Admin 5 – Skilled trades 6 – Caring, leisure, service	Mostly require a Level 3-5 education
SOC 7-9 Digits	**Low skilled jobs**
7 – Sales 8 – Process, machine operatives 9 – Elementary	Mainly Level 2 qualifications and below

Source: ONS

Figure 92 shows that the number of vacancies recorded in the pan Dorset area has increased by 114% since 2019. However, the increase has varied by occupational group, with the largest increase observed in medium and lower skilled jobs (in particular, elementary and caring occupations). This is likely a reflection of higher turnover, declining supply and possible changes in the way employers recruit for these roles in recent years.

Therefore, the proportion of higher skilled vacancies has fallen from 54% in 2019 to 46% in 2023.

Figure 92: Vacancies by occupational group between 2019 and 2023 – Pan Dorset

	Occupation	2019	%	2023	%	% change
Higher skilled jobs	Managers, Directors and Senior Officials	4,747	9%	9,137	8%	92%
	Professional Occupations	16,255	31%	26,713	24%	64%
	Associate Professional Occupations	7,764	15%	16,520	15%	113%
Med skilled jobs	Administrative and Secretarial Occupations	4,412	8%	10,510	9%	138%
	Skilled Trades Occupations	3,700	7%	9,010	8%	144%
	Caring, Leisure and Other Service Occupations	4,258	8%	10,584	9%	149%
Lower skilled jobs	Sales and Customer Service Occupations	4,976	9%	10,882	10%	119%
	Process, Plant and Machine Operatives	2,844	5%	6,778	6%	138%
	Elementary Occupations	3,848	7%	12,950	11%	237%
	Total Across All Occupations	52,968		113,587		114%

Source: Lightcast ™ 2024

Employment by occupational group

Figure 93 below shows the actual employment in each of the broad industrial groups between 2019 and 2023. This shows that despite the increase in the number of advertised vacancies in medium and lower skilled jobs, the proportion of employment in each broad occupational group has changed very little between 2019 and 2023 and employment in the higher skilled jobs continues to dominate, accounting for 43% of all employment.

Figure 93: Employment by broad occupational group

	Description	2019 Jobs	%	2023 Jobs	%	2019 - 2023 % Change
Higher skilled jobs	Managers, Directors and Senior Officials	37,406	11%	37,082	10%	-1%
	Professional Occupations	69,258	20%	74,169	21%	7%
	Associate Professional Occupations	41,725	12%	43,828	12%	5%
Med skilled jobs	Administrative and Secretarial Occupations	42,611	12%	42,478	12%	0%
	Skilled Trades Occupations	32,525	9%	32,120	9%	-1%
	Caring, Leisure and Other Service Occupations	30,675	9%	32,377	9%	6%
Lower skilled jobs	Sales and Customer Service Occupations	32,797	9%	32,809	9%	0%
	Process, Plant and Machine Operatives	17,354	5%	19,190	5%	11%
	Elementary Occupations	44,378		47,725		8%

Source: Lightcast ™ 2024

Skills sought

Figure 94 shows that the common skills most often cited in job postings were in communication, customer service, management, sales, and detail-orientation. Specialised skills often cited in job postings included finance, project management, accountancy and auditing. Finally, the top five software skills related to Microsoft packages followed by more specialised programming languages.

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).

Figure 94: Top sought after skills (job postings) – Pan Dorset area Jan 2023 to Dec 2023

Top specialised skills	Unique postings
Finance	4,078
Project Management	3,572
Accounting	3,348
Auditing	3,159
Personal Care	2,856
Marketing	2,851
Nursing	2,721
Invoicing	2,593
Mental Health	2,435
Due Diligence	2,381
Key Performance Indicators (KPIs)	2,192
Warehousing	2,179
Housekeeping	2,118
Restaurant Operation	1,689
Risk Analysis	1,631
Machinery	1,562
Working With Children	1,530
Procurement	1,505
Sales Prospecting	1,494
Customer Relationship Management	1,492

Top common skills	Unique postings
Communication	24,244
Customer Service	15,833
Management	14,698
Sales	10,790
Detail Oriented	9,791
Teaching	6,284
Planning	5,870
English Language	5,745
Leadership	5,305
Problem Solving	4,903
Operations	4,693
Self-Motivation	4,546
Organizational Skills	4,363
Enthusiasm	4,331
Interpersonal Communications	3,876
Teamwork	3,719
Mathematics	3,459
Microsoft Excel	3,164
Time Management	3,088
Microsoft Office	2,908

Top Software skills	Unique Postings
Microsoft Excel	3,164
Microsoft Office	2,908
Microsoft Outlook	2,000
Microsoft PowerPoint	998
Microsoft Word	663
Spreadsheets	614
SQL (Programming Language)	589
Microsoft Azure	560
JavaScript	499
AutoCAD	495
SAP Applications	435
Xero (Accounting Software)	426
Python (Programming Language)	423
C++ (Programming Language)	418
C# (Programming Language)	398
Java (Programming Language)	384
Linux	366
Microsoft Teams	362
Microsoft Office 365	354
Operating Systems	334

Source: Lightcast ™ 2024

Employer skills survey

The national employer skills survey provides official statistics on vacancies, skills gaps and training amongst employers across the UK. Figure 95 shows that the % of establishments with vacancies (including hard to fill vacancies and skills shortage vacancies) is higher than the national average in the BCP area and lower than the national average in the DC area. Similarly, the same pattern was observed for the % of establishments reporting at least one skills gap. Finally, the table shows that employers in BCP appear to be responding to the challenge, with a higher proportion of establishments providing training for their staff over the past 12 months.

Figure 95: Employer Skills Survey, headline findings by Local Authority

	BCP	DC	Pan Dorset	England
% of establishments with at least one vacancy	26%	19%	22%	23%
% of establishments with at least one vacancy that is hard to fill	19%	14%	16%	15%
% of establishments with at least one skills-shortage vacancy	15%	9%	12%	10%
Percentage of establishments with at least one skill gap (i.e. 1+ employee not fully proficient)	19%	13%	16%	15%
Percentage of establishments that have funded or arranged any training for staff over the past 12 months	63%	57%	60%	60%

Source: Employer Skills Survey, 2022

Future demand

The Institute for Employment Research has produced its latest projections for the size and shape of the employment and labour market in the UK and local areas up to 2035. This research highlighted several megatrends which are expected to shape the future of work and include:

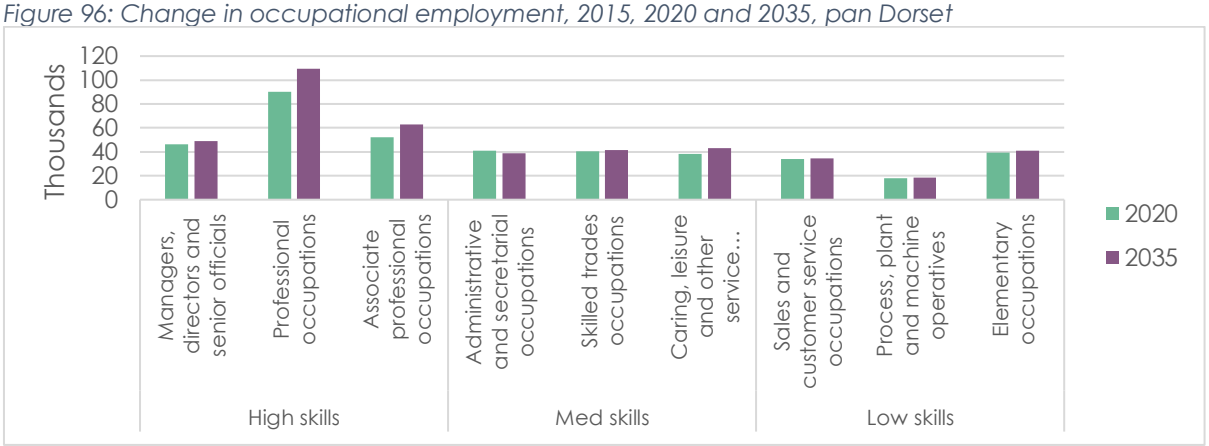
- **The Covid-19 pandemic** – which accelerated some underlying trends in working practices, such as remote working, as well as impacting many other areas such as online retailing, which are likely to continue in the future;
- **Trade** – the effect of the EU-UK Trade and Co-operation Agreement are expected to result in a long-term decline in UK exports to the world of about 13% by 2035, allowing for the potential positive prospects from unilateral trade agreements;
- **Technological developments** – the introduction of new technological advancements (digitisation, automation and AI) will continue to displace certain types of jobs or parts of jobs which are more routine, but at the same time these technological advancements are also likely to create new job opportunities;
- **Climate change and environmental issues** – the global transition to a greener economy and associated targets is altering the occupational and skills composition of the UK labour market; and
- **Demographic** - the composition of the population is an important driver of the labour market. The demographic composition in the labour market is changing considerably. The main drivers are the ageing population and an increasing percentage of females in work.

The main findings for the UK are:

- There are projected to be 2.6m new jobs by 2035, the majority of which will be taken by women, reflecting increasing participation in the labour market;
- There will be major changes to the industrial structure of employment, which will be increasingly dominated by services (significant growth in business and other services and non-market services and a decrease in manufacturing);
- Adoption of new technology will lead to some job losses, but there will be many new opportunities also;
- Employment in the health industry is projected to increase the fastest;
- Most new jobs created by 2025 will be in professional and associate professional occupations;
- Replacement demand will significantly exceed expansion demand, even in occupations which are expected to decline; and
- The workforce is expected to become increasingly well qualified.

Figure 96 shows the expected pattern of occupational change across the pan Dorset area between 2020 and 2035. This shows a projected increase within high skilled roles.

Figure 96: Change in occupational employment, 2015, 2020 and 2035, pan Dorset



Source: The Skills Imperative, Dorset LEP workbook

Figure 97 shows that expected change by occupational group alongside replacement demand between 2020 and 2035. This highlights that when replacement demand is considered, there is a positive total requirement across all occupational groups and 84% of the total requirement is replacement demand.

Figure 97: Employment change by occupational group and replacement demand, pan Dorset

	thousands			
	Baseline 2020	Net Change 2020-2035	Replacement Demand 2020-2035	Total Requirement 2020-2035
Managers, directors and senior officials	46	3	25	27
Professional occupations	90	20	46	66
Associate professional occupations	52	10	28	38
Administrative and secretarial occupations	41	-2	21	18
Skilled trades occupations	40	1	18	19
Caring, leisure and other service occupations	38	5	22	27
Sales and customer service occupations	34	0	16	16
Process, plant and machine operatives	18	0	9	9
Elementary occupations	39	2	20	21
	400	39	204	243

Source: The Skills Imperative, Dorset LEP workbook

Summary: Skills Demand

- Nationally, the number of vacancies has been falling since the May 2022, although the number of vacancies is still higher than pre-pandemic levels.
- Vacancies in the pan Dorset area grew from a low of 2,139 in April 2020 to a peak of 11,338 in May 2023. However, the number of vacancies fell month on month for the rest of 2023, before stabilising in the first half of 2024.
- The Employer Skills Survey shows that the proportion of establishments with vacancies (including hard to fill and skills shortage vacances) is higher than the national average in the BCP area and lower than the national average in the DC area.
- A higher proportion of employers in the BCP area train their staff than the national average.
- Over 2023, there were 112,598 vacancies and 64% of these were in the BCP area and 36% in the DC area.
- The NHS is the largest source of labour demand in Dorset, with over 5 times as many job postings than the second largest employer, Dorset Council
- By sector, health and social care had the most postings, followed by food and services and retail
- The number of vacancies recorded in the pan Dorset area has increased by 114% since 2019. This increase has varied by occupational group, with the largest increase observed in medium and lower skilled jobs. This is likely a reflection of higher turnover, declining supply and possible changes in the way employers recruit for these roles in recent years.
- However, despite the increase in the number of advertised vacancies in medium and lower skilled occupations, the proportion of employment in each broad occupational group has changed very little between 2019 and 2023 and employment in higher skilled jobs continues to dominate, accounting for 43% of all employment.
- Looking to the future, forecasts indicate that the number of jobs in the area will grow from c400,000 jobs in 2020 to 439,000 in 2035. The majority of new jobs created are expected to be in high skilled roles.
- However, 84% of projected employment change (204,000 jobs) will be driven by replacement demand, that is replacing workers already in the workforce who are projected to leave. The remainder (39,000) are projected to be new jobs associated with economic growth.

Housing

Why housing is important for economic growth

Research conducted by academics from the University of Glasgow suggests that housing can affect productivity in several ways:

- **Matching skills** – A shortage of affordable housing and high house prices can limit the ability of workers to move to productive places where high-wage jobs are concentrated and distributed. This trend erodes the benefits of being able to get workers with the right skills into appropriate vacancies and limits the effects that underpin agglomeration economies;
- **Formation of human capital** – There is some evidence that housing quality and availability can affect an individual's acquisition of skills (human capital) as well as impacting on health and education outcomes – particularly for children from low-income households and young people. Equally, research in Australia found that house price growth leads to a reduction in labour market participation and hours of work for older women; and
- **Capital allocation** – Rising house prices mean that households can use their increased housing wealth to take additional borrowing to fund non-housing investment or more negatively, investment flows may be diverted to housing from other, more productive channels such as business start-ups or expansion.[26]

Housing stock

In 2021, the BCP and Dorset Housing Needs Assessment found that:

- There were 184,507 dwellings in BCP and 181,739 in Dorset. This reflects an overall rate of growth of 0.59% per annum and 0.63% per annum respectively since the last census;
- The percentage of detached dwellings in both the BCP and DC areas was significantly higher than across the South West (29.8%) and England and Wales (22.6%). The percentage of flats in BCP was also significantly higher than the regional and national figures (19% and 21.6% respectively);
- The most common size of home in the DC area is 3-bedrooms (40.8% compared to the national average of 41.6%), whereas in BCP the most common is 2- bedroom (33.7% compared to the national average of 27.6%). Similarly, the number of 1-bedroom homes in BCP (15.5%) is above the national equivalent (11.5%);
- Around 2.3% of households in the DC area live in over-occupied dwellings while in BCP the number reaches 3.7%. Both figures are slightly lower than England and Wales (4.5%) and span the regional figure of 2.8%; and
- Conversely, under occupancy (classed here as having 2 or more spare bedrooms), is significantly higher in the DC area (40.5%) than BCP (29.9%), the South West (38.7%) and England and Wales (34.6%).

Housing quality

Modelling conducted by DLUCH, based on the English Housing Survey results has modelled estimates of:

- The number and proportion of occupied homes that are deemed non-decent according to the Decent Homes Standard in each local authority area; and
- The number and proportion of occupied homes that are deemed unsafe due to having a Housing Health and Safety Rating system (HHSRS) Category 1 hazard in each local authority areas.

For a dwelling to be considered 'decent' under the Decent Homes Standard, it must:

[26] How does the housing market affect UK Productivity. Duncan Maclennan and Jinqiao Long, 27th February 2023 How does the housing market affect UK productivity? - Economics Observatory

- meet the statutory minimum standard for housing (the Housing Health and Safety Rating System, since April 2006), homes which contain a Category 1 hazard under the HHSRS are considered non-decent;
- provide a reasonable degree of thermal comfort;
- be in a reasonable state of repair; and
- have reasonably modern facilities and services.

Figure 98 below shows that there were estimated to be 58,000 dwellings in the area that do not meet the decent homes standard. This is equivalent to 17.5% of all homes in the DC area and 15.2% of all homes in the BCP area, which is slightly higher and lower than the England average respectively.

Figure 98: Number and proportion of non-Decent dwellings

	No. of non-Decent dwellings	Proportion of non-Decent Dwellings
BCP	27,062	15.2
DC	30,642	17.5
England	3,942,787	16.7

Source: English Housing Survey: Local authority housing stock condition modelling, 2019, DLUHC

Figure 99 shows that the proportion of non-decent dwellings is highest in the private rented sector in both areas, which is similar to the national pattern.

