

Thematic narrative [April 2016]

Economy

This paper provides an overview of key and evolving issues for the economy (and the interactions/impacts this has on health) across Bournemouth, Poole and Dorset.

Bournemouth, Poole and Dorset make up the Dorset Local Economic Partnership (LEP) area. Dorset LEP is led by the private sector and aims to promote local economic growth and prosperity.

Background

People who are in work live longer, healthier lives. Being out of work can put people at increased risk of ill health and premature death. Therefore supporting residents into work not only boosts the local economy but improves the life chances and health outcomes for individuals and their families.

Conversely, the jobs that people do can have major impact on their health and the health of the population as a whole. Therefore supporting residents into work, and ensuring that it is 'good work' improves not only the life chances of individuals and their families but boosts local economic growth as a whole.

Maximum economic growth cannot be achieved without a healthy population, and a strong economy is essential if we are to realise the potential that employment has to improve the health of the local population.

A health and care system which incorporates a focus on moving into, and remaining in work as a routine element of service delivery will achieve better health outcomes for the population.

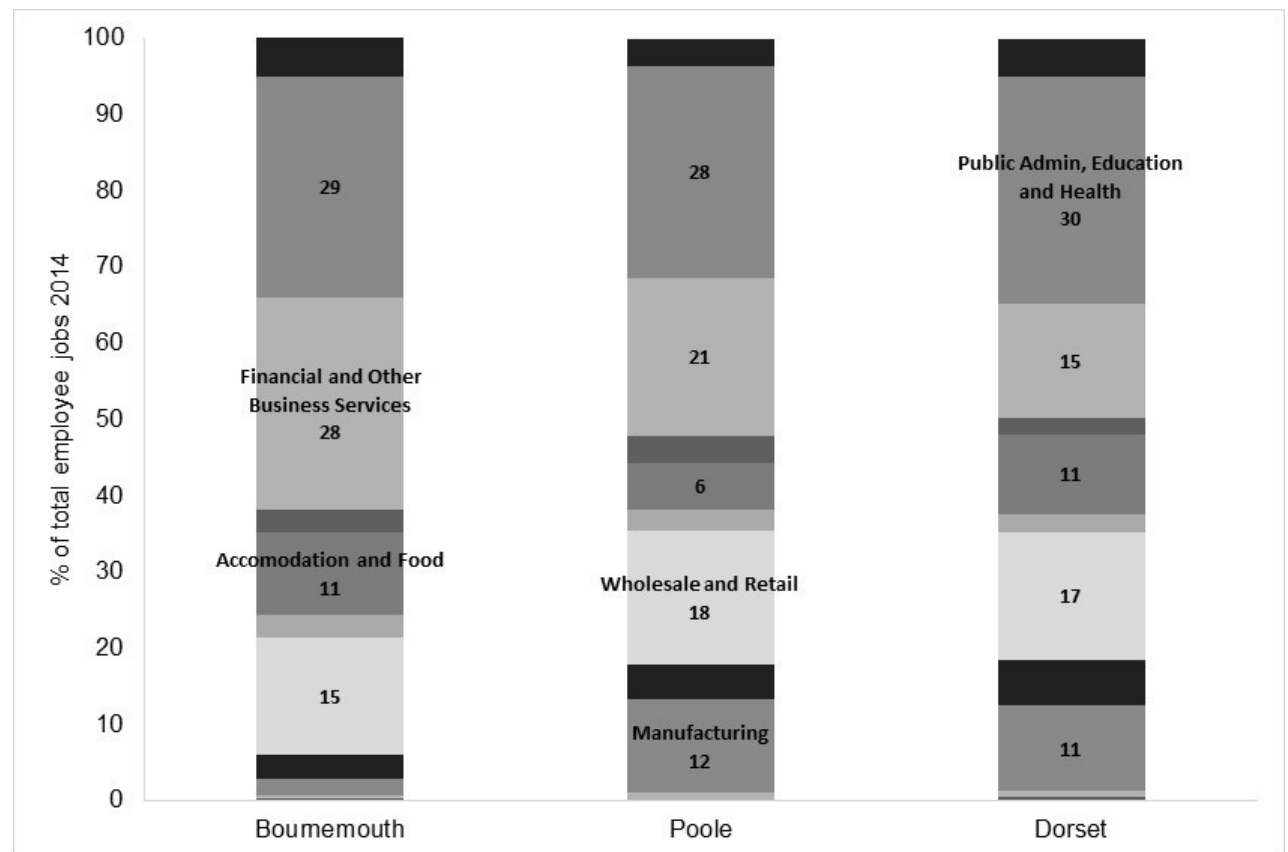
Local picture

The total number of employee jobs in the Dorset LEP area was 314,700. (ONS Business Register and Employment Survey, 2014). At district level there were 155,800 jobs in Dorset, followed by 80,900 jobs in Bournemouth and 78,000 jobs in Poole.

Figure 1 shows the proportion of jobs by broad industrial sector for Bournemouth, Poole and Dorset in 2014. Public administration, education and health is a major employer for all three local authorities. Bournemouth reported the largest share of jobs in the financial and other business services sector.

The manufacturing sector is a larger employer in Poole and Dorset than Bournemouth. Wholesale and retail is the second largest sector in Dorset and the third largest in Bournemouth and Poole in its proportion of total jobs.

Figure 1: Proportion of employees by industrial sector of employment, 2014



Source: ONS, BRES 2014

