

# Bournemouth Economic Bulletin

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Next Bulletin release date: Summer 2012

## Key Facts

- ⇒ Bournemouth has a resident population of 168,100 of which approximately 65% are of working age<sup>1</sup>
- ⇒ 110,000 people or 65% are of working age compared to 63% in South West and 65% in England & Wales
- ⇒ 74.6% (78,700) of working age population are economically active<sup>2</sup> compared to 76.1% in England & Wales
- ⇒ 25.4% (26,800) of working age population are economically inactive<sup>3</sup> compared to 23.9% in England & Wales
- ⇒ Number of claimants in Bournemouth in December 2011 was 3,722 (3.4%) compared with 3.8% in England & Wales
- ⇒ 7.4% of the total working age population have no qualifications. (England=11.2%)<sup>4</sup>
- ⇒ Gross weekly pay (full-time) in 2010 is £460 for Bournemouth residents compared with £468 in the South West and £504 in England & Wales (median earnings)

## 1.0 Current National Economic Overview

The latest growth figures for the economy revealed that in the last quarter of 2011 the economy shrank by 0.2%. This follows the growth of 0.6% in quarter 3. The contraction was driven by a 0.9% fall in manufacturing, a 4.1% drop in electricity and gas production as the warm weather caused people to turn down heating, and a 0.5% fall in construction sector. In addition, the services sector, which accounts for two-thirds of the economy, also failed to grow. The public sector strikes, which took place in the fourth quarter period, losing nearly a million working days, may also have held the economy back although this is not measurable. This means overall the economy grew by 0.9% in 2011. The British Chamber of Commerce's survey for quarter 4, 2011 was released in January 2012. The Chamber surveys its members on how their businesses are performing and how they expect to perform in the next few months. The results reflect the GDP figures from ONS. The chamber survey reported disappointing results giving cause for concern. Both the manufacturing and service sector have recorded declines in performance in most areas that firms are questioned on. Business confidence levels in both sectors remain low. The latest inflation figures for January 2012 reveal that inflation (the CPI) has fallen back to 3.6%; the government's target for the CPI is 3%. The RPI, which includes housing costs, fell to 3.9%. Much of the reduction is as a result of the increase in VAT no longer impacting on the figures and was a smaller reduction than had been expected. Independent forecasts received by HM Treasury in February 2012 predict an average CPI of 2.0% in 2012 with average forecasts suggesting it will remain around this level at 2.1% in 2013. The Bank of England voted in February 2012 to retain interest rates at 0.5%. In addition a further £50 billion will be pumped into the economy to help stimulate growth.

HM Treasury compares a variety of forecasts from independent and city companies to produce an average GDP figure. Latest forecasts for the UK economy produced in February 2012 predict an average of 0.5% growth in GDP in 2012. The 27 forecasts received in February produce an average forecast of 1.8% for 2013. The Pound is currently worth about 1.19 Euro and \$1.58. The low interest rates mean demand for the Pound in financial markets is likely to be poor although lower exchange rates make our products more attractive and will, hopefully, benefit companies selling overseas.

## 1.1 Current Local Economic Overview

Bournemouth's largest employers are in the financial services, public services and tourism related industries. Financial services within

<sup>1</sup> Working age is 16-64 yrs old for males and females (this is a recent change)

<sup>2</sup> People of working age who are either in employment or unemployed (Source: APS Jul-10 to Jun-11)

<sup>3</sup> People of working age who are neither in employment or unemployed e.g. retired or looking after the home

<sup>4</sup> People of working age have no qualifications (Source: APS Jan-10-Dec-10)

