



Regional Economic Development
Local Economy Briefing 7

The Annual Survey of Hours & Earnings

Evidence

The ONS has released its latest Annual Survey of hours & Earnings (ASHE), providing data on employee pay across Dorset and its hinterland for April 2015. The table below summarises some of the key local numbers on wage rates. The data provides median and mean averages for all employed (not including self-employed but taking into account part-time and full-time hours) by residence and workplace within each geographical area.

The two different averages can be used to assess the skewed nature of the pay distribution. Generally, 'means' are higher than 'medians', reflecting the way the very highly paid in an area pull up the mean average. For workers, this effect is particularly noticeable in Bournemouth where the mean is £85 per week higher than the median. For residents, it is larger than for most in Poole (£91) and largest in Christchurch (£105).

£ per week all employees	Residence		Workplace	
	median	mean	median	mean
Bournemouth	404	467	384	469
Poole	401	492	414	474
Dorset county	395	460	374	425
Christchurch	398	502	392	461
East Dorset	406	494	399	453
North Dorset	388	441	371	401
Purbeck	372	424	382	443
West Dorset	404	480	402	450
Weymouth & Portland	378	415	286	338
South East	468	565	447	529
South West	400	469	391	455
UK	426	508	426	508

Source ONS

Generally, in Dorset, pay rates are higher at residence than workplace, implying some influential local commuting effects. This is especially true for Weymouth and Portland, where the differential between the relative medians



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is huge (£92). The exceptions to this rule are Purbeck and Poole: the relative takers of commuters.

On each of the four measures, all Dorset's area pay rates are below their respective national averages. Compared with the SW average figures, pay tends to be above average in the south east of Dorset (the conurbation) and lower elsewhere. All Dorset, however, has relatively low pay compared with respective SE averages.

Amongst the SW LEP areas, Dorset ranks fourth of the six on both residents' and workplace employment medians and means. Again, the overall pattern is that places north and east of Dorset area have higher pay rates than those to the west.

Comment

Relative average pay rates across Dorset are fascinating in their own right as an indicator of comparative living standards. But, they are also an important measure of relative underlying economic performance and potential.

First and foremost, over time, pay rates reflect the productivity of jobs and, in turn, this hints at local sector characteristics and business competitiveness. The very low relative median workplace pay rate in Weymouth and Portland (£286), for example, indicates a rather weak economy and stands in stark contrast with the pay reached in Poole (£414). In theory, such large differentials would be expected to be exploited by employers, with them shifting or investing more in the former relative to the latter to take advantage of relatively 'low' costs. However, such pay differentials tend to persist even in the long run. In practice, industries and workforces tend to 'cluster' in a way that encourages high pay jobs to be associated spatially with other high pay jobs and skills.

It is these kind of effects that the local development community must struggle against. The economic fundamentals of a place can only be changed significantly with major investment in highly productive capacity.

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