Figure 99: Proportion of non-Decent dwellings by tenure

	Owner occupied	Private rented	Social	All Rented
BCP	12.9	23.0	15.3	20.4
DC	16.2	27.3	17.4	22.0
England	16.4	23.3	12.0	17.2

Source: English Housing Survey: Local authority housing stock condition modelling, 2019, DLUHC

Figure 100 shows that the proportion of non-decent homes varies by type of dwelling, with the highest proportions found in terraced properties, flats and bungalows.

Figure 100: Proportion of non-Decent dwellings by type

	Detached	Semi-detached	Bungalow	Terraced	Flats
BCP	10.3	9.6	15.6	18.4	19.0
DC	12.8	11.5	20.3	22.2	20.6
England	12.8	16.3	13.4	18.0	19.1

Source: English Housing Survey: Local authority housing stock condition modelling, 2019, DLUHC

The HHSRS is a risk-based assessment that identifies hazards in dwellings and evaluates their potential effects on the health and safety of occupants and their visitors, particularly vulnerable people. The most serious hazards are called Category 1 hazards and where these exist in a home, it fails to meet the statutory minimum standard for housing in England.

Figure 101 shows that there were estimated to be 32,000 dwellings in the area that contain a Category 1 hazard. As a proportion of all dwellings, 11.0% of dwellings in the DC area contained a Category 1 hazard and 7.3% of dwellings in the BCP area did so. This compared to 9.9% of dwellings in England.

Figure 101: Number and proportion of dwellings with a Category 1 hazard

	No. of Cat 1 hazard dwellings	Proportion of Cat 1 hazard dwellings
BCP	13,050	7.3
DC	19,222	11.0
England	2,347,512	9.9

Source: English Housing Survey: Local authority housing stock condition modelling, 2019, DLUHC

Figure 102 shows that dwellings in the private rented sector in both local authority areas were more likely to contain a category 1 hazard.

Figure 102: Proportion of dwellings to contain a Category 1 hazard by tenure

	Owner occupied	Private rented	Social	All Rented
BCP	7.5	8.7	3.6	6.9
Dorset	11.6	13.6	5.2	9.1
England	10.4	12.9	5.3	8.8

Source: English Housing Survey: Local authority housing stock condition modelling, 2019, DLUHC

Figure 103 shows that terraced properties and bungalows were more likely to contain a category 1 hazard in both local authority areas.

Figure 103: Proportion of dwellings to contain a Category 1 hazard by type

	Detached	Semi-detached	Bungalow	Terraced	Flats
BCP	8.1	5.4	11.6	12.4	4.3
Dorset	10.1	6.5	15.4	15.7	5.9
England	10.1	10.3	8.8	11.5	7.7

Source: English Housing Survey: Local authority housing stock condition modelling, 2019, DLUHC

Housing tenure

Figure 104 shows that more households in the DC area owned their properties outright than the national average (46% compared to 33% for England). Conversely, a slightly lower proportion than the national average owned their properties with a mortgage or rented (either socially or through a private landlord).

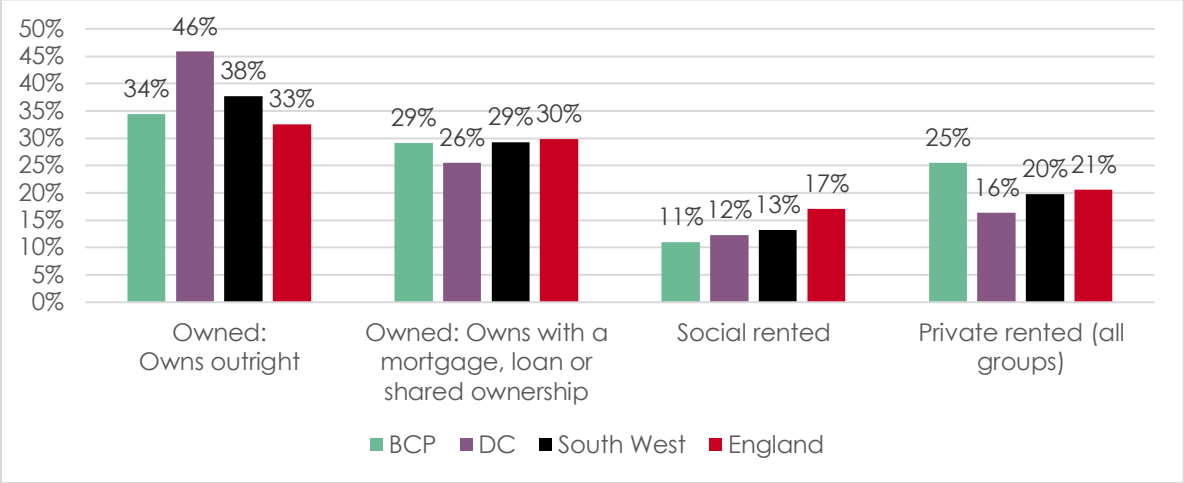
In contrast, within the BCP area, outright home ownership levels were a fraction higher than the national average, and those that owned their own home with a mortgage was a fraction higher than the national average. In terms of renting, 36% of BCP households were renting (compared to 38% in England). In BCP a higher proportion of households rented privately than the national average (25% in BCP compared to 21% in England).

Nationally, research found that that 11% of people found it difficult to afford their mortgage in 2022 and more than a quarter of private renters (29%) and social renters (27%) found it difficult to pay rent.[27] However, research indicates that the private rented sector is the most expensive and often the poorest quality.[28]

[27] English Housing Survey, 2022 to 2023 Headline report

[28] Meeting housing demand, House of Lords, Built Environment Committee, 1st report of session 2021-22

Figure 104: Household tenure



Source: Household characteristics by tenure, England and Wales, Census, 2021

However, housing tenure varies significantly across households of different ages. Figure 105 shows households where all members are between the aged of 16-64. In the DC area these household were more likely to own their homes outright than the national average, whereas those in the BCP area were less likely to do so. Similarly, this group in the DC area were less likely to be renting than the national average, however in BCP, they were more likely to be renting (and renting in the private sector).

Figure 105: Housing by tender where household members are all aged 16-64 years

	No. of households	Owned: Owns outright	Owned: Owns with a mortgage, loan or shared ownership	Social rented	Private rented or lives rent free
BCP	74,645	18%	35%	11%	36%
DC	60,480	28%	36%	13%	23%
England	10,231,040	21%	35%	16%	28%

Source, Census, 2021

Figure 106 shows that amongst households where members were all aged over 65, households in both the BCP and DC areas were more likely to own their homes outright than the national average. Whilst more households rented in the BCP area than within the DC area, the proportion renting was lower than the national average in both areas. However, a key concern for this group is the affordability of private rents when their incomes drop at retirement and rents continue to rise.[29]

Figure 106: Housing tenure where household members are all aged 65 years and over

	No. of households	Owned: Owns outright	Owned: Owns with a mortgage, loan or shared ownership	Social rented	Private rented or lives rent free
BCP	47,100	74%	6%	12%	8%
DC	59,775	78%	5%	9%	7%
England	5,447,535	72%	5%	16%	7%

Source, Census, 2021

Figure 107 shows that amongst householders where members were aged 0-15 and 16-64 years (i.e. typical families with children), housing tenure is similar to the national average, except for the fact that BCP has a much higher proportion of households living in the private rented

[29] Meeting housing demand, House of Lords, Built Environment Committee, 1st report of session 2021-22

sector than the national average. This highlights a key affordability challenge for working families given the high cost of renting in both the BCP and DC areas (see next section).

Figure 107: Housing tenure where household members are aged 0- 15 years and 16-64 years

	No. of households	Owned: Owns outright	Owned: Owns with a mortgage, loan or shared ownership	Social rented	Private rented or lives rent free
BCP	37,830	6%	50%	11%	34%
DC	32,025	8%	49%	18%	25%
England	5,822,085	7%	48%	20%	25%

Source, Census, 2021

Figure 108 shows that households were members are aged 16-64 and 65 years and over in both the BCP and DC areas were less likely to be renting than the national average.

Figure 108: Housing tenure where the household members are aged 16-64 and 65 years and over

	No. of households	Owned: Owns outright	Owned: Owns with a mortgage, loan or shared ownership	Social rented	Private rented or lives rent free
BCP	12,940	65%	18%	9%	9%
DC	15,770	68%	15%	8%	8%
England	1,714,735	64%	16%	14%	7%

Source, Census, 2021

Housing affordability

Figure 109 shows that median and lower quartile house prices in both BCP and the DC areas were significantly higher than South West and England benchmarks. Similarly, the ratios of median house prices to median earnings and lower quartile house price to lower quartile earnings were also significantly higher than the regional and national benchmarks.

Figure 109: Median and Lower Quartile house prices and Median and Lower Quartile Affordability Ratio

	Median (Sept 2023)	Lower Quartile (Sept 2023)	Ratio of median house price to median gross annual workplace earnings (2023)	Ratio of lower quartile house prices to lower quartile gross annual workplace earnings (2023)
BCP	£340,000	£250,000	10.23	9.71
DC	£353,000	£256,000	11.03	10.34
South West	£310,000	£230,000	9.27	9.06
England	£290,000	£190,000	8.26	7.25

Source: (median) House price to workplace-based earnings ratio, ONS, 2024 and Lower Quartile House Proce to work-based earnings ratio, ONS, 2024

Research conducted by the University of the West of England on behalf of Homes for the South West found that in 2021, the DC area had the 3rd highest affordability ratio and BCP the 8th highest ratio of the 29 local authorities in the South West.[30] The research also examined affordability ratios by house type and found that detached houses in all local authority areas were the least affordable and flats/maisonettes the most affordable (based on median incomes). However, even flats and maisonettes had an affordable ratio of between 6 and 8 in the area and given their size, are not always suitable for families. Similarly, affordability ratios varied between existing and new properties. Across most of the South West, new builds were

[30] Housing affordability in the South West of England. University of the West of England on behalf of Homes for the South West. March 2023

less affordable than existing properties, but this was not the case in BCP where the reverse was true.

The research also found, when examining affordability data at the lower super output area level, that BCP had the largest percentage difference between its most and least affordable LSOAs of all local authorities in the South West. The most affordable had an affordability ratio of 4.3 and the least affordable 32.6. Likewise, in the DC area, the most affordable LSOA had a ratio of 5.7 and the least affordable 30.0 (the 7th largest difference in the South West).

Rental affordability

Figure 110 shows the median monthly rents recorded in the year to the 30th of September 2023. Whilst the ONS highlights that the local authority data may be less reliable due to small sample sizes, the figures nonetheless illustrate that in BCP the average rent across 'all categories' is higher than the England average and within the DC area it matches the England average. However, the figure for £850 for England is the highest ever recorded.

Figure 110: Median monthly rents recorded between 1st October 2022 and 30th September 2023

Area	Room	Studio	One Bedroom	Two Bedrooms	Three Bedrooms	Four or more Bedrooms	All categories
BCP	495	600	750	975	1,325	1,900	968
DC	606	525	650	810	1,000	1,450	850
England	495	671	750	825	925	1550	850

Source: Private Rental Market Statistics, ONS

Factors influencing housing affordability

The UWE researchers found that the following factors affected housing affordability in the South West:

- **High house prices and low earnings** – increases in affordability ratios are driven by earnings not keeping up with house prices. Since 1997, house prices increased in all local authorities in the South West by around 3 to 5 times greater than those of earnings. This was thought to be especially true of local economies characterised by seasonal, low paid work in agriculture (rural communities) or tourism (coastal communities);
- **Demand for housing versus supply** – there has been a substantial shortfall in the delivery of new homes since 1997 nationally and in the South West. In most parts of the South West, demand for new housing has exceeded construction. The research found that in BCP between 1997 and 2021, there was a demand for 27,440 homes, but only 17,064 were completed. Similarly, in the DC area there was a demand for 12,552 and only 4,689 were completed. The shortfalls in delivery in the BCP and DC areas were amongst the highest in the South West. The researchers also noted that the South West has substantial migration compared to other regions, second only to the South East and in contrast to other regions, this was dominated by migration from other parts of the UK. In addition, the South West has a greater level of second home ownership than other parts of England. In BCP, there were an estimated 5,419 second homes (compared to a housing need of 27,440) and in the DC area there were 5,938 (compared to a housing need of 12,552). However, the second homes tend to be geographically concentrated within local authorities which in turn impacts on the viability of communities.

The research highlighted a number of supply side issues affecting housing affordability, which included:

- **Competition for land** – the researchers found qualitative evidence that there is a shortage of developable land in the region which results in a highly competitive process of bidding for sites, which inflated prices;

- **Impact of development viability** – these inflated land prices then reportedly led to potential challenges in terms of site viability for housebuilders, which has been further exacerbated by recent increases in material costs, supply chain and labour issues. Furthermore, the proposed tenure mix on a site in terms of the amount and type of affordable housing also had an influence on viability;
- **Right to Buy** – the policy of Right to Buy, where tenants have been able to purchase local authority housing since it was introduced in 1980 has resulted in 144,000 homes being sold in the South West. Between 1980 and 2021, 7,742 homes were sold in BCP and 7,370 homes sold in the DC area. The study found that the policy had a detrimental impact on housing affordability for two reasons:
    - The loss of social housing stock and the lack of any mechanism to ensure that there is a one-to-one replacement for every lost social unit;
    - The impact on rent levels when over time, former local authority houses end up in the private rental sector, where landlords will look to maximise rent.

  The impact of Right to Buy was considered to be particularly acute in small rural communities where the sale of a relatively small number of properties could significantly deplete overall stock levels and where it is more expensive to replace stock;
- **Planning** – The research found that increased planning requirements around biodiversity net gain and nutrient neutrality in particular were impacting on build costs/scheme viability and time to develop. Furthermore, the shortage of planners needed to determine applications was impacting on the speed of planning decision making as well as preventing dialogue at earlier stages in the process. In addition, local objections to housebuilding due to a mixture of 'anti-development attitudes' as well as concerns over the lack of infrastructure in an area could also delay the delivery of new homes.
- **Environmental designations** – 36% of the South West is either designated as an Area of Outstanding Natural Beauty or as a National Park (40.6% of LSOAs are within an AONB in the DC area, but 0% are in BCP). As these designations reflect their high landscape value, they are therefore attractive places to live (and visit). The research found that across the South West, house prices in LSOAs within an AONB are around £100,000 more expensive than those that are not protected by this designation. However, the designations restrict the development of new homes therefore reducing supply.

A recent report by the Competition and Markets Authority[31] found that the number of houses being built and their affordability is propelled by two key factors:

- **Planning** – the planning system is exerting a significant downward pressure on the market and the number of permissions granted has been insufficient to meet housebuilding targets. Three concerns were identified:
    - Lack of predictability;
    - Length, cost and complexity of the planning process; and
    - Insufficient clarity, consistency and strength of LPA targets, objectives and incentives to meet housing need.

  These were thought to have a disproportional impact on SME housebuilder.

- **Housebuilding incentives** – Housebuilders are focused on building homes to meet demand, rather than need, as demand will determine what and how much they can sell. Therefore, the number of homes built is likely to vary according to the business cycle (and wider macro-economic conditions which fluctuate in the short term), rather than long term drivers of need. Furthermore, the market incentivises under-delivery and the slow build out rates to maximise sale prices and profitability.

[31] Summary of the CMA market study final report into housebuilding, February 2024

Housing need

The BCP and Dorset Local Housing Needs Assessment uses the Government's four step standard method to calculate that the minimum housing need is 2,667 dwellings per year in BCP and 1,757 in Dorset. This is significantly more than the average rate achieved since 2011.

However, the UWE research highlights that a limitation of this method of assessing housing need is that is does not directly consider the shortfall in housing delivery over time. The researchers estimated that if housing was delivered at the 'standard rate', then it would take 30 years in BCP and 19 years in the DC area to clear the backlog. Alternatively, to clear the backlog in 5 years, would require an uplift in the annual requirement from 2,840 homes per year in BCP to 8,328 homes per year. Similarly, in the DC area, the rate would have to increase from 1,880 to 4,390. The researchers suggest that this is a challenge which local authorities and housing associations do not currently have the means to meet.