Bournemouth and the wider conurbation include companies such as the Nationwide Building Society, JP Morgan, Unisys, RIAS and Liverpool Victoria. According to the South West Regional Accounts for 2009 the Financial Services sector is worth around £1,031.8 million GVA to the Bournemouth economy (this represents around 31% of all GVA generated in Bournemouth). Currently, Jobcentre vacancy data for January 2012 reveals that unfilled notified vacancies are 35% higher than they were at in January 2011. Around 66% of the unfilled vacancies are in the banking, finance and insurance sector. This sector, as evidenced by the economic growth statistics and the vacancy data, suggests it is more resilient. Monthly house price data from the Land Registry reveals that in Bournemouth house prices peaked in December 2007 falling until April 2009 when they started to increase again. This upward trend has now slowed with average house prices falling back again since September 2010. This reduction may in part be due to the continuing difficulties for first time buyers of accessing suitable mortgages and also the increase in the number of properties on the market. The latest statistics on both GVA and Disposable Household Income per head are now showing the impact of the recession with GVA declining and the Disposable household income growth rate slowing; however, the data is for 2009 and so is only showing the initial downturn. Statistics on the numbers of claimants illustrate the rapid increase in those seeking work since 2008; claimant numbers subsequently fell but are currently showing an increasing trend.

It is hoped that 2012 will be a successful year for British tourism with more people, including overseas visitors, choosing to visit, however some national research has suggested that although some will visit specifically for the Olympics for others it will be a disincentive to visit.

## 1.2 Sub-Regional GVA

The latest sub-regional statistics on GVA are for 2009 so are not very timely given the economy has changed considerably since that date. The data does however give a useful indicator of productivity. The smallest geography the data is available covers Bournemouth and Poole. The statistics show that despite the fact that the area was lagging behind national figures it was one of the faster growing areas. The indices calculated per head illustrate how the area has improved since 1999, with it now ahead of the UK.

	1999		2009		% Change
	£ per head	Per head indices	£ per head	Per head indices	
United Kingdom	14,023	100.0	20,341	100	45.1%
South East	14,683	106.1	21,257	106.3	44.8%
South West	12,699	91.8	18,184	90.9	43.2%
Bournemouth and Poole	14,011	101.2	21,142	105.7	50.9%
Dorset CC	10,530	76.1	15,252	76.3	44.8%

Source: ONS, Crown Copyright

## 1.3 Disposable Household Income

The sub-regional statistics on disposable household income give an indication of the amount of spending money people have available on average and therefore is a useful indicator of economic well-being. Between 1999 and 2009 the amount per head has increased by over 50% in Bournemouth and Poole. The indices per head illustrate we are outperforming the UK.

	1999		2009		% Change
	£ per head	Per head indices	£ per head	Per head indices	
United Kingdom	10,629	100	15,350	100.0	44.42%
South East	12,866	115.4	17,292	112.9	34.40%
South West	12,247	99.8	15,140	98.7	23.62%
Bournemouth and Poole	10,825	102.0	16,239	106.0	50.01%
Dorset CC	10,986	103.5	16,397	106.6	49.25%

Source: ONS, Crown Copyright

#### 1.4 Business Survival Rates using Business Demography Statistics

Area	2005
United Kingdom	44.4%
South East	46.8%
South West	48.1%
Bournemouth UA	38.2%
Poole UA	49.6%
Dorset County	51.0%

Source: Business Demography, ONS, Crown Copyright

Business survival rates allow us to gauge how firms are performing in Bournemouth relative to other areas. The data provides annual information for business start-ups since 2005 for the five year period to 2009. Table 3 shows the percentage of firms that have survived five years. The figures for Bournemouth are significantly lower than Poole and Dorset and the UK. This may be due to the type of businesses in Bournemouth as the statistics split by business type across the UK suggest that hotels and catering have lower survival rates than other businesses (for five year survival rates in 2005-2009 the percentage for hotels and catering was 33.6% compared with 44.4% for all industries).

#### 1.5 Business Demography statistics

Business demography statistics were released to replace VAT statistics. They provide information on births of firms, deaths of firms and active firms. The latest figures cover the period for 2010. This dataset differs from VAT data as it includes the births and deaths of non-VAT registered employing businesses, providing a more comprehensive view of business start-up activity than VAT statistics. Like VAT statistics this dataset provides a useful indicator of how a local economy is faring in terms of entrepreneurship and the health of the business population. In Bournemouth, in 2010, there were 6,310 active enterprises compared with 6,530 active enterprises in 2009. There were with 670 births and 945 deaths. Comparison data for other areas is set out below in Table 4.

