



Regional Economic Development
Local Economy Briefing

The Local Labour Market in early 2015

Data from the Labour Force Survey, just released for the first quarter of 2015, showed a UK labour market that is buoyant and getting tighter, nationally and locally. Moreover, UK average weekly earnings rose by 3.3% (year-on-year) in March: a higher rate of increase than we have seen for some time – some welcome news.

The headline numbers were:

	Economically active	Employment	Unemployment
SW England	81.1%	77.6%	4.3%
UK in total	77.9%	73.5%	5.5%

Source: ONS for period January-March 2015.

As usual, SW England, including Dorset, performed ‘better’ than the country as a whole with a higher employment rate than all other regions and a lower unemployment rate than anywhere else apart from the South East. (It must be noted, however, that, partly because local employment tends to contain a larger part-time element than elsewhere, our average earnings can lag national averages.)

Within the SW region, Dorset’s labour market is generally more robust than in most areas. SW residents tend to find work if they want it. Labour issues for local business are often more about skills gaps and retention than about a surplus of unused or hidden workforce resources.

The Labour Force Survey does not provide local data as often as it does for the headline rates (as outlined above). Each month, however, we get up-to-date claimant count rates at a local level. These provide a much narrower definition of unemployment. This is not useful for many aspects of detailed economic analysis but, as long as the two series do not diverge for long or significantly over time – (and when they do it is usually because of changes to the welfare regulations), they do allow us to make some simple, cross-sectional, local comparisons.



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The latest data on claimant counts shows UK and SW average rates respectively of 2.3% and 1.3% respectively in April. Again, the SW performs 'better' than most places. Importantly, however, many parts of Dorset continued to do even better than this SW average, as shown below.

Area	Claimant rate	Area	Claimant rate
Bournemouth	1.4%	Poole	1.1%
Christchurch	0.9%	Purbeck	0.7%
East Dorset	0.6%	West Dorset	0.6%
North Dorset	0.6%	Weymouth & Portland	1.3%

Source: ONS for April 2015

These relative rates reflect a universal truth: 'urban' areas have more recorded unemployment than 'rural' ones.

There are some other local lessons: some of the very low rates exhibited in Dorset's areas reflect population demographics, including age distribution factors (such as retired and student ratios), income and financial patterns, including relative affluence within households, and behavioural characteristics (such as the propensity to sign on) and part-time/flexible working patterns in key sectors (such as seasonal tourism).

Despite all these caveats in the fine detail, however, we can conclude, broadly, that the Dorset labour market is already quite tight. As a result, if the recovery is to develop and growth is to be sustained and sustainable, we are going to have to raise average productivity and/or bring in more labour from elsewhere, (with all that might mean for housing, congestion and other aspects of the economic development process).

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