Affordable housing

The National Planning Policy Framework provides a definition of affordable housing in the box below:

"Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) Affordable housing for rent: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) Starter homes: is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) Discounted market sales housing: is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) Other affordable routes to home ownership: is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement."

(MHCLG, 2021)

However, this definition has been strongly criticised because the rise in house prices mean that a 20% discount on sales or rent values is not enough to make the houses affordable relative to wages.[32]

The BCP and Dorset Housing Needs assessment estimated that there is a need for 1,653 affordable homes per annum in BCP and 950 in the DC area. This is based on an assessment of local housing costs (to both buy and rent) along with estimates of household income as well as supply of social/affordable rented housing.

Housing for older people

The housing market needs assessment highlighted that due to the population projections, there will also be a need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings (where viability and other factors permit) as well as providing specific provision of older person's housing.

Given the high proportion of under-occupied homes in Dorset (potentially occupied by older people), there may be an argument that providing more suitable homes for this group may help to free up larger homes for families. A recent House of Lords report[33] found mixed views on this issue. On the one hand, it heard that the lack of retirement housing was one of the key factors contributing towards older people staying in large, unsuitable house for longer instead of downsizing. This was thought to cause stagnation in the housing market, as it prevents younger buyers from trading up to larger houses, which in turn prevents first-time buyers from entering the housing market at all and can result in older people needing to spend more time in hospitals and care homes as their homes no longer meet their needs.

However, on the other hand, other witnesses to the enquiry suggested that this view did not reflect the multiple uses of space amongst older people, many of whom now work into retirement, care for grandchildren and house multiple generations of their families at various points.

Barriers to older people 'down-sizing' were thought to include:

- emotional bonds; fear of change;
- the cost of Stamp Duty Land Tax which increases with property price and so with size;
- reluctance to lose a principal financial asset; and
- a lack of choice in appropriate accommodation to move to.

The committee also heard that some housing schemes for the elderly are based on unfair terms and can result in additional costs.

[32] UWE- ibid

[33] Meeting housing demand, House of Lords, Built Environment Committee, 1st report of session 2021-22

Summary: Housing

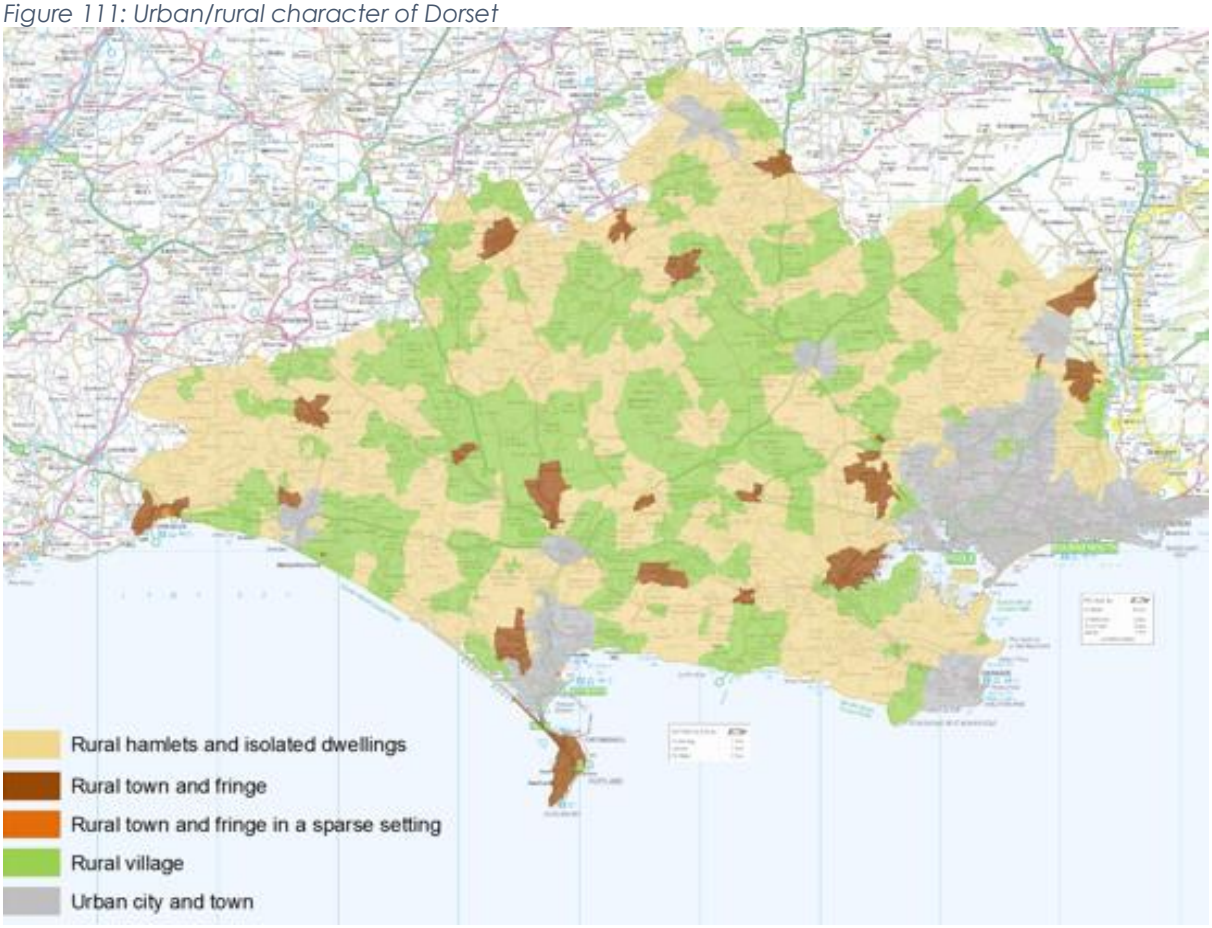
- Housing (and the lack of it) can affect productivity in several ways:
  - By limiting the ability of workers to move to productive places;
  - By inhibiting the development of human capital (through poor quality homes); and
  - By affecting the flow of capital into business start-up/expansion.
- In 2021, there were 184,507 dwellings in BCP and 181,739 in the DC area. This reflects an overall rate of growth of 0.59% per annum and 0.63% per annum respectively since the last census.
- In both the BCP and DC areas, the proportion of people living in over-occupied dwellings is lower than the England average. But under-occupancy is significantly higher than the England average for the DC area, but lower than the England average for the BCP area.
- In the DC area, more people owned their properties outright than the national average, but in the BCP area, a higher proportion of households rented privately than the national average.
- House prices are significantly higher than regional and national averages and relative to wages, houses are less affordable in the pan Dorset area than the wider South West.
- Research conducted by the University of the West of England found that the DC area, had the 3rd highest affordability ratio and BCP the 8th highest ratio of the 29 local authorities in the South West.
- Market rental statistics show that whilst average rents in the DC area are the same as the England average (which in September 2023 was the highest ever recorded) rents in BCP were higher than the England average.
- Researchers from the University of the West of England identified that increases in affordability ratios in the South West were driven by earnings not keeping up with house prices. Increases in house prices in turn have been fuelled by shortfall in the delivery of new homes, coupled with increasing demand associated with migration and second home ownership.
- The researchers also found a number of supply side issues which affected housing affordability including competition for land, development viability, right to buy, planning and environmental designations.
- A recent CMA report found that planning and market incentives were the two factors influencing the sub-optimal rate of housebuilding in the UK.
- The Housing Needs Assessment identifies that there is a minimum housing need of 2,667 dwellings per annum (dpa) in BCP and 1,757dpa in the DC area over the 2021-38 period. This is significantly more than the average rate achieved since 2011 and the method does not take into account the shortfall in delivery over the previous period.
- There is a notable need for affordable housing and it is clear that provision of new affordable housing is an important and pressing issue in the area.
- The needs analysis also highlighted the need to increase the supply of accessible and adaptable dwellings and wheelchair user dwellings as well as providing specific provision for older people's housing. This may help to reduce under-occupancy.

Place

Urban/rural characteristics

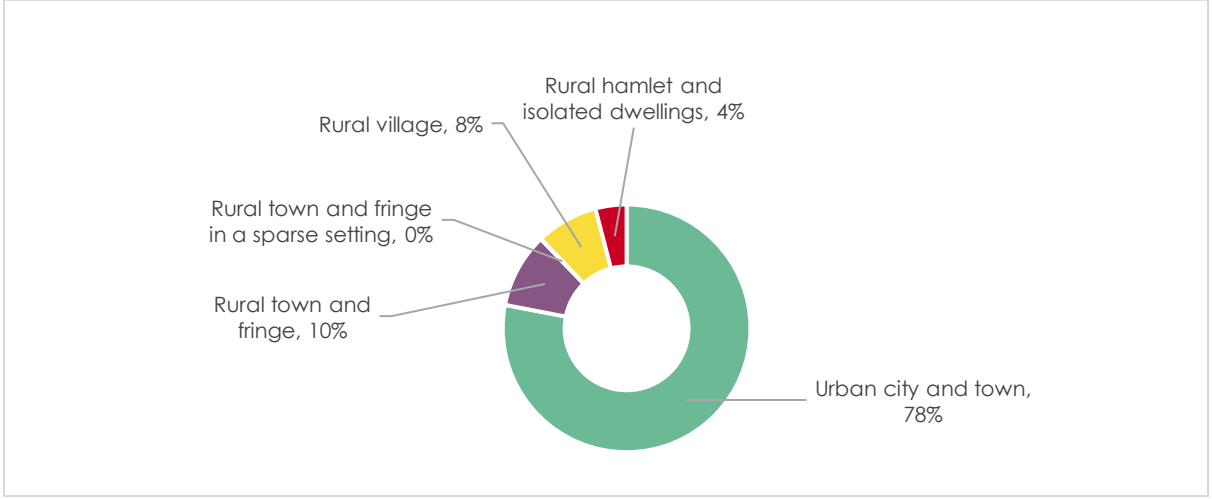
Figure 111 shows that a significant proportion of the land area within the pan Dorset area is rural. However, Figure 112 shows that 78% of householders live in urban cities and towns. This reflects the fact that the BCP area is the second largest conurbation in the South West (behind Bristol) and the largest on the south coast.

Figure 111: Urban/rural character of Dorset



Source: ONS, DEFRA, DCLG

Figure 112: Households by urban/rural classification



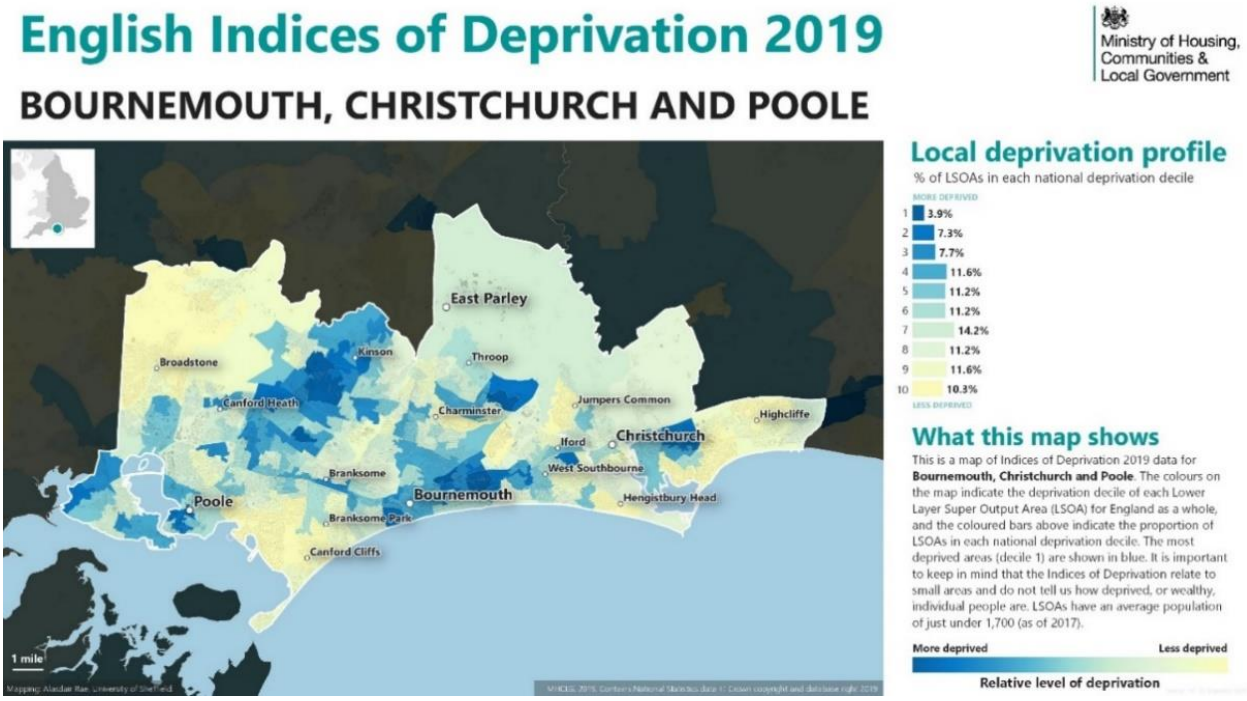
Source: Census, 2001

Deprivation

The Index of Multiple Deprivation shows the relative deprivation of neighbourhoods at local authority and lower-layer super output areas within each district. Figures 113 and 114 below show the IMD data for BCP and Dorset respectively. The colours on the map indicate the deprivation decile of each Lower Super Output area (LSOA) for England as a whole and the coloured bars on the right indicated the proportion of LSOAs in each national deprivation decile. The most deprived areas are shown in blue.

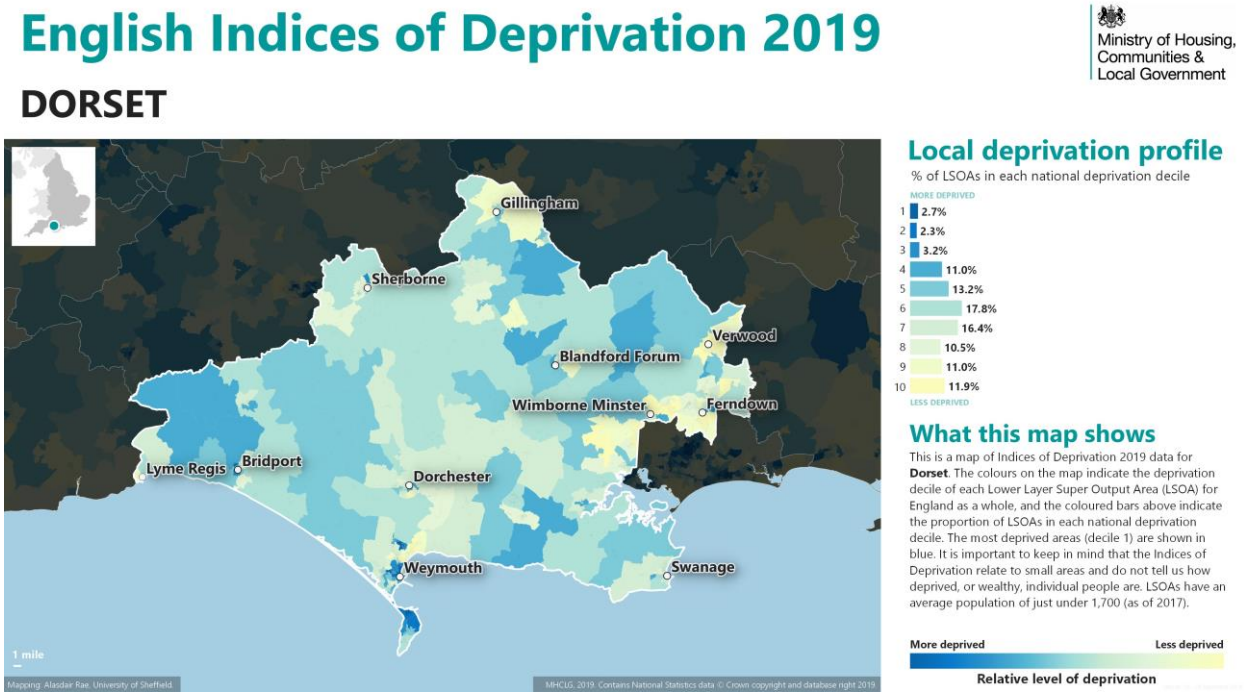
The maps show that 3.9% of LSOAs in BCP and 2.7% in Dorset fall into the most deprived 10% of areas in England. Conversely, 10.3% and 11.9% of LSOAs respectively fall into the least deprived 10%. The 15 LSOAs in the least deprived decile are located in Bournemouth, Poole and Weymouth and Portland.