	Active Enterprises	Births	Deaths
United Kingdom	2,300,355	235,145	297,395
South East Region	369,920	36,910	45,225
South West Region	202,620	17,835	23,500
Bournemouth UA	6,310	670	945
Poole UA	6,030	615	810
Dorset County	17,780	1,400	2,040
Christchurch	1,930	175	270
East Dorset	4,460	370	495
North Dorset	2,890	215	305
Purbeck	1,955	130	205
West Dorset	4,660	345	495
Weymouth and Portland	1,885	165	270

Source: Business Demography, 2010, ONS

## 1.6 Sectoral composition

	Bournemouth UA		Poole UA		Dorset County		South West		England & Wales	
	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture, forestry & fishing	15	0.3	25	0.5	2,005	11.6	22,220	11.3	105,870	5.7
Production	250	4.7	430	8.3	1,245	7.2	11,975	6.1	118,055	6.3
Construction	810	15.3	875	16.9	2,585	14.9	26,435	13.4	234,185	12.5
Motor trades	150	2.8	225	4.3	575	3.3	6,925	3.5	59,940	3.2
Wholesale	200	3.8	270	5.2	720	4.2	7,990	4.1	94,900	5.1
Retail	610	11.5	430	8.3	1,540	8.9	16,830	8.6	166,970	8.9
Transport & storage (inc. postal)	95	1.8	150	2.9	435	2.5	5,545	2.8	59,070	3.2
Accommodation & food services	430	8.1	255	4.9	1,150	6.6	13,710	7.0	111,740	6.0
Information & communication	445	8.4	420	8.1	900	5.2	11,880	6.0	139,310	7.5
Finance & insurance	100	1.9	80	1.5	255	1.5	3,220	1.6	39,980	2.1
Property	245	4.6	285	5.5	590	3.4	6,525	3.3	67,965	3.6
Professional, scientific & technical	790	14.9	760	14.7	2,175	12.6	26,655	13.6	302,845	16.2
Business administration & support services	370	7.0	345	6.7	1,070	6.2	12,695	6.5	129,760	6.9
Public administration & defence	0	0.0	0	0.0	45	0.3	410	0.2	2,805	0.2
Education	120	2.3	90	1.7	275	1.6	2,985	1.5	29,110	1.6

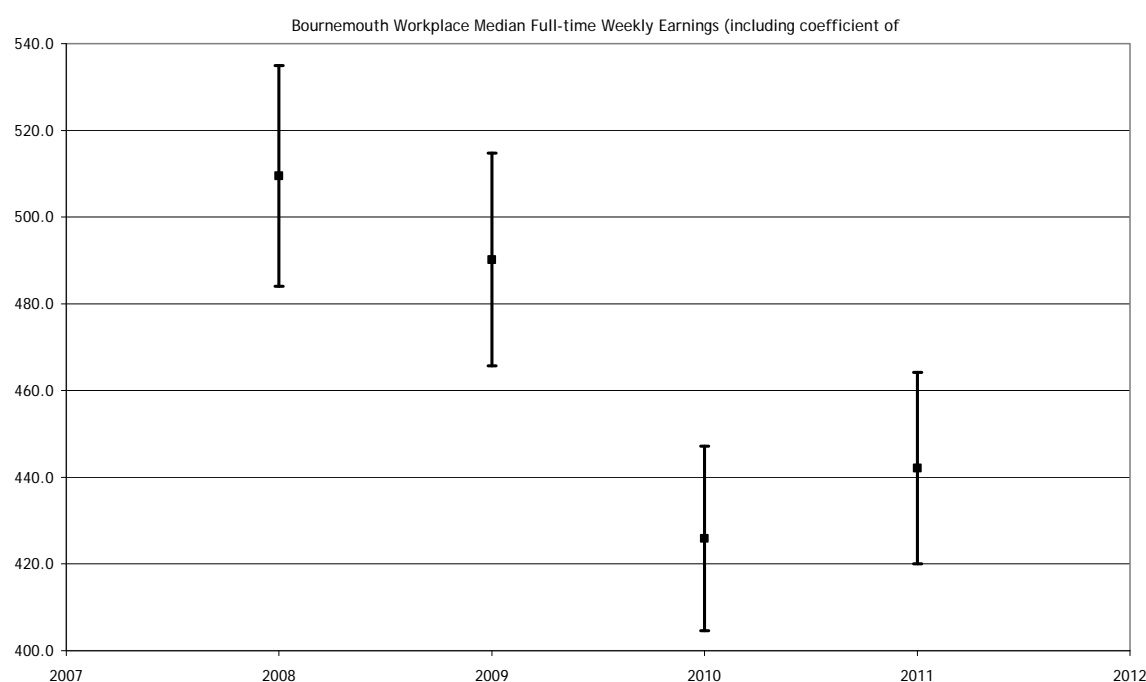
Health	290	5.5	205	4.0	580	3.3	7,740	3.9	74,565	4.0
Arts, entertainment, recreation & other services	365	6.9	335	6.5	1,185	6.8	12,865	6.5	131,185	7.0
<b>TOTAL</b>	<b>5,285</b>	<b>100.0</b>	<b>5,180</b>	<b>100.0</b>	<b>17,330</b>	<b>100.0</b>	<b>196,605</b>	<b>100.0</b>	<b>1,868,255</b>	<b>100.0</b>

