



Regional Economic Development  
Local Economy Briefing

## Relative Value : Dorset & its Neighbours

In terms of total gross value added (GVA) (£15.4bn) and GVA per head (£20,392), Dorset ranked eighth in 2013 amongst its nearest nine southern neighbours (see first table below). The GVA per head measure puts Dorset 12.8 percentage points below the UK average. We do not expect that the comparative ranking shifted significantly in 2014.

LEP areas 2013	GVA (£bn)	GVA per head (£)		GVA (£bn)	GVA per head (£)
Enterprise M3	47.8	28902	West of England	29.3	26820
Coast to Capital	45.0	22935	Swindon & Wiltshire	16.1	23219
Solent	36.4	23211	Dorset	15.4	20392
Thames Valley Berkshire	34.2	38918	Gloucestershire	14.1	23269
Heart of the South West	30.5	18098	Cornwall & Isles of Scilly	8.4	15403

Source: ONS latest

Over time, Dorset has made modest progress in reducing this gap, which was 1.5 points wider in 2008 and 2.2 points wider in 1998. Over both these periods, this is the third best movement amongst the ten local LEP areas – a credible performance suggesting some, albeit minor and slow, relative economic progress is being made.

Nevertheless, the relative economic gradation from north/east to south/west is persistent and clear. The issue for the local development community is whether and how Dorset's GVA per head can be pushed closer to the levels achieved by its competitors over the long run. Expectations must be realistic but, over time, there could be some aspiration to close the gap with Wiltshire, Gloucestershire, Solent and Coast to Capital.

In sector terms (see table below), public services account for 20% of local output, distribution services 18.5%, real estate 16% and manufacturing 9.5%. In common with most UK areas, shares are growing over time for public services, real estate and 'other' services but falling for the production and distribution sectors.



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Dorset LEP 2012	GVA (£mn)	% share		GVA (£mn)	% share
agriculture, fishing & forestry	173	1.2	finance & insurance	1300	8.7
mining, minerals & utilities	688	4.6	real estate	2390	16.0
manufacturing	1419	9.5	professional, science & technical	1136	7.6
construction	1011	6.8	public admin, education & health	3017	20.2
distribution, transport & accommodation	2755	18.5	personal & leisure	604	4.1
information & communications	429	2.9	Total	14922	100.0

Source: ONS latest

As always, we are dealing with secondary official data that lags every day experience and focuses on averages. There are many exciting, successful, dynamic and high value businesses in Dorset that are growing and adding value, innovative in technology and employment, and developing new products and services for new markets at home and abroad. Nevertheless, there are also many that lag the underlying trends and are less competitive than they could be.

The key message of this briefing is that the structural details highlighted here depict an economy that is not moving sufficiently, in terms of the depth and spread of engagement, towards the high value activities in production and private services that the 'rebalancing' mantra of recent years implies. Policy and delivery need to understand and change this 'sticky' macro picture for more businesses and employees as we try to influence overall issues of growth through productivity and employment.

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