Figure 113: Local Deprivation Profile: Bournemouth Christchurch and Poole



Source: Index of Multiple Deprivation, MHCLG, 2019

Figure 114: Local Deprivation Profile: Dorset



Source: Index of Multiple Deprivation, MHCLG, 2019

Travel to work areas

TTWAs are a geography created to approximate labour market areas. In other words, they are derived to reflect self-contained areas in which most people both live and work. There are five main Travel to Work Areas covering Dorset (See Figure 115) (16-64 population shown in brackets):

- Bournemouth (211,000);
- Poole (121,000);
- Dorchester and Weymouth (71,000);
- Blandford Forum and Gillingham (44,000); and
- Bridport (15,000)

Figure 115: 2011 Travel to Work areas

Source: Travel to Work areas, ONS 2011

ONS analysis shows that a number of factors change the shape of these travel to work areas including:

- Age;
- Type of employment;
- Method of travel; and
- Qualification level.[34]

It should be noted that with the rise of working from home, these Travel to Work areas may have changed since the pandemic.

Commuting flows

The 2021 Census provides data on commuting flows between usual residence and place of work for people aged 16 years and over in employment. Figure 116 shows the most significant commuting destinations (destinations where the proportion exceeds 0.1% of commuters) for residents of BCP and DC respectively. The tables show that in both areas almost 45% of working residents, worked from home (although this is not surprising given the timing of the last Census). This was followed by a significant proportion commuting to work within the LA area (43.3% lived and commuted within BCP and 39.6% lived and commuted within the DC area). The tables also show a significant flow within the Pan Dorset area (5.9% of BCP working residents lived in BCP and commuted to DC whereas 7.7% of DC working residents lived in DC and commuted to BCP). Beyond the internal flows within the Pan Dorset area, there were also relatively small commuting flows outside the area. Within the BCP, this outflow was concentrated on the New Forest, but within Dorset, the outflow was more dispersed and included South Somerset, the New Forest and Wiltshire.

Figure 116: Commuting flows of BCP and DC working residents

Working residents of BCP			Working residents of DC		
Workplace	**No.**	**%**	**Workplace**	**No.**	**%**
Working from home	83,341	44.8%	Working from home	74780	44.6%
BCP	80,467	43.3%	DC	66477	39.6%
DC	10,943	5.9%	BCP	12855	7.7%
New Forest	4,961	2.7%	South Somerset	3451	2.1%
Southampton	946	0.5%	New Forest	3022	1.8%
Wiltshire	611	0.3%	Wiltshire	2317	1.4%
Isle of Wight	512	0.3%	Southampton	504	0.3%
Workplace is outside the UK	406	0.2%	Workplace is outside the UK	381	0.2%
Other	3,827	2.1%	East Devon	350	0.2%
			Other	3652	2.2%

Source: Census, 2021

Understanding our towns

ONS undertook an exercise in 2020 to categorise towns[35] by their workplace and residential attributes, exploring relationships between:

- Income deprivation (2019);
- Jobs density (2019);
- Size (2019);
- Employment growth (2009-2019);
- Population growth (2009-2019); and

[34] Travel to work area analysis in Great Britain: 2016

[35] Based on the built up area sub-division boundaries, with 2011 Census usual resident population between 5,000 and 225,000

- Type of travel to work area.[36]

The following set of tables shows the findings for Dorset's towns. It should be noted that any developments such as the building of industrial estates or houses since this research was conducted will not be included.

Figure 117 shows the relationship between jobs density and income deprivation (IMD 2019).

Nine towns are classed a 'working towns' i.e. they have a high jobs density. Of these, Bournemouth has high income deprivation, 6 have medium levels of deprivation and two low levels of deprivation (Ferndown and Wimborne).

At the other end of the spectrum, five towns have a low jobs density, meaning that they are more residential in nature. Of these, four have low levels of deprivation, but one, Weston, also has high levels of income deprivation.

Three towns have a 'mixed' jobs density. Of these, 2 have low levels of income deprivation and one 'Weymouth' has high levels of income deprivation.

Figure 117: Relationship between the density of jobs and income deprivation

	Income Deprivation (2019)		
Working	Bournemouth	Dorchester Poole Wareham Shaftsbury Bridport Blandford Forum	Ferndown Wimborne Minster
mixed	Weymouth		Gillingham Swanage
Residential	Weston		Christchurch Merley St Leonards Verwood
	High deprivation	Medium Deprivation	Low Deprivation

Jobs Density (2019)

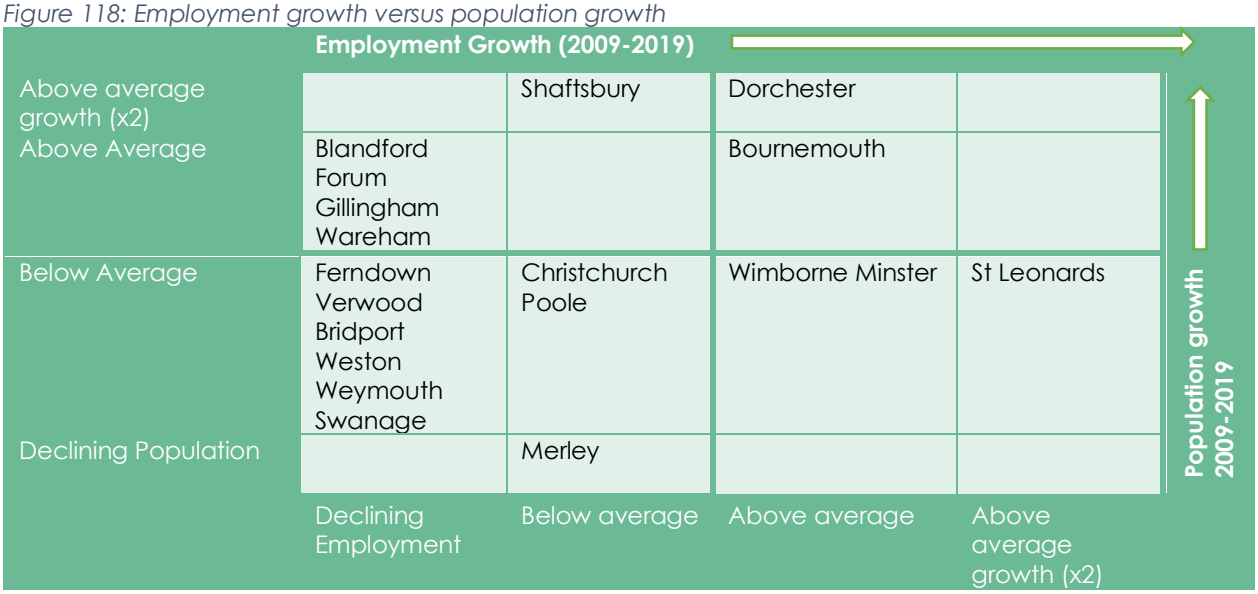
Source: Understanding Towns in England and Wales: Spatial analysis, ONS, 2020

Figure 118 explores the relationship between employment growth versus population growth. The top right quadrant show that Bournemouth and Dorchester are the only two towns that have an employment growth rate AND population growth rate that is higher than the England and Wales average. In the bottom right quadrant, Wimborne Minster and St Leonards have employment growth rates that are above the England average, but a population growth rate that is below it, suggesting that jobs density is likely to be increasing in these areas.

In the top left quadrant, five towns have an employment growth rate below the England average (four of which have a declining growth rate), but nonetheless have higher than average population growth. This suggests these towns are becoming more residential in nature. Finally, in the bottom left quadrant, nine towns have both below average employment growth and below average population growth. As Fernwood, Verwood, Bridport, Weston, Weymouth and Swanage all have declining employment rates, their job density will be decreasing and they will be becoming more residential. On the other hand, as Merly has declining population, but below average employment growth, its employment density will be increasing.

[36] Understanding Towns in England and Wales: Spatial analysis, ONS, 2020

Figure 118: Employment growth versus population growth



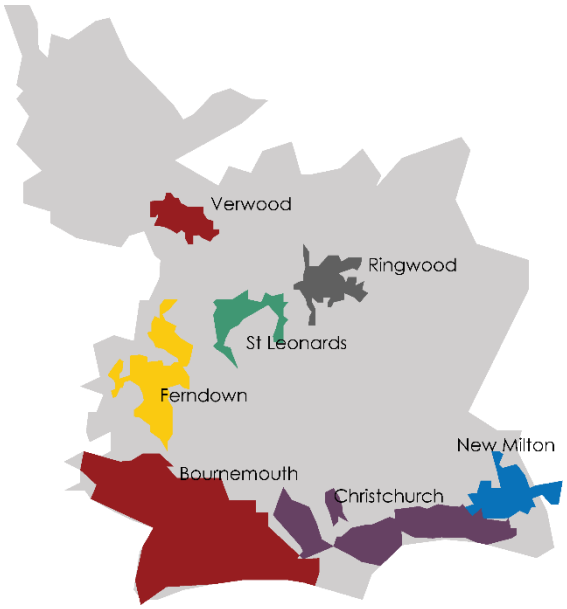
Source: Understanding Towns in England and Wales: Spatial analysis, ONS, 2020

Taking each travel to work area in turn helps to give an understanding of how each of the towns within each area function relative to each other. The following figures provide an analysis of each TTWA.

Figure 119: Analysis of towns in the Bournemouth TTWA

The Bournemouth TTWA is the largest TTWA in the pan Dorset area and includes five towns (see map right). Bournemouth itself is the largest town with almost 200,000 residents. With above average population and employment growth it is likely to continue to be a working town.

Within the TTWA Ferndown is also a working town, but within declining employment growth is likely to be moving towards residential. Conversely, St Leonards, is currently residential, but with twice the average employment rate growth is likely to be moving towards 'working'. Christchurch and Verwood are already classified as residential and both towns are likely to continue in this role, with the latter potentially becoming more residential.



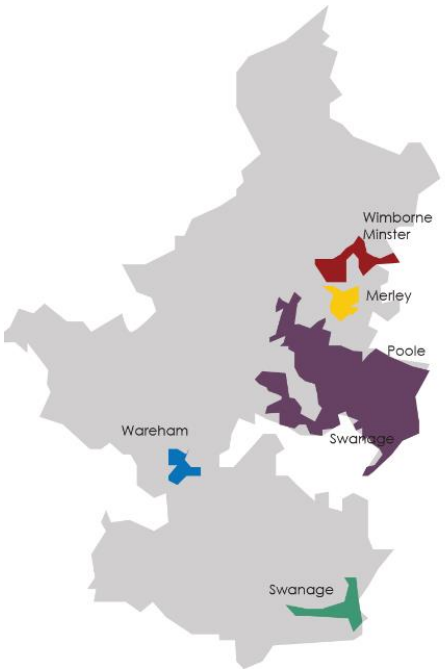
	Size	Working or Residential	Deprivation	Population Growth	Employment Growth	Future change[37]
Bournemouth	Large	Working	High	Above average	Above average	Stay the same
Christchurch	Medium	Residential	Low	Below average	Below average	Stay the same
Ferndown	Medium	Working	Low	Below average	Declining Employment	Moving towards residential
St Leonards	Small	Residential	Low	Below average	Above average x2	Moving towards working
Verwood	Small	Residential	Low	Below average	Declining Employment	Becoming more residential

Source: Understanding Towns in England and Wales: Spatial analysis, ONS, 2020

[37] The 'future change' column is an interpretation based on the employment growth and population growth classifications.

Figure 120: Analysis of towns in the Poole TTWA

The Poole TTWA is the second largest TTWA in the pan Dorset area and includes five towns (See right). Poole is the largest town with approximately 160,000 residents. Like Bournemouth it is also a working town, but both its population growth and employment growth are below average, therefore it is likely to continue to be a working town. The four other towns have a population of approximately 40,000 people and are a mixture of working and residential towns. With above average employment growth and below average population growth, Wimborne Minster and Merley are likely to be becoming more working in their character. Conversely, Wareham and Swanage appear to be moving towards residential characters as they have above average population growth, but below average employment growth.



	Size	Working or Residential	Deprivation	Population Growth	Employment Growth	Future change
Poole	Large	Working	Middle	Below average	Below average	Stay the same
Wareham	Small	Working	Middle	Above average	Declining Employment	Moving towards residential
Wimborne Minster	Small	Working	Low	Below average	Above average	Becoming more working
Swanage	Small	Mixed	Low	Below average	Declining Employment	Moving towards residential
Merley	Small	Residential	Low	Declining Population	Below average	Moving towards working

Source: Understanding Towns in England and Wales: Spatial analysis, ONS, 2020

Figure 121: Analysis of towns in the Dorchester and Weymouth TTWA

The Dorchester and Weymouth TTWA is the third largest in the pan Dorset area with approximately 80,000 residents, most of which are located in Weymouth (see right). Weymouth is currently classified as a mixture of working/residential, but with declining employment it is likely to be moving toward residential. Similarly, Weston, with below average population growth and declining employment is likely to become more residential. Dorchester on the other hand is likely to continue to be a working town.

	Size	Working or Residential	Deprivation	Population Growth	Employment Growth	Future change
Dorchester	Small	Working	Middle	Above average x2	Above average	Stay the same
Weymouth	Medium	Mixed	High	Below average	Declining Employment	Moving towards residential
Weston	Small	Residential	High	Below average	Declining Employment	Becoming more residential

Source: Understanding Towns in England and Wales: Spatial analysis, ONS, 2020

Figure 122: Analysis of towns in the Blandford Forum and Gillingham TTWA

The Blandford and Gillingham TTWA is made up of three small working/mixed towns (See Figure 108). However, all three are likely to become more residential in character as they have higher population growth than employment growth.

	Size	Working or Residential	Deprivation	Population Growth	Employment Growth	Future change
Shaftesbury	Small	Working	Middle	Above average x2	Below average	Becoming more residential
Blandford Forum	Small	Working	Middle	Above average	Declining Employment	Becoming more residential
Gillingham	Small	Mixed	Low	Below average	Declining Employment	Becoming more residential

Source: Understanding Towns in England and Wales: Spatial analysis, ONS, 2020

Figure 123: Analysis of towns in the Bridport TTWA

Finally, the Bridport TTWA consists of the town of Bridport, which has below average population growth and declining employment and is therefore likely to become more residential in character

	Size	Working or Residential	Deprivation	Population Growth	Employment Growth	Future change
Bridport	Small	Working	Middle	Below average	Declining Employment	Becoming more residential

Source: Understanding Towns in England and Wales: Spatial analysis, ONS, 2020

The analysis highlights that different towns perform different functions in the economy, with some having high levels of employment and others performing a more residential function and these roles change over time. Looking across the Travel to Work Areas, those based around the smaller, more rural TTWA appear to have had lower rates of employment growth and are becoming more residential in character.

Employment land

The data and analysis presented in this section has been drawn from the Dorset and BCP Employment Land Review, conducted by Iceni Projects in March 2024. This review considers availability and need for office and industrial accommodation.