Although the Dorset LEP area has not faced the scale of worklessness challenges observed elsewhere in the country, pockets of worklessness are still present. For example, over half of the wards in Bournemouth have a higher JSA and those out of work claiming Universal Credit rate than the average across Dorset LEP (NOMIS, January 2016). The rate in four Bournemouth wards also exceeds the national average.

- In total, there are over 34,000 people of working age in Dorset LEP claiming out of work benefits¹ (NOMIS, August 2015). This includes around 25,900 people who are claiming Employment Support Allowance/Incapacity Benefit and who are likely to face significant barriers to employment. Many will require intensive support to help them to first access and then retain work.
- 8% of the area's resident working age population are claiming out of work benefits. At district level, Bournemouth had the highest claimant rate at 9% (11,800 claimants), followed by Poole (7% or 6,400) and Dorset (7% or 15,900 claimants).

¹ Out of work benefits include JSA, ESA/IB, Lone Parents on Income Support and other Income Related benefits

- Dorset (12,200) reported the largest number of its residents claiming IB/ESA followed by Bournemouth (9,100) and Poole (4,700). 50% of those claiming sickness-related benefits had mental and behavioural disorders as their primary health condition. Bournemouth (56%) had the highest rate of claimants with Dorset (46%) and Poole (45%) having similar rates. Around a quarter of IB/ESA claimants in Dorset LEP had musculoskeletal disorders. It is common for claimants to have multiple conditions but only the primary condition is recorded for data purposes by the DWP.
- In the Dorset LEP area, an estimated 5% of 16-18 year olds (1,130 young people) were not in education, employment or training (NEET) in 2014. Poole and Bournemouth (both 6%) had a higher rate of young people that were NEET than Dorset (4%).
- Work can have a considerable impact on health. Between 2010/11 and 2013/14, the Dorset LEP area reported an annual average 26,700 people as having an illness, condition or injury believed to be caused, or exacerbated by their current or previous work placement. Ill-health and injuries cost an estimated £180 million to Dorset LEP economy during 2012/13. (Health and Safety Executive, 2014/15)
- In the South West, 3.5 million days were lost to work related ill-health and 617,000 days were lost due to workplace injury during 2013-14. (Health and Safety Executive, 2014/15). Data was not available for local authorities.