Source: IDBR, ONS

## 1.7 Earnings

According to the ASHE 2011 (Annual Survey of Hours and Earnings 2011 - National Statistics), the gross median weekly pay for all full-time employee jobs for those working in Bournemouth is £442.10. This represents an increase in gross weekly earnings since 2010 (however allowing for the coefficient of variation means it is not possible to say it's a real increase). The median gross weekly pay for Bournemouth residents is higher at £472.30. The last two years of data reveals higher resident-based earnings compared with workplace earnings. This trend is also the case for Dorset and implies that residents from the sub-region may well be working in the South East or London where salaries tend to be higher. The chart below illustrates the median workplace-based earnings in Bournemouth as well as the coefficient of variation and how earnings have generally fallen over the last four years.

Chart 1 - Workplace-based Median Full-time Weekly Earnings



## 1.8 House Price and Income Ratios

The report from the National Housing Federation, Home Truths 2011, contains information on house prices and incomes for each of the local authority areas in the south west region. The measure uses mean house prices, from the Land Registry, and median incomes from ASHE. Bournemouth's house price ratio is 11.3 which is around the figure for England of 11.2.

House prices peaked in December 2007 in Bournemouth, with an average house price of £193,140. Prices have since fallen to a low of £153,487 in April 2009 but have picked up since then and currently stand at £169,498 in December 2011. Despite the reduction in house prices

(comparing current figures with those published in Home Truths, 2011) using the average household income figure provided in table 6 the house price to income ratio in Bournemouth is still 8.7.

Area	Median Incomes (£) 2010	Mean House Prices (£) 2010	House Price to Income Ratio	Average Lower Value House Prices (£) 2010	House Price to Income Ratio for lower value house price
England	21,398	240,033	11.2	125,000	5.8
South East	22,870	284,379	11.2	167,500	7.3
South West	19,713	228,940	11.6	145,000	7.4
<b>Bournemouth UA</b>	<b>19,588</b>	<b>221,866</b>	<b>11.3</b>	<b>149,250</b>	<b>7.6</b>
Christchurch	20,862	285,176	13.7	192,000	9.2
East Dorset	19,594	293,145	15.0	212,000	10.8
North Dorset	18,231	253,745	13.9	160,059	8.8
Poole UA	18,767	274,067	14.6	170,000	9.1
Purbeck	19,900	275,917	13.9	189,950	9.5
West Dorset	20,940	261,207	12.5	173,000	8.3
Weymouth & Portland	18,600	207,934	11.2	146,000	7.8

Source: Home Truths 2011, National Housing Federation, October, 2011

The numbers of new homes being built has fallen nationally. Although national statistics, based on Building Control returns, suggest dwelling starts increased in 2010/11 across the country compared with the previous two years, the numbers of completions are still below 2007/08. The number of dwellings completed in Bournemouth in 2010/11 is 40% of the completions in 2008/09. In addition, it is the lowest number of dwellings completed in Bournemouth since 1998/99. Net completions since 1994/95 are illustrated in Table 7.