Office

Valuation Office Agency (VOA) data shows that the pan Dorset area had 3,920 office properties in 2019/20, providing 749,000 sqm of office accommodation in total. This was predominantly found in the BCP area which had 502,000 sqm compared to the DC area of 247,000 sqm. Within BCP, office floor space has generally fallen since 2001 and most notably since 2014/15. In the DC area, it increased in 2005-2007 and 2012-15, although it has fallen since then. Average rents in both areas are below the UK and SW average, although they are higher in BCP than DC.

The review highlighted that the office market is very subdued in Dorset and unlikely to change for the foreseeable future. Demand is for occasional town centre type occupiers. There is little evidence of a need for standalone office allocations, although reflecting potential growth in these activities should be blended with overall employment needs.

In BCP, the review highlighted that permitted development has reduced a lot of the poorer quality stock and on balance, this is considered positive in market terms. Demand remains slow, but steady for quality buildings. The medium-term prospects are difficult to crystallise in

the post-Covid period and speculative development is unlikely in the foreseeable future, however, sector-specific growth is likely to generate demand for related occupiers in due course.

Industrial

The review highlighted that post pandemic, national demand for industrial space has been very strong, accelerated by: 1) the shift to e-commerce which has fuelled the expansion of online retailers and logistics firms; and 2) increased demand for warehousing and storage space post Brexit as companies increase their inventory holdings.

VOA data show that there were 5,150 industrial properties in the Pan-Dorset area in 2019/20, providing 3,007,000 sqm of floor space in total. Unlike the office sector, the DC area had the majority of industrial floor space with 1,629,000sqm compared to BCP's 1,378,000 sqm. This difference has emerged over the last 20 years, with the floorspace increasing in the DC area and decreasing in the BCP area.

The review highlighted that the industrial market in the DC area is currently active and orientated around the market towns of Blandford Forum and Dorchester and there is a good case for 5-10ha industrial allocations to support local business growth. However, viability remains challenging, in part, particularly in South Dorset, due to rising build costs and the hope value of residential, but there are examples of successful development, both with and without public sector intervention.

Similarly, in BCP, there is again, very health demand for industrial space due to business growth, expanding existing businesses and new market entrants related to online retailing and some urban logistics, although the greatest demand is for smaller units. There is very little space to be developed for industrial which is a challenge of the urban location and coastal/environmental restrictions.

Summary: Place

- Whilst a significant part of the land area is rural, 78% of households live in urban cities and towns
- BCP is the second urban area in the South West and the largest on the south coast
- The area has significant inequalities with 50 LSOAs in the least deprived 10% in the UK and 15 in the most deprived 10%. These most deprived LSOAs were located in Bournemouth, Poole and Weymouth and Portland
- The area has five main Travel to Work areas (TTWAS), Bournemouth, Poole, Dorchester and Weymouth, Blandford Forum and Gillingham
- Within the TTWA's are a network of towns, which perform different roles in the economy, some being employment and others being residential centres. Rate of population and employment growth/decline can change these roles. Analysis suggests that the smaller more rural TTWA's have had slower rates of employment growth and so may be becoming more residential in character.
- The employment land review highlighted that demand for office space in both BCP and DC is subdued, but sector specific growth may generate demand for related occupiers. Conversely, demand for industrial space in both areas, but there is more land available for this in the DC area.

Transport and infrastructure

Local transport planning

The two councils are in the process of preparing a fourth local transport plan for the pan Dorset area. This will respond to government priorities which are to improve connectivity and grow the economy; improve transport for the user and ensure that the network is safe, reliable, and inclusive; and reduce carbon emissions, improve air quality, and improve public health and activity levels. Government policy seeks to get more people walking, cycling, and using public transport, within an integrated transport system combining all modes of transport. A key objective through all government policy is decarbonisation and the government's commitments to a 2050 net zero target. It will also respond to regional and local priorities which focus on improving the lives of people as well as protecting and enhancing local places.

The new plan will move away from a 'predict and provide' model of planning to a vision led approach, where the plan sets out what outcomes the LTP should achieve and how these should be delivered. This approach allows for better alignment with spatial planning processes and as BCP and Dorset's next local plans are current emerging there is an opportunity to align spatial and transport plans.

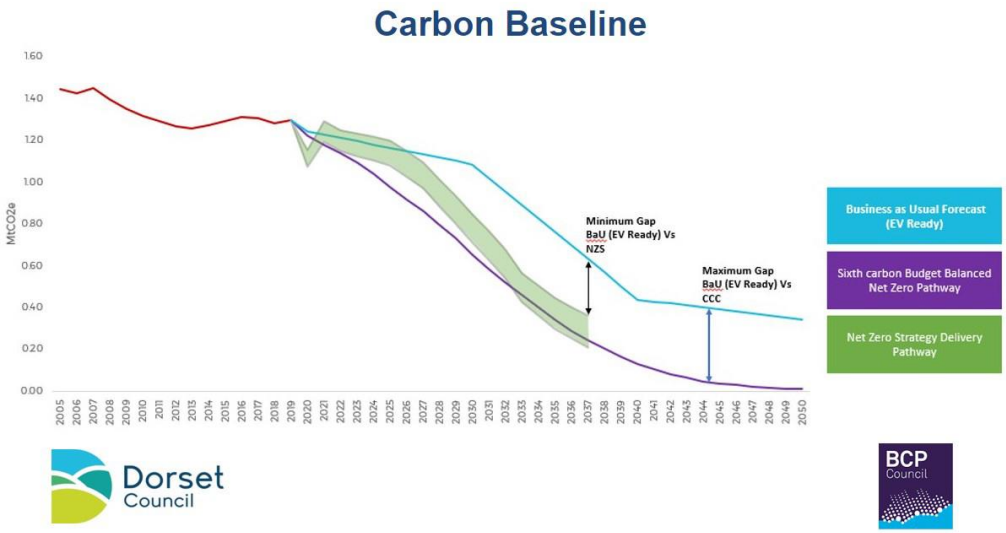
The evidence presented in this part of the report is drawn from the issues and opportunities summary report produced by the two councils to support the planning process.[38]

Carbon baselining

Figure 124 below shows a quantified carbon baseline, which helps to illustrate the scale of the challenge and the need for swift reductions in carbon emissions. This shows:

- The gap between current trajectory and statutory advisory budgets is significant;
- Any overshoot in the next decade will demand more drastic reductions more rapidly in the future;
- EVs have a major role to play. However, even most-ambitious EV uptake scenarios exceed carbon budgets;
- A range of transport intervention themes need to be considered; and
- Non-transport led interventions will be required to help deliver local transport decarbonisation outcomes.

Figure 124: Carbon baseline



Source: LTP 4 Issues and Opportunities Summary Report, BCP Council and Dorset Council

[38] LTP 4 Issues and Opportunities Summary Report, BCP Council and Dorset Council

Key transport infrastructure issues

The key issues and opportunities paper identifies the following transport infrastructure challenges:

Connectivity

- Route studies have highlighted major strategic issues with north/south connectivity to the area by road and rail from and to Bristol, the Midlands and the far south west, and acknowledges a lack of interchange facilities like park and rides to centres such as Poole, Bournemouth, Weymouth and Blandford;
- Poole level crossing severs Poole high street but is also a barrier to creating more frequent train services; and
- Substation capacities in areas around Chickerell and Dorchester are expected to exceed their current capacities by 2040 and could act as a barrier to the deployment of EV charging infrastructure.

Congestion and air quality

- Specific locations on the road network have been highlighted as congestion hotspots particularly during the AM (0800-0900) and PM (1700-1800) peak hours, and which worsen with tourist seasonality. Locations experiencing this are the A31 and A35 trunk roads and many roads into the main towns of Poole, Bournemouth, Dorchester, and Weymouth;
- Geographical constraints, like lack of river crossings over the River Stour around the BCP area prevent infrastructure from being upgraded and create pinch point delays. While the sea to the south of the area, creates a barrier to orbital routes or ring roads to take traffic out of centres in BCP;
- Poor air quality on the A35 at Winterbourne Abbas and Chideock and the A31 St Ives to St Leonards is predicted to worsen with increases in traffic volumes; and
- Planned levels of development through BCP and DC Local Plans are likely to generate further traffic with modelling suggesting that journey times and delays are set to increase unless measures are put in place to reduce traffic, encourage active travel and public transport, and substitute the need to travel through the roll-out of digital infrastructure and services.

Active travel

- Despite significant LTP investment in active travel, large areas, remain without high quality infrastructure that encourages walking and cycling as the default option for shorter distance trips. Analysis of existing active travel infrastructure shows that although reasonable provision exists on the edges of some settlements, that often does not continue through town centres;
- A lack of space on existing corridors and carriageways limits space to accommodate bikes, buses and cars and many major junctions are inhospitable to people walking and cycling. Footways are often uneven or broken by frost or tree roots and are often less well maintained than carriageways which discourages walking or wheeling instead of driving;
- Limited schools provide Bikeability training or good facilities for locking or storing bikes and scooters which prevents active travel for school related journeys; and
- Major workplaces like Aviation Business Park do not have adequate facilities for staff to facilitate active travel, such as showers, lockers and bike stands, and free parking encourages daily car trips to and from the site.

Commuting and tourism

- Increasing car ownership, seasonal tourism and car-based commuting causes delays and congestion at the A31 Ringwood/Ferndown, A35 eastbound to Bridport and eastbound approach to Chideock, the A351 accessing the Purbecks and on the A354 to Weymouth. The high proportion of people driving to work means the current

infrastructure will not cope with predicted traffic growth and peak hour traffic volumes in the near future; and
- Infrastructure will need changing or updating to facilitate new technologies like Electric Vehicles and micro mobility solutions.

Rail
- Rail connectivity to and within the LTP4 area is poor, as are connections from stations like Bournemouth and Poole into town centres. Only one east/west rail line means no rail service for suburbs of BCP;
- Constraints on the Heart of Wessex, West of England and South Coast main line include reduced line speeds and frequencies, sections of single track, available power (west of Poole) and limited opportunities for rail freight transportation. These issues restrict the development of rail services; and
- Lack of step free access at several stations including Dorchester South and Pokesdown, and poor access between some stations and town centres can discourage regular use by passengers.

Freight
- The A31 is important for en-route charging for EV's including freight, but much of it is single carriageway leading to congestion and safety risks north of BCP; and
- Only three HGV parking facilities exist in the area and rail constraints limit the use of the railway as transportation for freight. Instead, freight vehicles use local road networks and contribute to congestion.

Parking
- Significant parking provision in town centres and coastal areas encourages car use. Pavement or inconsiderate parking can dominate streets which incentivises driving over public transport. No strategic park and ride sites limit opportunities for journeys that link more than one form of travel together. Key road routes into towns are often dominated by cars which does not create a pleasant environment for walking or cycling, which impacts the quality of place in urban areas.

Strategic transport infrastructure

The Western Gateway Sub-national Transport Body has developed an issues and opportunities paper to inform the development of its Strategic Transport Plan for 2025 to 2050. The following issues and opportunities have been identified to start this process.[39]

Achieving Net Zero	Enabling Economic Growth	Levelling up the region
•Decarbonisation •Air Quality •Rural journeys •Car use •Freight emissions	•Housing •Seasonal traffic •Road congestion •North-south connectivity •Seaports and airport •Freight	•Rural connectivity •Deprivation

Opportunities	
• Alternative Fuels • Active Travel • Bus and Coach	• Demand Management • Multi-modal • Rail improvements • Road Network

[39] Source: Making the right choices: Issues and Opportunities for the Strategic Transport Plan 2025-2050, Western Gateway STB

The paper identifies the following challenges in reaching net zero:

- **Decarbonisation** – transformational change, encompassing practices such as significant model shift and access to sustainable transport from the outset for newly developed areas is required to meet decarbonisation targets;
- **Air Quality** – Air Quality Management areas exist in both BCP and DC area. Transport emissions are the most significant contributor to poor air quality;
- **Rural journeys** – travel in rural areas is heavily dependent on the private car which means rural areas account for more carbon emissions than the STB region's major urban centres;
- **Car use** – Is predicated to grow between 2031 and 2051 and there are challenges around providing the necessary infrastructure to support electrification; and
- **Freight emissions** – HGVs and vans account for 32% of transport carbon emissions in the Western Gateway area. Moving more freight by rail is a potential solution, but there are rail infrastructure challenges.

As well as challenges to enabling economic growth, which include:

- **Housing** – establishing sustainable travel from the outside in proposed growth areas
- **Seasonal traffic** – managing seasonal increases in road traffic;
- **Road congestion** – there is limited capacity and delays on important strategic routes including the A350 ,A31, A35, A338. There are also capacity issues on the A31 around BCP, A350 north of Blandford and on the A35 west of Dorchester;
- **Seaports and airport** – the region's seaports and airports suffer from limited connectivity by public transport. This points to the need to increase the multi-modal connectivity of these destinations alongside improving road access constraints to the seaports of Poole and Portland;
- **Freight**- constraints to existing freight routes include limited route choice in and out of the region along the M5/A38, A303/A30/A35 and A361 corridors. There are also slow journey times between the M4 and the south coast, particularly in summer months. Poor rail connectivity in the region impacts on the potential for modal shift to rail throughout the South West; and
- **North-South connectivity** - The need to improve north-south rail and road links between the Midlands and the South Coast is a fundamental challenge that the Western Gateway STG region needs to address, especially in accessing international ports for freight. The existing A350 and A46/A36 corridors struggle as strategic links between the M4 and the south coast ports, causing additional cost and delays for businesses. On rail, long journey times and infrequent services between Bristol and the Dorset south coast are also present. National Highways' 'M4 to Dorset Coast' study is looking to address these north-south connectivity issues.

And levelling up the region:

- **Rural connectivity** – people in rural areas are more dependent on the car. Recent cuts to bus services in rural areas have further increased car dependency. This points to the need for measures to increase multi-modal connectivity and schemes to inspire behaviour change; and
- **Deprivation** – there are pockets of deprivation in the Western Gateway STB area.

Likewise, a range of opportunities have been identified to address the issues above including:

- **Promoting alternative Fuels** – it is necessary to fully decarbonise the transport network. This includes the roll-out of EV charging infrastructure for private vehicles as well as alternative fuels for freight;
- **Encouraging and enabling active travel** – improving and filling gaps in the region's existing cycling network;
- **Enhancing bus and coach services** – by providing new bus and coach routes, increased service frequencies, better integration with other transport modes, a consistent adoption of new technologies across the region and improved coach stops, interchanges, drop-offs, layover parking facilities and better facilities for drivers;

- **Managing the demand for travel** – adoption of demand management schemes such as the use of clean air zones, congestion charging schemes, workplace parking levies and car clubs to encourage alternative ways to travel;
- **Enabling multimodal journeys** - trips by more than one form of transport need to be as seamless as possible. This can help reduce car dependency, manage the demand for travel, maximise capacity, efficiency and resilience and contribute to decarbonisation. More integration is needed including integrated ticketing and timetabling, journey information and an enhanced network of multi-modal hubs for passengers and freight;
- **Rail improvements for passengers and freight** - in terms of passenger travel the Western Gateway STB has a key priority to improve north-south connectivity, focusing on increasing services on the Heart of Wessex Line from Great Malvern through Bristol via Bath and Trowbridge to Dorchester and Weymouth; and
- **Improving the road network for all users** - given the widely understood need to achieve decarbonisation, balancing different network needs to approach the existing capacity constraints at road capacity bottlenecks is required. This is inclusive of offering solutions such as realistic multi-modal shift to replace demand for car travel, whilst also renewing, maintaining and operating the existing road network where constraints are present.

Digital connectivity

Figure 125 shows that fixed broadband connectivity is better than the national average in BCP, with 100% of premises having access to decent broadband and almost 99% having access to superfast broadband. Conversely, in the DC area, fixed broadband connectivity is worse than the national average, with 3% of premises (5,747) unable to access decent speeds.