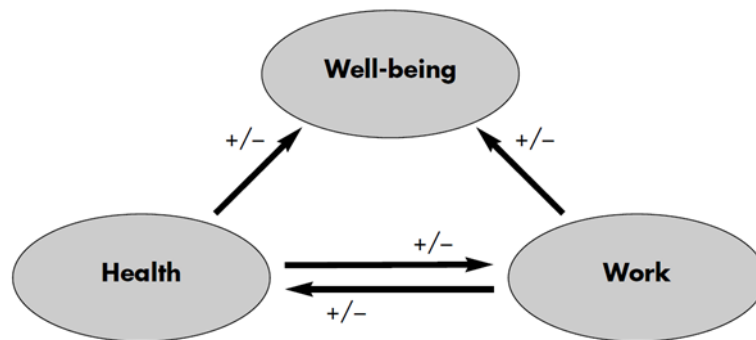
Current Issues

Why is work important

There are well established links between health, employment, productivity and poverty. Work is important for health because:

- employment is generally the most important means of obtaining adequate economic resources, which are essential for material well-being and full participation in today's society
- work meets important psychosocial needs in societies where employment is the norm
- work is central to individual identity, social roles and social status
- employment and socio-economic status are the main drivers of social gradients in physical and mental health and mortality
- various physical and psychosocial aspects of work can also be hazards and pose a risk to health

Figure 2: Causal pathways between health, work and well-being (+/-: beneficial or harmful effects)



Health effects of unemployment

There is strong evidence that unemployment is generally harmful to health, and leads to:

- higher mortality
- poorer general health, long-standing illness, limiting longstanding illness
- poorer mental health, psychological distress, minor psychological/ psychiatric morbidity
- increased alcohol and tobacco consumption, decreased physical activity
- Higher rates of medical consultation, medication consumption and hospital admission rates. ('Is Work Good for your health and wellbeing?' Waddell & Burton 2008, 'Working for a Healthier Tomorrow' Black 2008,)
- Increase in family violence, and child neglect.

People living with long term health conditions

There is a broad consensus that, when possible, sick and disabled people should remain in work or return to work as soon as possible because it:

- is therapeutic
- helps to promote recovery and rehabilitation
- leads to better health outcomes
- minimises the harmful physical, mental and social effects of long-term sickness absence and worklessness
- reduces the chances of chronic disability, long-term incapacity for work and social exclusion
- promotes full participation in society, independence and human rights
- reduces poverty
- improves quality of life and well-being

Re-engagement with the labour market

Getting back into employment increases the likelihood of reporting improved health almost threefold, and boasts quality of life almost twofold (The influence of re-employment on quality of life and self-rated health, Carlier, B et al 2013)

There is strong evidence that re-employment leads to improved self-esteem, improved general and mental, and reduced psychological distress and minor psychiatric morbidity. The magnitude of this improvement is comparable to the adverse effects of job loss. (Waddell and Burton 2008)

The exception to this can be young people:

- Unemployed young people are particularly affected by ‘scarring’, i.e. the effects of a bad early experience in the labour market, which can last for 20-30 years and restrict a person’s ability to progress
- Young people who are not in education, employment or training (NEET) for a substantial period are less likely to find work later in life, and more likely to experience poor long term health. (Audit Commission, 2010)

Mental health at work

Good mental health underpins people performing better in their workplace because they are much more likely to be more productive when they are feeling confident, motivated and focused.

Ignoring the mental health of workers comes at a price with lower productivity, lost work days, higher recruitment costs and increased conflict at work. When the economy is performing badly this can impact significantly on wellbeing and stress levels as work pressures and job insecurity increases along with financial demands at home. During these times, people may be more reluctant to raise workplace issues or disclose mental health problems.

- Mental ill health represents up to 23% of the total burden of ill health in the UK – the largest single cause of disability. (Department of Health, 2011)
- Sickness absence due to mental health problems costs the UK economy £8.4 billion a year and also results in £15.1 billion reduced productivity. (Sainsbury Centre for Mental Health, 2007)
- Research commissioned by MIND found that 1 in 5 people take a day off work due to stress but 90% of those people gave another reason for their absence. The findings also found that 1 in 10 people had resigned a job due to stress while 1 in 4 had thought about it. 19% of staff surveyed by MIND’s research felt they can’t speak to managers about stress at work

People with mental health problems can and do work – and supporting them to do so can save employers significant costs relating to staff turnover, under-performance and untapped potential. There is a considerable amount of guidance available on what employers can do to help people with mental health problems to stay in, return to and perform well at work. Often these are simple, low-cost and common-sense interventions.