	Bournemouth	Poole	Dorset	Total
1994/1995	698	739	1,847	3,284
1995/1996	703	527	1,644	2,874
1996/1997	508	357	1,925	2,790
1997/1998	650	711	1,758	3,119
1998/1999	539	340	1,933	2,812
1999/2000	643	300	1,734	2,677
2000/2001	727	334	1,578	2,639
2001/2002	824	396	2,064	3,284
2002/2003	922	313	1,694	2,929
2003/2004	1,164	497	2,070	3,731
2004/2005	1,096	413	1,711	3,220
2005/2006	960	828	1,944	3,732
2006/2007	1,089	666	1,414	3,169
2007/2008	1,534	619	1,375	3,528
2008/2009	1,218	685	1,411	3,314
2009/2010	622	421	882	1,925
2010/2011	492	257	1,069	1,818
<b>Total</b>	<b>14,389</b>	<b>8,403</b>	<b>28,053</b>	<b>50,845</b>

Source: Annual housing monitoring survey

## 1.9 Qualifications

An economy is more likely to be successful if it has a well qualified labour supply. Latest statistics from the Annual Population Survey suggest that the majority of the population, whether in Bournemouth or throughout England, has achieved NVQ Level 1 or above. In Bournemouth only 7.2% of the working age population have no formal qualifications.

	Bournemouth	Bournemouth (%)	South East (%)	South West (%)	England (%)
No Qualifications*	7,600	7.2	8.5	8.4	11.1
Other Qualifications*	10,300	9.8	7.5	7.2	8.6
Trade Apprenticeships	4,600	4.4	3.6	4.7	3.8
NVQ1 only*	14,200	13.5	13.3	13.4	13.3
NVQ2 only*	17,300	16.5	16.9	17.7	16.3
NVQ3 only*	22,900	21.8	16.3	17.2	15.8
NVQ4 & above*	28,100	26.7	33.9	31.5	31.1

Source: Annual Population Survey, NOMIS 2012

\*Please see the "Glossary" to view the full definitions of the qualification levels stated in Table 8.

## 1.10 Employment

	Bournemouth	Dorset	Poole	South East	South West	England & Wales
Economic activity rate (working age)	74.6	78.1	80.8	79.5	78.3	76.1
Employment rate (working age)	69.1	73.4	76.91	74.7	73.5	70.1
% in employment who are employees - working age	59.8	59.6	69.2	63.9	62.3	60.5
% in employment who are self employed - working age	9.0	13.4	7.2	10.4	10.8	9.2
% who are economically inactive - working age	25.4	21.9	19.2	20.5	21.7	23.9

Source: Annual Population Survey, ONS, Crown Copyright

The latest Annual Population Survey (APS) reveals that activity rates for Bournemouth are marginally lower than England and Wales. The South West activity rate is also slightly higher than Bournemouth.