Figure 125: Fixed Broadband connectivity – Proportion of premises

	Gigabit availability (% of premises)	Full Fibre availability (% of premises)	SFBB availability (% of premises)	Decent broadband (at least 10 Mbit/s download and 1Mbit/s upload)
BCP	84%	53.4%	98.8%	0%
DC	41.6%	39.6%	95.8%	3%
UK	75%	52%	97%	1.3%

Source: Connected Nations, Summer 2023

In terms of mobile coverage, Figure 126 shows that 4G coverage is close to 100% across the whole area and better than the national average. 5G coverage is better than the national average in the BCP area, but worse than the national average in the DC area.

Figure 126: Mobile coverage

	4G coverage from at least one operator	5G from at least one operator
BCP	100%	92.6 – 98.7
DC	99.51%	38.0 - 54.3
UK	93%	76.0 - 85%

Source: Connected Nations, Summer 2023

Both BCP and DC have both delivered pioneering projects to demonstrate the benefits of 5G including:

- **Smart Place** – BCP Council's Smart Place programme is working with industry to create digital solutions to improve the lives of residents, the vibrancy of local communities and the prospects of local businesses. It represents a major opportunity for digital technology companies to establish a presence in our City Region and be at the forefront of digital development. Smart Places use data and technologies to meet local challenges such as health care, sustainable transport, industrial productivity and

supporting local supply chains, in an integrated way. The programme aims to unlock £120m of investment and builds on the Lansdowne Smart Place Pilot and the Smart Place Demonstrator project at Boscombe; and

- **5G Rural Dorset (now complete)** - was a ground-breaking project to understand how next generation connectivity could help people live better, safer and more prosperous lives in rural communities, even in environments as sensitive as the UNESCO-designated world heritage coastline. It aimed to show how 5G could make Dorset a better place to live, work and visit. The research and development project contributes to the understanding of how 5G could be used to address some specific challenges – public safety, economic growth, food production and environmental – as well as create new opportunities in Dorset and rural communities across the UK. The project was split into 5 main research areas: Future of Food, Rural Community Accelerator, Connected Coast, Innovation Accelerator, Costal Cliff Monitoring.

Summary: Transport and Accessibility

- The two councils are preparing their fourth local transport plan. This will be a vision led document, which provides an opportunity to integrate local transport planning with the spatial planning through the concurrent local plan development process.
- A quantified carbon baseline shows that there is a significant gap between the current trajectory and net zero targets.
- The issues and opportunities paper identifies a range of infrastructure challenges as well as issues and opportunities aligned to the themes of people, pace and activity.
- The Western Gateway STB is developing its Strategic Transport Plan for 2025 to 2050. Work to date has identified the following issues for the Western Gateway area: decarbonisation, air quality, rural journeys, car use, freight emissions, housing, seasonal traffic, road congestion, north-south connectivity, seaports and airports, freight, rural connectivity and deprivation.
- Opportunities include alternative fuels, active travel, bus and coach, demand management, multi-modal, rail improvements and the road network (including north south and east west connectivity).
- Digital connectivity is better than the national average in BCP, but worse in the DC area.
- Both Councils have led pioneering projects to demonstrate the benefits of 5G.

Energy and the environment

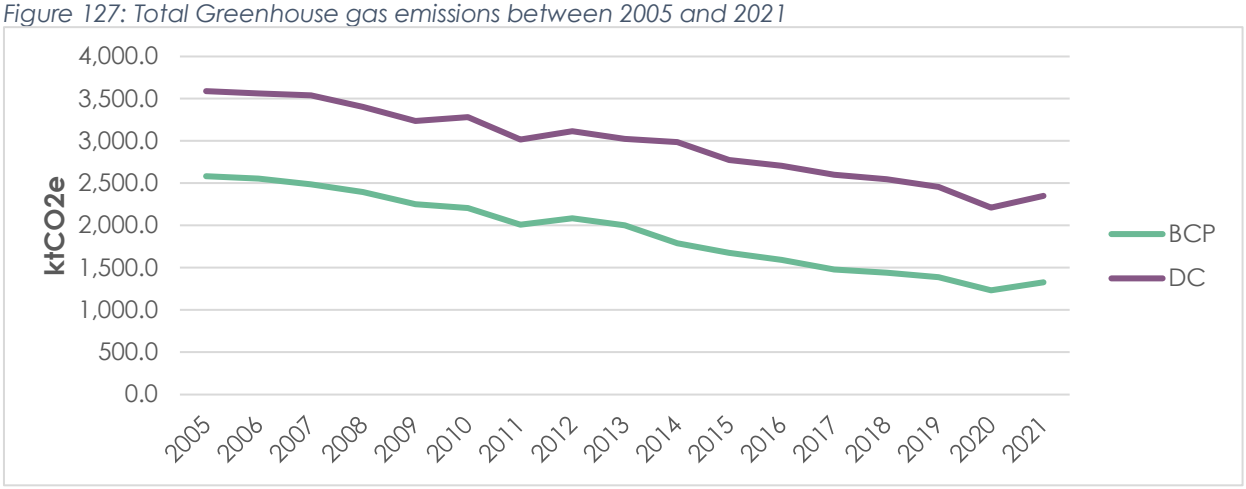
Both local authorities have declared a climate emergency and committed to achieving climate neutrality in their respective area's by 2050.

Greenhouse gas emissions

Figure 127 shows that between 2005 and 2021 greenhouse gas emissions reduced by 40.3% across the Pan Dorset area (48% in BCP and 35% in DC).

In 2021 per capita emissions (tCO2e) were 3.3 in BCP and 6.2 in DC (this compares to 5.5 for England). The main reasons for this difference are emissions associated with agriculture and transport.

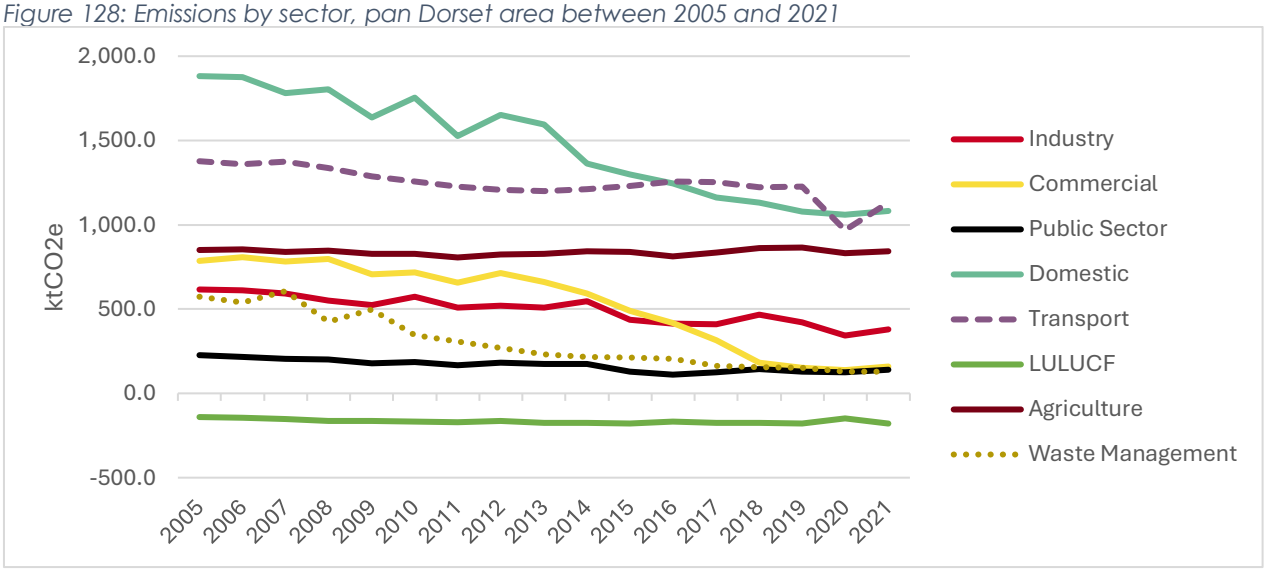
Figure 127: Total Greenhouse gas emissions between 2005 and 2021



Source: UK local authority and regional greenhouse gas emissions national statistics 2005-2021

Figure 128 shows that across the pan Dorset area, the largest reductions have been in commercial, waste management and the domestic sector. Emissions from agriculture have stayed fairly constant, although the positive benefits associated with land use, land use change and forestry (LULUCF) have increased slightly. Similarly, transport emissions have been slow to reduce, which is a national trend.

Figure 128: Emissions by sector, pan Dorset area between 2005 and 2021



Source: UK local authority and regional greenhouse gas emissions national statistics 2005-2021
Note: LULUCF is Land Use, Land-use Change and Forestry

Existing energy demand and generation

Figure 129 shows that in 2022, total installed renewable energy capacity in Dorset was 480MW. 73% of this was in the DC area. This is equivalent to 1,424kW of installed capacity per household, which is less than the national average of 1,931. 94% of renewable energy capacity was solar PV.

Figure 129: MW installed capacity (2022) and kw installed capacity/household

	BCP	DC	Pan Dorset
Photovoltaics	119.8	333.6	453.4
Landfill Gas	6.9	7.2	14.1
Anaerobic Digestion	0	5.1	5.1
Plant Biomass	3.8	0	3.8
Sewage Gas	2.3	0	2.3
Municipal Solid Waste	1	0	1
Onshore Wind	0	0.9	0.9
Hydro	0	0.1	0.1
Total	133.8	346.8	480.6
KW/household	755	2,161	1,424

Source: Renewable Energy by Local Authority, 2014 to 2022, Department for Energy Security and Net Zero

Research by Regen in 2021 found that:

- Renewable energy generation equated to only 5% of total energy consumption;
- Other significant generation includes the 45MW gas-fired Chickerell Power station and 26MW of diesel generation;
- The Wych Farm oil field produces approximately 14,000 Barrels of oil equivalent per day, which is equivalent to 2,226.5 ktCO2e per year (equivalent to 73% of Dorset's total emissions in 2018); and
- There is a pipeline of new capacity, which shows a move towards large-scale, subsidy free solar farms and battery storage, either co-located with solar generation or as standalone projects.[40]

Since then, Canford Renewable Energy Limited (CRE), with support from the LEP's Growing Places Fund and Low Carbon Dorset, has invested in the Dorset Green Hydrogen Project. Powered by a combination of solar panels and green electricity generated from CRE's landfill gas power station, the 0.9MW electrolyser will produce around 120,000kg of green hydrogen per year. As one of the south west's first green hydrogen production facilities, it will provide a source of clean, zero-emission hydrogen fuel for decarbonising heavy transport and save 3,556 tonnes of CO2 a year.

Opportunities and challenges in reaching net zero

The Regen research highlighted that Dorset has significant opportunities and challenges within the shift to net zero.

Opportunities:

- Of the low-carbon generation resource in the area, **solar and offshore wind present the biggest and most immediate opportunity** for the area, with other technologies having some good potential in the medium term. An offshore wind project would mean that the area becomes a net exporter of power;
- An excess of low carbon generation from wind and solar in the area goes hand-in-hand with the opportunities in the pan Dorset area around **energy storage and the**

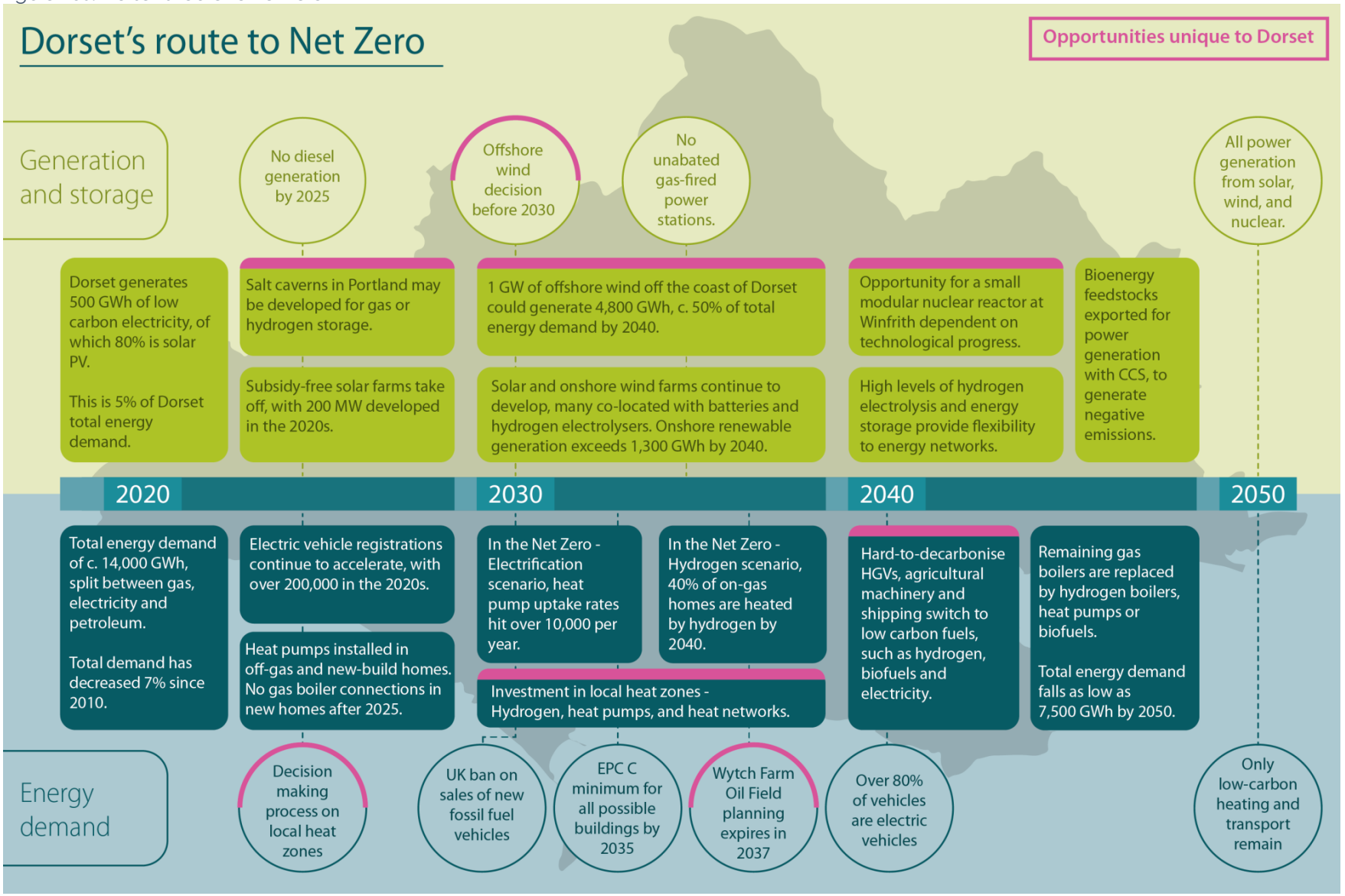
[40] Dorset Low Carbon Energy Route Map and Evidence Base: Energy Opportunities for Decarbonising Dorset, 2021

future development of 'green' hydrogen by electrolysis for decarbonisation of heavy transport, industry and the marine sector;
- The natural capital of both Portland's **salt caverns** and the **potential to repurpose the existing oil and gas infrastructure** provide a unique opportunity for the area, to be a leader in the new hydrogen economy building new green industries with highly skilled engineering jobs and strong local investment.

Challenges:
- The biggest challenges for the area, and any other region looking at delivering net zero, is around **energy efficiency and heat in buildings**. Solutions are likely to be increasingly local and community-led with different solutions leading in urban areas compared to the rural and off-gas parts of the county. It is important that the area starts on this journey now, as there is a long way to go;
- Both the energy efficiency and heat challenges offer significant potential in terms of development of new skills and jobs in the area. As the UK policy on buildings develops, the councils and public sector should use their convening power to bring forward demand for services and **stimulate the retrofit and low carbon heat sector;**
- Finally, although the pathway to decarbonising transport by electrification is increasingly clear, it is important to remove blockers to that transition by ensuring there is enough **public charging solutions for both the local and seasonal populations**;
- Another key area is to **develop both demand and supply solutions for harder to electrify transport** including marine transport, haulage through Poole Port, agricultural vehicles and heavy machinery, potentially using hydrogen or biofuels; and
- Bringing this together is the energy infrastructure in the area, and the electricity networks in particular, where the area currently has significant constraints. It is important that strategic conversations are started between local government and the local networks to identify the strategic sites for the green economy and processes required to **develop the right energy infrastructure to support net zero in the pan Dorset area.**

Figure 130 overleaf summarises the pan Dorset area's potential route to net zero.