Economic costs of ill health

Each year, significant numbers of workers are injured or made ill by their work. As well as the financial costs from these cases (for example, in terms of lost production and healthcare costs), these cases impose human costs (in terms of the impact on the individual's quality of life and for fatal injuries, loss of life).

- Workplace injuries and ill health cost society an estimated £14.9 billion in 2012/13, excluding cancer (Health and Safety Executive, 2014)
- Sickness absence and worklessness cost the British economy £100 billion a year (Black, 2008)
- 300,000 people every year fall out of work onto health-related state benefits (Black and Frost, 2011)
- Evidence shows that getting people back into work and helping them 'be well' in work can help to reduce this huge economic burden (McDaid et al, 2008). For example, 'Business in the Community' has estimated that its programme of getting disadvantaged groups 'Ready for Work' provides more than £3 in benefits to society for every £1 spent (Business in the Community, 2012)

Emerging issues

Older people in the workforce

The workforce is ageing in the UK and ignoring the skills, knowledge and contribution that older workers are capable of making has been described as a high-risk strategy. It has been estimated that approximately one third of the labour force will be aged 50 or over by 2020. However that is already the case in parts of Dorset.

The number of working age adults has begun to decline and some sectors of the economy are beginning to report significant skills shortages. According to the 2011 Census, 109,600 people or 32% of the workforce population were aged 50 or over in the Dorset LEP area. In comparison, for England overall it was 28%. At local authority level it ranges from 27% in Bournemouth, 29% in Poole to 36% in Dorset.

The workforce is older and more likely to be living with a long standing health problem or disability. It is likely that chronic disease rates will continue to rise, much of this is due to an increase in poor life style factors such as poor diet, smoking and lack of exercise. Older people in disadvantaged groups are more likely to face difficulties in finding and keeping jobs, partly due to lower educational attainment and lower skills levels.

Ill-health represents a major economic burden for society due to increased healthcare costs, loss in productivity and sickness absence. Both males and females over the age of 55 take more days off to self-reported ill health caused or made worse by work. The most common sources of new cases of work-related illness reported were musculoskeletal complaints and stress, depression and anxiety.

Mental ill-health associated with both physical and mental decline is more common among older groups. Besides poor health, the reasons for ceasing economic activity at age 50 plus included limited skills and increased caring responsibilities. Although there is an increased risk with age of developing a disease, this is not a reason to exclude an individual from work. Certain diseases, such as heart disease or diabetes can be controlled to keep the individual at work.