## 1.11 Unemployment

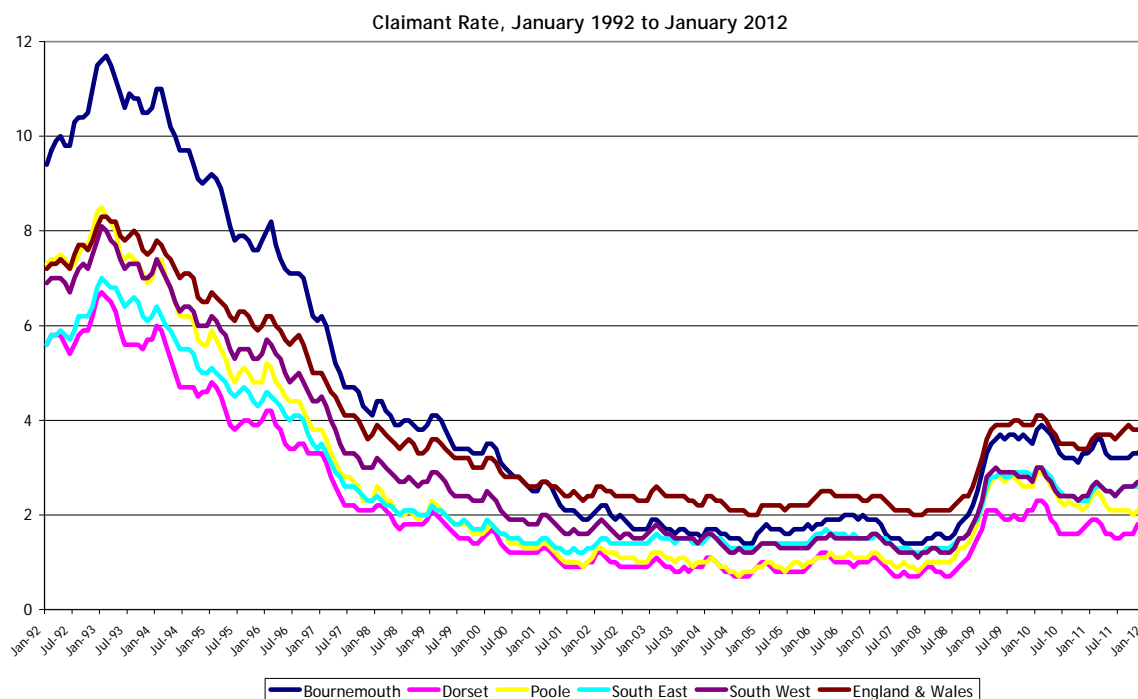
In recent months the claimant count has been fluctuating indicating the uncertainty in both the local and the national economy.

Chart 2 shows how the claimant rate for Bournemouth back in 1992 was far higher than other areas including England and Wales. Over time the claimant rates have fallen substantially both nationally and locally. However the recent increase in the claimant count has increased the gap again between Bournemouth and the other comparison areas (with the exception of England and Wales) shown in Chart 2.

The number of claimants in Bournemouth increased between January 2011 and January 2012; from 3,787 to 3,925. The rate has also increased from 3.4% to 3.6%. This rate is lower than February 2010 when the rate reached 3.9%. Chart 2 illustrates how the claimant rate has

fluctuated over the last couple of years. The number of claimants in Bournemouth was at its lowest in December 2007 and stood at 1,474 and the rate was just 1.4%. In the subsequent four year period (Dec-07 to Dec-11) the number of claimants has increased by 2,248, an increase of nearly 153%

Chart 2-Claimant Rate (Jan 1992-Jan 2012)