Figure 130: Dorset's route to net zero

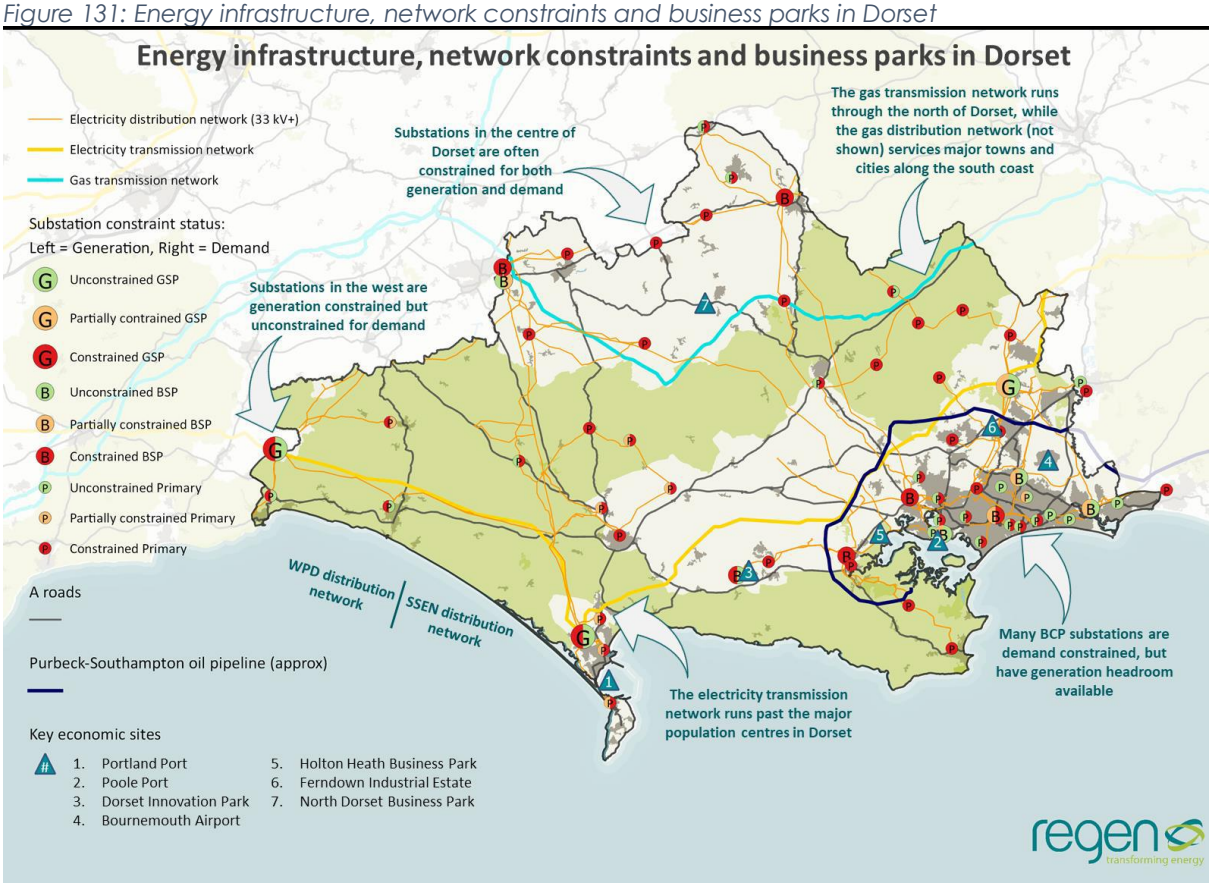


Source: Dorset Low Carbon Energy Route Map and Evidence Base: Energy Opportunities for Decarbonising Dorset, 2021

Energy infrastructure

Figure 131 shows the main energy infrastructure in the pan Dorset area, including the gas, electricity and oil networks. Much of the electrical infrastructure in the area is constrained. This means that new connections (generation or demand) can incur high costs.

Figure 131: Energy infrastructure, network constraints and business parks in Dorset



Source: Dorset Low Carbon Energy Route Map and Evidence Base: Energy Opportunities for Decarbonising Dorset, 2021

Since this research, the LEP, through its Growing Places Fund has supported Holme Mineral Processing Ltd to install a renewable energy grid connection and cable infrastructure works between East Stoke and Wareham – the first of its kind in Dorset and rare in the UK. By establishing a joint electricity grid connection, renewable energy generated by large scale solar and wind generation at the Holme Estate will feed the national grid via a Scottish & Southern Energy (SSE) substation in Wareham to local supply homes and businesses.

Climate change impacts

The Met Office has modelled the possible future climate in the UK, based on different patterns of emissions, between a scenario where we achieve rapid emission reduction to a business-as-usual scenario where we see continued increase in emissions. The scale of climate change impacts will depend on how successful the world is at curbing greenhouse gas emissions, but overall, the models predict: -

- Average temperatures will rise by between 1-7 degrees – with increased intensity and frequency of heat waves and hotter summers;
- Rain fall patterns will change with warmer wetter winters and hotter drier summers. When it rains in summer, there will be more intense storms; and
- Average sea level will rise by between 27-115cm in the Southwest by 2100 (with more later), significantly increasing risk to coastal communities and greater danger from storm surge or high tides.

The Committee on Climate Change identified the following six key areas of inter-related climate change risks for the UK as the most important, due to their magnitude now and in the future.

- flooding & coastal change risks to communities, businesses, & infrastructure - affecting property values, business revenues, and, in extreme cases, the viability of communities.
- Risks to health, wellbeing, and productivity from high temperatures – tripling premature heat-related deaths by the 2050s within an aging population.
- Risk of shortages in the public water supply, and for agriculture, energy generation, and industry – putting increasing pressure and competition on industry, farming, and the public water supply, and the ecological status of rivers, lakes, estuaries, and groundwater.
- Risks to natural capital, including terrestrial, coastal, marine, and freshwater ecosystems, soils and biodiversity – Impacting the UK's native wildlife and availability of the vital goods and services provided by natural capital, including food, timber and fibre, clean water, carbon storage, and the cultural benefits derived from landscapes.
- Risks to domestic and international food production and trade – supply chains, leading to volatile food prices, and increasing the need for effective stewardship of natural resources here and overseas to maintain the resilience of the UK food system in the long-term.
- New and emerging pests and diseases, and invasive non-native species, affecting people, plants, and animals - having widespread impacts on communities and economies, and are very expensive to manage once established.[41]

Natural capital

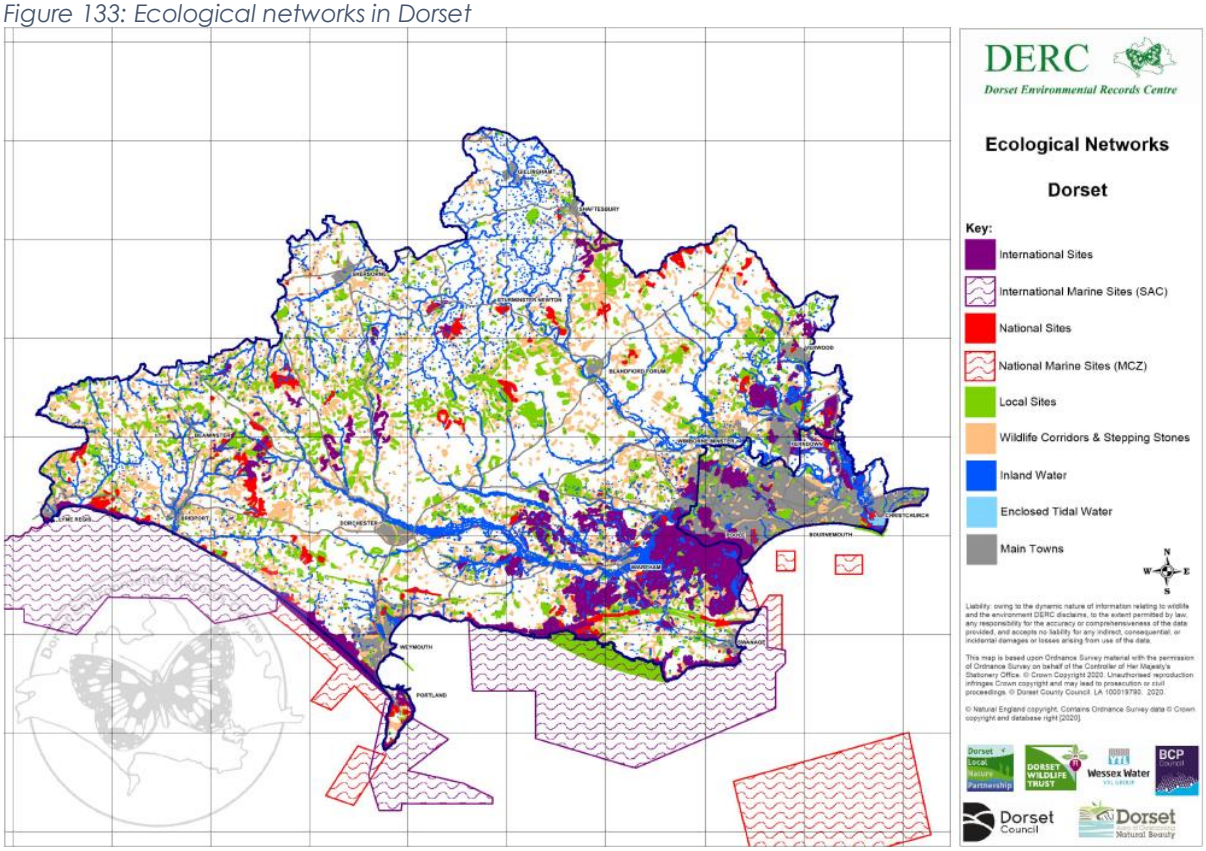
The pan Dorset area is recognised for its biodiversity and landscape quality with many national and international designations for both wildlife species and sites. Figure 132 below summarises some of its key natural capital assets and Figure 133 the main ecological networks.

Figure 132: Key natural capital assets

Source: Natural Value 2023: The Stage of Dorset's Environment. Dorset Local Nature Partnership

[41] Dorset Council, Climate and Ecological Emergency Strategy

Figure 133: Ecological networks in Dorset



Source: Natural Value 2023: The Stage of Dorset's Environment. Dorset Local Nature Partnership

However, the area's environment has been seriously degraded over the past 80 years. Measures of biodiversity value have undergone a substantial decline in this period, as illustrated by the 97% loss of neutral grassland and 70% loss of calcareous grassland. The condition of remaining semi-natural habitats has been reduced by nitrogen deposition and habitat fragmentation; for example, the mean area of heathland patches has declined by 29% since 1978. These trends are primarily attributable to agricultural intensification and changing farming practices.[42]

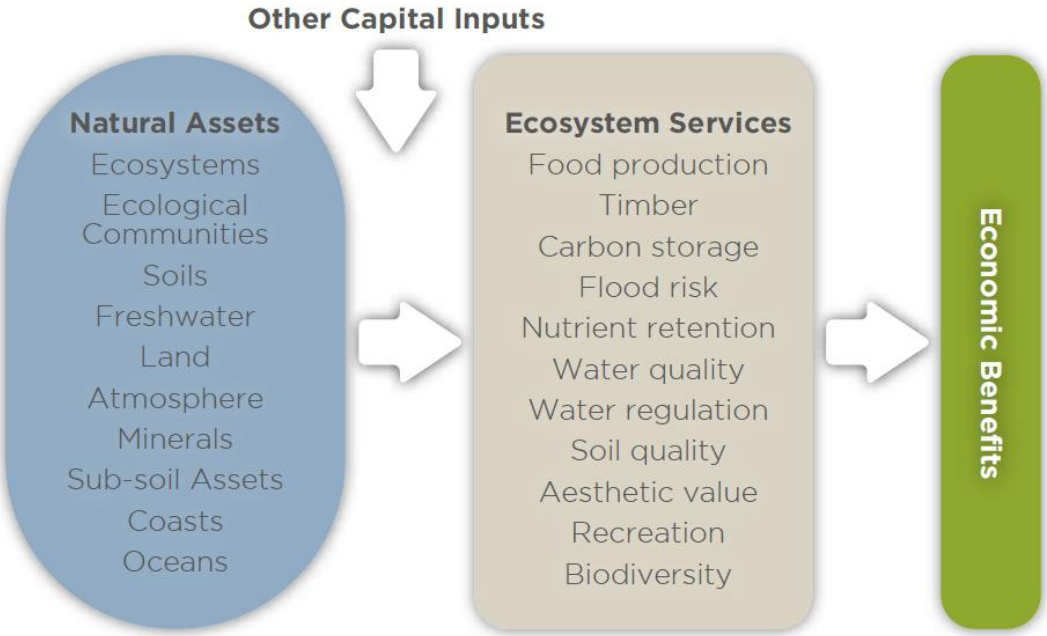
Ecosystem services

Figure 134 illustrates the relationship between natural capital and ecosystem services, where assets represent capital stocks, which provide flows of benefits to people. These flows are referred to as ecosystem services and include many benefits on which human lives depend, including clean air, water, food, materials and energy together with cultural and aesthetic benefits.

Research conducted by Bournemouth University and partners found that provision of most ecosystem services, has declined significantly since the 1930s. Some services, such as soil quality and carbon storage, have declined continuously over this interval, with no sign of recovery. Others, such as mitigation of flood risk, have increased in recent years owing to changing land use, particularly the transition from arable to livestock farming that occurred over large areas after the 1950s.

42 Trends in Natural Capital, Ecosystem Services and Economic Development in Dorset, Technical Report 2019. Bournemouth University and the Centre for Ecology and Hydrology

Figure 134: Natural capital and provision of ecosystem benefits to people



Source: Trends in Natural Capital, Ecosystem Services and Economic Development in Dorset, Technical Report 2019. Bournemouth University and the Centre for Ecology and Hydrology

The research also explored the link with local businesses and found that provision of ecosystem is important to local businesses. Overall, 47% of the Dorset businesses surveyed stated that they were at least somewhat dependent on service flows. Economic sectors that were highly dependent on ecosystem services included tourism and travel, manufacturing, education and agriculture. The most important services to businesses were provision of freshwater, waste and water treatment, microclimate regulation, water quality and carbon storage.

It went on to explore the economic impact of several different land-use scenarios. This found that the further expansion of agriculture would provide limited benefits to the local economy. Even if all remaining land in Dorset that is suitable for agriculture were converted to farmland, Gross Value-Added (GVA) would increase by ≤ 0.3%. However, investment in natural capital, aiming to improve the extent and condition of semi-natural ecosystems, could have a much greater impact on the economy, with GVA increases of up to 5% in the scenarios explored. Such investment could deliver an £0.8 billion increase in GVA and create more than 25,000 jobs.

The research also found that further degradation of natural assets could lead to relatively abrupt changes in the provision of ecosystem services (through tipping points), which could have a significant impact on the local economy and that investment in natural capital could help mitigate these risks.