Living wage

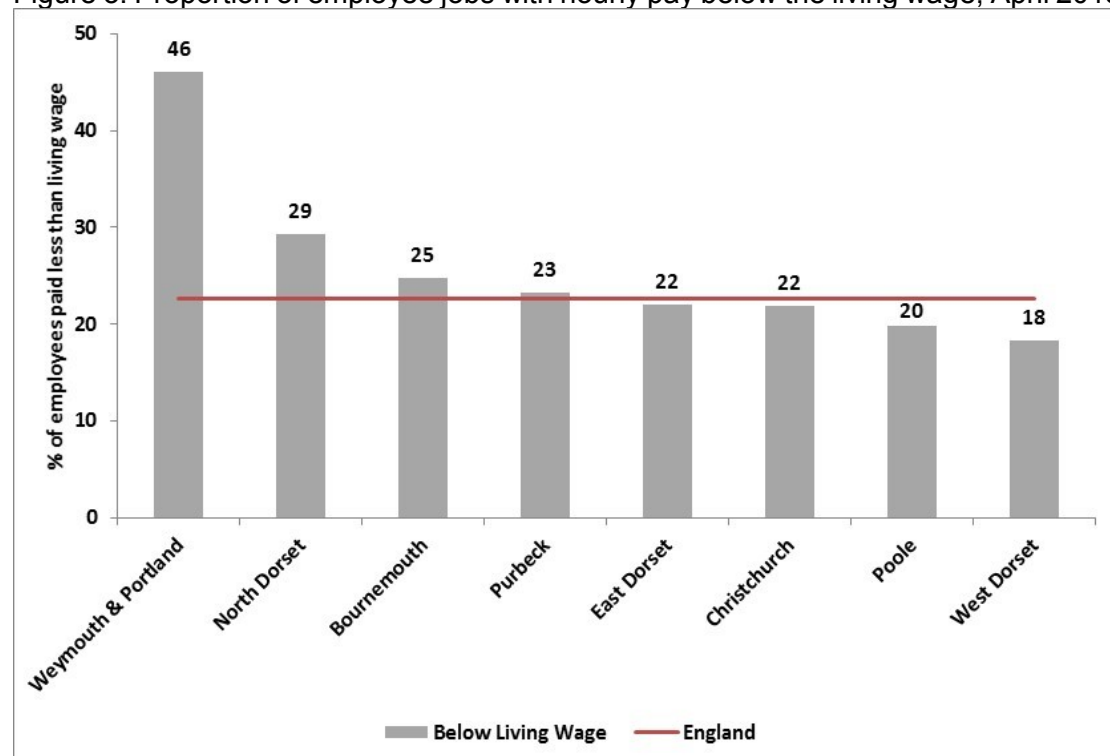
The Living Wage is an independently-set hourly rate calculated according to the basic cost of living in the UK and as at 2014 was £7.85 outside of London and £9.15 in London. According to The Living Wage Foundation, paying the Living Wage is “good for business, good for the individual and good for society” as it can lead to improved quality of work from employees, reduced absenteeism and lower levels of staff turnover.

In 2015, there were some 76,000 employee jobs paid less than the living wage in the Dorset LEP area. At least 46,000 of these jobs were part-time jobs (data was unavailable for Purbeck).

Bournemouth (17,000) had the largest estimated number of employee jobs paid less than the living wage followed by Poole (16,000) and Weymouth & Portland (13,000).

Figure 3 shows the proportion of employee jobs paid less than the living wage was much higher in Weymouth & Portland at 46%. West Dorset and Poole had the lowest proportion of jobs paid less than the living wage at 18% and 20%.

Figure 3: Proportion of employee jobs with hourly pay below the living wage, April 2015



Source: ASHE 2015

Analysis of jobs classified by the SIC 2007 shows that there are substantial variations between industries. The highest proportions of jobs paid less than the living wage in 2014 are in accommodation and food services and in retail. Nationally 70% of jobs in accommodation and food services and 59% of jobs in retail are paid below the living wage. Weymouth & Portland has a higher proportion of its jobs in these two sectors with 37% of all jobs found in accommodation and food services and retail. In contrast, Poole and West Dorset have fewer jobs in these sectors at 24% and 25% respectively.

In his Summer Budget of 8 July 2015, the Chancellor of the Exchequer announced a new National Living Wage (NLW) of £7.20 per hour, describing it as a “new premium on top of the NMW” (National Minimum Wage). The NLW will be set in relation to median earnings rather than the cost of living and is for employees aged 25 and over. Employers will be required to pay the NLW from April 2016.

The compulsory rate (NLW) is based on median earnings while the voluntary living wage rates are calculated according to cost of living.

Current service provision

Dorset Local Economic Partnership (LEP) aims to up skill Dorset's workforce and to raise the aspirations, employability and entrepreneurial opportunities of Dorset as a whole. Dorset LEP has its own sub group, known as the Employment and Skills Board, which helps to identify skills gaps in Dorset and facilitates the filling of those gaps through its strategic and operational work.

The four priority areas of the Employment and Skills Board are:

1. Up-skilling Dorset's current and future workforce to meet the needs of employers and contribute to economic growth.
2. Raising the aspirations, employability and entrepreneurial capability of Dorset's young people.
3. Supporting Welfare to Work Initiatives that aim to address unemployment, poverty and families with complex issues to reduce the number of economically inactive people.
4. Creating an environment that supports successful enterprise start-ups.