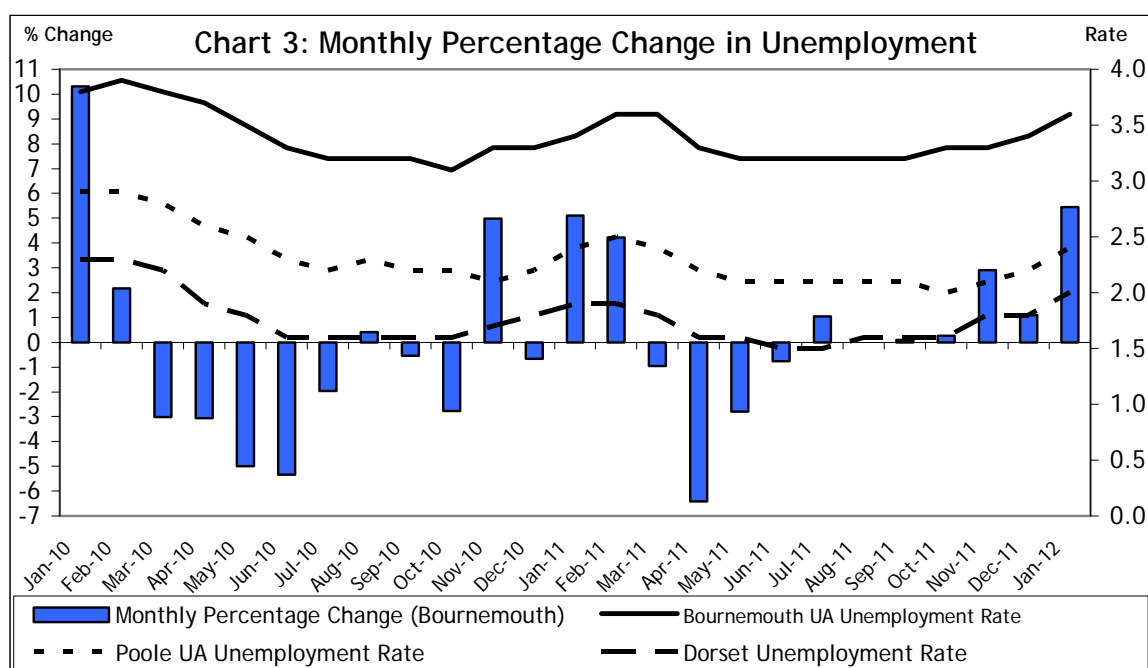
Area	Jan-11		Jan-12		Change in Persons	% Change	Rate Change
	Persons	% Rate	Persons	% Rate			
Bournemouth UA	3,787	3.4	3,925	3.6	138	3.6	0.1
Dorset CC	4,496	1.9	4,689	2.0	193	4.3	0.1
Poole UA	2094	2.4	2110	2.4	16	0.8	0
South East	135,253	2.5	146,956	2.7	11,703	8.7	0.2
South West	85,517	2.6	96,083	2.9	10,566	12.4	0.3
England & Wales	1,299,218	3.6	1,438,713	4.0	139,495	10.7	0.4

Source: NOMIS, National Statistics \*Rates are residence-based

Over the last year the claimant rate in Bournemouth has remained broadly the same with modest increases and decreases illustrated in Chart 3. In December 2007 the number of claimants in Bournemouth was at its lowest point and has gradually increased with the biggest increases experienced at the beginning of 2009. However the rate is still far lower than in previous years: when the residence rate was first recorded in January 1992 the rate was 9.9%; it rose as high as 11.7% in February 1993. Table 10 illustrates how the number of claimants in Bournemouth has changed between January 2010 and January 2012.



Chart 3: Monthly Percentage Change in Unemployment



The government prefers to use the ILO measure of unemployment, this includes all those actively seeking work not just those eligible for benefit. The data for the year through to June 2011 shows that Bournemouth had a rate of 7.8% compared with the South West rate of 6.0%. In the last month, as Chart 2 illustrates, there has been an increase in the claimant rate. Currently national reports suggest that the economy remains fragile and unemployment and claimant numbers in Bournemouth are likely to continue to fluctuate. Government spending policies will continue to see the public sector spending squeezed for the foreseeable future therefore placing jobs in this sector at greater risk. In Bournemouth around 28%<sup>5</sup> of jobs are in the public administration, education and health sector. In Bournemouth long-term claimants, i.e. those unemployed for a year or more; currently make up 13% of all claimants. This compares with 19.0% of claimants in England and Wales. There are various factors which contribute to the length of time an individual is unemployed for. Generally older workers, people with a disability, lone parents with dependents and those with low or no qualifications are unemployed for longer periods of time.