Case Study: Relationship between health and the environment

The problem

- In Dorset the Integrated Care System (NHS and local authorities) spend £1.4 billion on health services.
- Inactivity and loneliness can have huge impacts on people's health and well-being. In 2019/20 30.6% of residents in BCP and 19.6% in Dorset did less than 30minutes of activity a week. And 39% of people felt lonely some of the time or occasionally. One in 6 people at any one time will have a mental health issue, which means that in Dorset, about 128,971 people will have a mental health issue at any one time

The opportunity

- Physical activity can reduce the risk of major illnesses, such as type 2 diabetes, cancer, heart disease and stroke by up to 50%, and lower risk of early death by up to 30% as well as supporting good mental health.
- Research shows that just 5 mins in the natural environment helps to boost mood and a recommendation has been made that we should all spend 120 minutes a week in the nature to support of wellbeing. Activities in the natural environment offer both a preventative and a therapeutic opportunity to support and enhance health and wellbeing.

Solutions

- The Green Prescription Service was rolled out across Dorset, giving people opportunities for activities within the natural environment which support both physical and mental well-being
- Dorset National Landscape received Big Lottery funding for a project to engage older people in dementia friendly nature based activities
- The Dorset Sustainability and Transformation Plan brings together the health system to support the transformation of the system into a sustainable model. This included a 'Healthy Places' programme, which included improving access to green spaces

Summary: Energy and the environment

- Greenhouse Gas Emissions have been falling since 2005 and 2021, but there is a long way to go to reach net-zero.
- Existing renewable energy generation capacity in the area is less than the national average per household and 94% of renewable energy capacity was solar PV.
- Research by Regen highlighted that there are significant opportunities for the pan Dorset area to reach net zero including solar and wind resources (including offshore). If these resources are utilised, excess local energy generation could be complemented with opportunities around energy storage and the future development of green hydrogen. The natural capital in both Portland's salt caverns and the potential to re-purpose existing oil and gas infrastructure provides a unique opportunity for Dorset to be a leader in the new hydrogen economy.
- The challenges in reaching net zero are around energy efficiency and heat in buildings, transport and grid constraints (where the network is constrained for both generation and demand)
- Climate change is expected to increase risks related to flooding/coastal erosion, health, water supply, natural capital, food production and trade, pests and diseases
- Dorset is recognised for its biodiversity and landscape quality with many national and international designations for both wildlife species and sites. But Dorset's natural capital has been significant degraded since the 1930s and is at risk
- Research shows that the wider economy is dependent on a range of ecosystem services and investment in natural capital could have a much higher economic impact than further intensification of agriculture
- The same research found that further degradation of natural assets could lead to relatively abrupt changes in the provision of ecosystem services (through tipping points), which could have a significant impact on the local economy

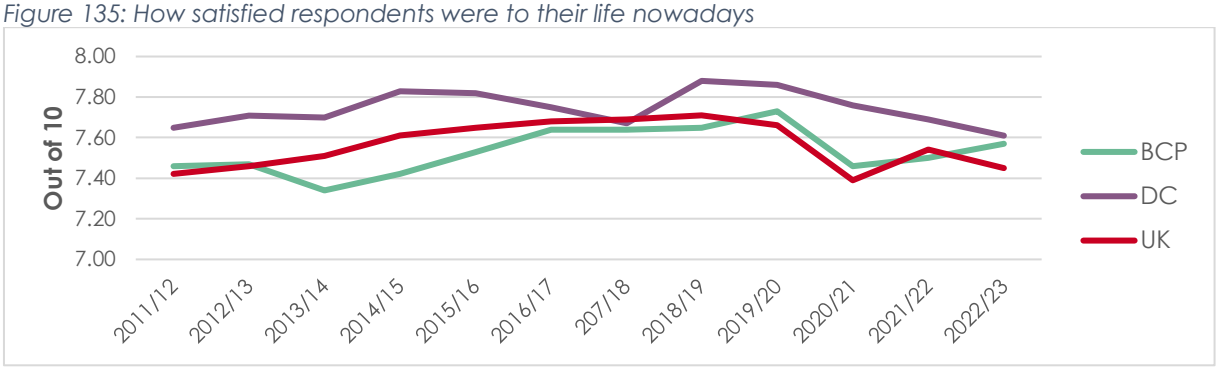
Quality of life

Personal well-being

Figures 135 to 138 show average ratings of personal well-being. These show that ratings of personal well-being in the UK were affected by the coronavirus pandemic. At the start of the pandemic ratings declined, followed by an improvement in 21/22. Average ratings for all measures of personal wellbeing have since declined for 22/23.

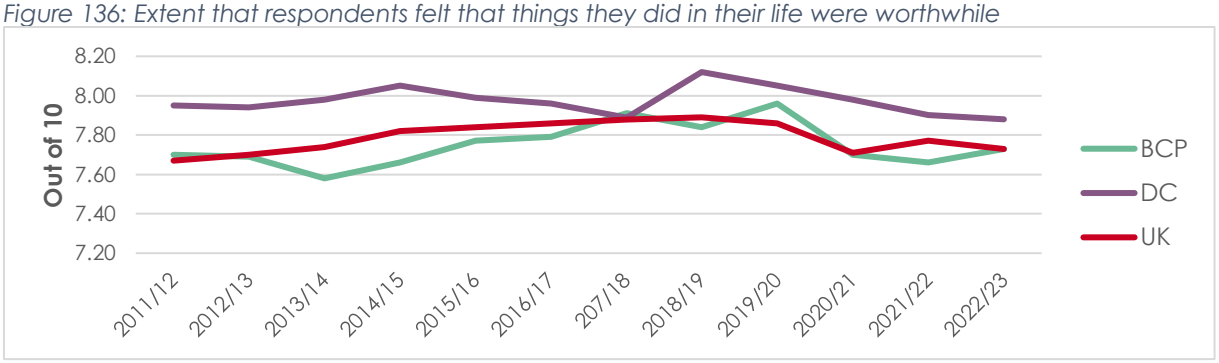
Whilst care should be taken when comparing performance between areas, trends in the DC area appear to show higher rates of personal well being than the national average. However, trends in the BCP area appear to more closely track national trends. These differences may be explained by demographic (e.g. age, health etc.) as well as place-based factors.

Figure 135: How satisfied respondents were to their life nowadays



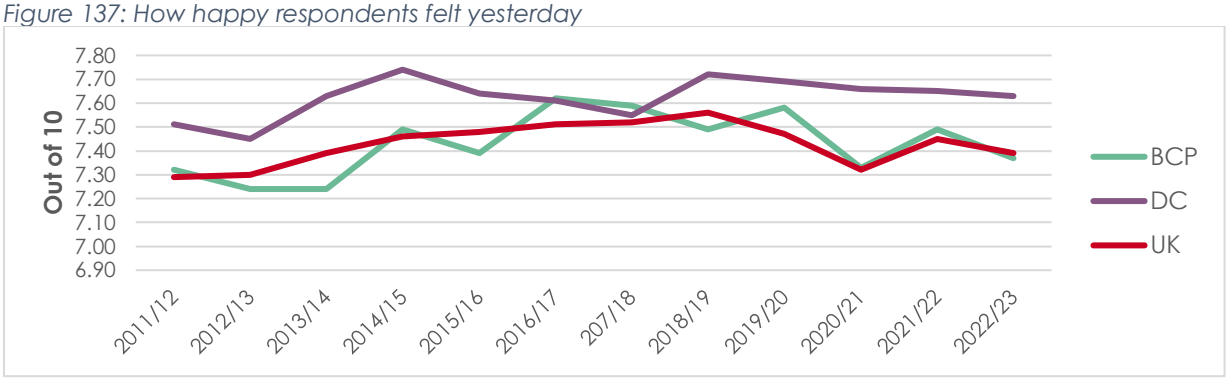
Source: Personal Health and Well-being in the UK, ONS

Figure 136: Extent that respondents felt that things they did in their life were worthwhile



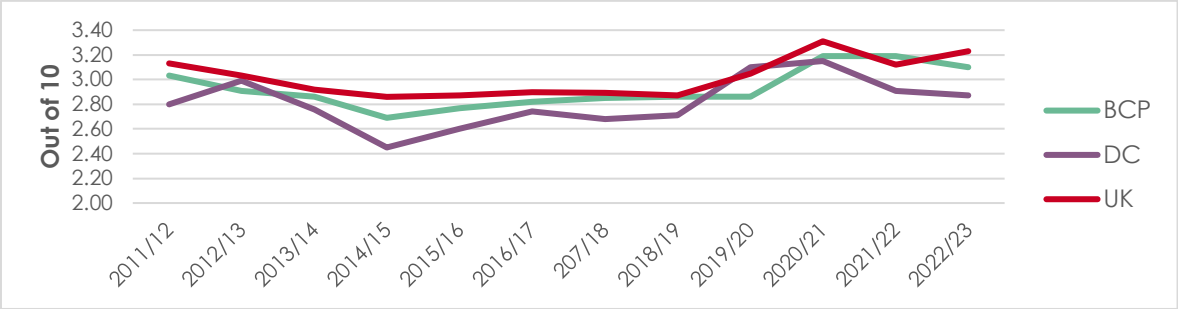
Source: Personal Health and Well-being in the UK, ONS

Figure 137: How happy respondents felt yesterday



Source: Personal Health and Well-being in the UK, ONS

Figure 138: Extent that respondents felt anxious yesterday



Source: Personal Health and Well-being in the UK, ONS

Health

Figure 139 shows that the life expectancy at birth for people born between 2020 and 2022 is higher than the national average in the area for both males and females.

Figure 139: Life expectancy at birth

	BCP	DC	England
Life expectancy at birth - male	79.4	80.8	78.9
Life expectancy at birth - female	83.5	84.9	82.8

Source: Fingertips Public health data

Figure 140 shows the inequality in life expectancy at birth between the most and least deprived areas. Whilst the data shows that the gap is less than the England average, it nonetheless demonstrates that neighbourhoods with higher levels of deprivation have lower life expectancy.

Figure 140: Inequality in life expectancy 2018-2020

	BCP	DC	England
Inequality in life expectancy at birth - male	8.9	5.3	9.7
Inequality in life expectancy at birth - female	6.1	5.3	7.9

Source: Fingertips Public health data

Culture

Culture makes an important contribution to quality of life and attractiveness of an area, which in turn contribute to economic growth by making places more appealing for people to live and work. It can also contribute via the growth of the creative industries and the evidence base relating to the creative industries is set out under the chapter on sectors.

Both BCP and DC have in place cultural strategies[43]. Whilst the two strategies are different from one another there are shared ambitions and priorities around nurturing and retaining creative talent, promoting tourism through the breadth of the 'Dorset destination' and supporting a year-round high quality and inclusive arts, heritage and cultural offer which celebrates local identities.

These strategies highlight a wealth of cultural, creative and artistic assets within the area.

[43] https://www.dorsetcouncil.gov.uk/-/cultural-strategy-2021-to-2026#welcome-statement
chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://democracy.bcpcouncil.gov.uk/documents/s40799/Appendix%201%20for%20Our%20Strategy%20for%20Culture%202023%20-%2032.pdf

Household incomes

Gross Disposable Household Income (GDHI) is the total amount of money households have available for spending or saving after tax and National Insurance contributions. This is the money individuals have to spend on household bills, food and other items. Figure 141 shows that total GDHI has not grown as quickly in DC and BCP as in the wider region and the UK. This most likely reflects the slower population growth.

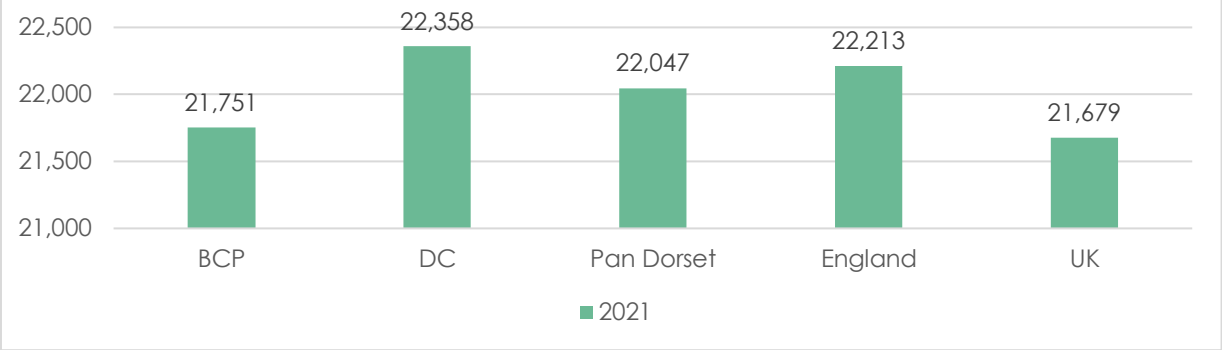
Figure 141: Gross Disposable Household Income

	GDHI 2011 (£m, current prices)	GDHI 2021 (£m, current prices)	% change 2011 - 2021
BCP	6,352	8,703	37%
DC	6,413	8,525	33%
Pan Dorset	12,765	17,228	35%
South West	86,562	121,233	40%
UK	1,031,375	1,453,047	41%

Source: Regional gross disposable household income (GDHI) at current basic prices, ONS

In order to compare different areas, GDHI is divided by the population of areas. Figure 142 shows that GDHI per head in 2021 was higher in the pan Dorset area than in the UK or South West region.

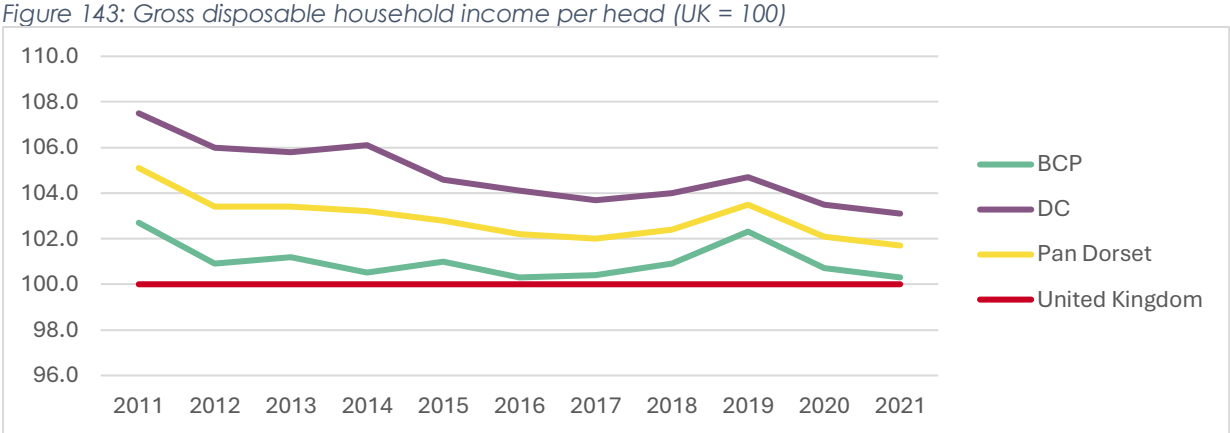
Figure 142: GDHI per head, £, 2021



Source: Regional Gross Disposable Household Income at current basic prices

However, Figure 143 shows GDHI per head expressed as an index relative to the UK. This shows that over time, the gap between the pan Dorset area and the UK has narrowed.

Figure 143: Gross disposable household income per head (UK = 100)



Source: Regional Gross Disposable Household Income at current basic prices, Note: Growth in per head estimates between 2020 and 2021 are unreliable because of a discontinuity in population data for some areas, caused by differences in the timing of census updates.

Summary: Quality of Life

- People living in the DC area appear to have higher rates of personal well-being than the national average, but people in BCP have rates that are similar to the national average
- Dorset's natural environment (including coast) is thought to be a significant contributor to it's quality of life
- Both DC and BCP have cultural strategies in place
- Life expectancy at birth for people born between 2020 and 2022 is higher than the national average in the area for both males and females. However, there are inequalities in life expectancy between the most and least deprived parts of the area.
- Whilst total Gross Disposable Household Income grew in the pan Dorset area between 2011 and 2021, it grew at a slower rate than nationally or regionally
- GDHI per head was 22,047 in 2021, 1.6% higher than the UK average of £21,679. However, in 2011, it was 5.1% higher than the UK average