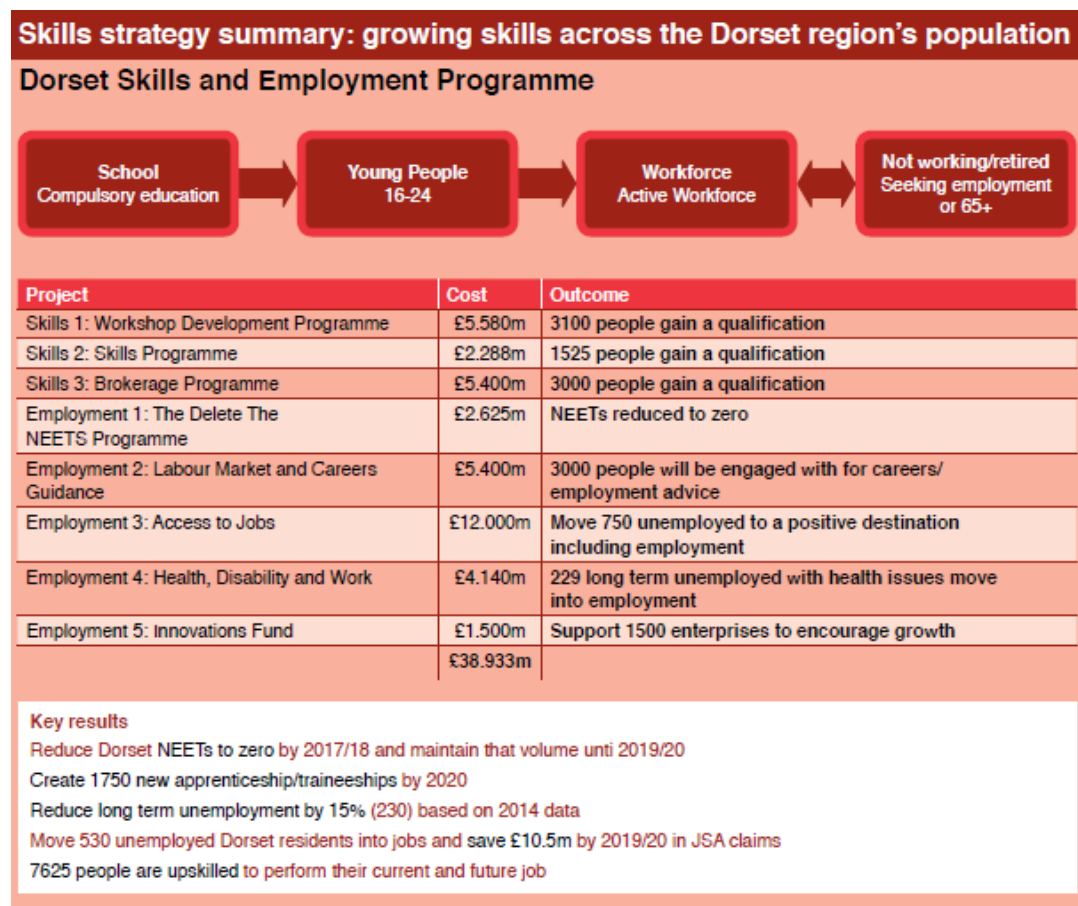
The Dorset LEP's Strategic Economic Plan aims to address employment and skills related issues through its programme of projects: *Linking people, places and growth through training and education.*

Figure 4 summarises the £40m proposal by the Dorset LEP to the Local Growth Fund (LGF) to support a cluster of skills and employment projects over a five year period. This investment in skills aims to deliver:

- Support the continuing training and development of those in employment and retraining those not in work to improve their access to employment
- Undertake and act on a skills programme to support the young and unemployed people into the labour market
- Re-skill employees at risk of redundancy
- Significantly increase numbers and uptake of work experience opportunities, internships, apprenticeships & traineeships.

Key results for LEP’s Skills and Employment Programme are to reduce the incidence of Dorset NEETS to 0% by 2017-18, reduce long term unemployment by 15% and move 530 unemployed Dorset residents into work by 2019/20.

Figure 4: Dorset LEP Skills and Employment Programme Summary.



Source: Dorset LEP, 2014

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