<sup>5</sup> Source: BRES, 2010, ONS

	Bournemouth		Dorset		Poole		South West		England and Wales	
	number	%	number	%	number	%	number	%	number	%
Age 19 and under	270	6.9	510	10.9	235	11.2	9,650	10.1	127,825	8.9
Age 20-24	725	18.5	965	20.7	410	19.6	20,265	21.1	300,685	20.9
Age 25-34	940	24	920	19.7	445	21.1	21,840	22.8	350,410	24.4
Age 35-49	1,280	32.7	1,330	28.5	605	28.8	28,070	29.3	433,985	30.2
Age 50 and over	705	18	950	20.3	405	19.2	16,085	16.8	223,130	15.5
Less than 3 months	1,830	46.7	2,590	55.4	1170	55.8	42,835	44.7	544,375	37.9
3-6 months	875	22.3	1075	22.9	440	21	21,245	22.1	304,970	21.2
6-12 months	705	18	615	13.2	270	12.9	18,795	19.6	312,030	21.7
12-24 months	400	10.1	320	6.8	175	8.2	10,860	11.3	203,895	14.2
over 24 months	110	2.9	75	1.6	45	2	2,175	2.3	70,770	4.9

Source: NOMIS, ONS, Crown Copyright

Note: The figures in Table 11 are subject to a Disclosure Control Procedure. In order to preserve the confidentiality of information about the claimants, the numbers have been rounded to the nearest 5.

Industry Sectors	Jan-11	%	Jan-12	%
Agriculture & fishing	5	0.6	4	0.4
Energy & water	3	0.4	0	0
Manufacturing	1	0.1	3	0.3
Construction	34	4.0	44	3.9
Distribution, hotels & restaurants	80	9.5	63	5.5
Transport & communications	13	1.5	7	0.6
Banking, finance & insurance, etc	609	72.2	749	65.8
Public administration, education & health	70	8.3	148	13
Other services	29	3.4	120	10.5
<b>Total Vacancies:</b>	<b>844</b>		<b>1,138</b>	

Source: NOMIS, National Statistics

Table 12 on vacancies in job centres shows that vacancy levels have increased since the same time a year ago, with the majority of vacancies still arising in banking, finance and insurance. It is generally accepted that a third of all vacancies are advertised in the job centres. The other significant employment sectors in Bournemouth are also advertising a larger proportion of vacancies.

## Glossary of terms

*Claimant Count* - the number of persons claiming jobseeker's allowance

*ILO measure of unemployment* - the government's preferred measure of unemployment includes groups ineligible for benefit.

*Economically active* - A person is economically active if they are either employed or unemployed in a particular period (if they are unemployed they should be deemed to be actively seeking work).

*Gross Value Added (GVA)* - Gross Value Added (GVA) measures the contribution to the economy of each individual producer, industry or sector in the United Kingdom.

*Gross Disposable Household Income (GDHI)* - GDHI is the amount of money that individuals - the household sector - have available for spending or saving. This is money left after expenditure associated with income, for example, taxes and social contributions, property ownership and provision for future pension income. It is calculated gross of any deductions for capital consumption (ONS definition).

*Net dwelling completions* - completions after any losses are taken in to account.

*Qualifications* - No Qualifications: No formal qualifications held;

Other Qualifications: Includes foreign qualifications and some professional qualifications; NVQ1 equivalent: e.g. fewer than 5 GCSEs at grades A-C, foundation GNVQ, NVQ 1, intermediate 1 national qualification (Scotland) or equivalent;

NVQ2 equivalent: e.g. 5 or more GCSEs at grades A-C, intermediate GNVQ, NVQ2, intermediate 2 national qualification (Scotland) or equivalent;

NVQ3 equivalent: e.g. 2 or more A levels, advanced GNVQ, NVQ 3, 2 or more higher or advanced higher national qualifications (Scotland) or equivalent;

NVQ 4 equivalent and above: e.g. HND, Degree and Higher Degree level qualifications or equivalent.

*Residence-based rates* - this unemployment rate is calculated using the number of claimants as a proportion of the working age resident population of an area

*Seasonally adjusted unemployment* - many labour market statistics display fluctuations due to regular influences such as the weather, for example a fall in unemployment in the spring may be due to increased activity in the construction industry due to the improved weather rather than general improvements in labour demand. Mathematical techniques are used to smooth out seasonal patterns to better show the underlying trends. Only regions or larger areas are seasonally adjusted.

*TTWA (Travel-to-work-area)* - an approximation to self-contained labour markets; that is; an area within which most commuting to and from work occurs within the boundary of that area.