

## Argyll and the Islands Area Economic Update / November 1999

### Highlights

- According to the latest estimates, the population of Argyll and the Islands in 1998 was 69,015, representing a decrease of 3.5% between 1991 and 1998. This decline was mainly a result of a high out-migration and negative natural change, with the population now representing 18.6% of the HIE area's population.
- 1998 population figures indicate a trend towards an ageing population, as the proportion of the population under 44 years decreased and the proportion over 85 years increased. The AIE area population is older than the HIE area population as a whole.
- The unemployment rates in the 5 Travel to Work Areas (TTWAs) in the AIE area for July 1999 all show a considerable decrease from the July 1996 figures with the highest rate in the Campbeltown TTWA (7.8%), the lowest in Lochgilphead TTWA (2.6%).
- In 1997, there was a total of 21,510 employees in employment, 55.7% of whom were female, 44.3% of whom were male. The 1991 census indicated that self-employment rate in the LEC area was 19.4%.
- The service sector is the major employer in the AIE area with the largest proportion of employees employed in Distribution, Hotels & Restaurants.
- The largest proportion of employees in 1997 were employed in companies with a workforce of between 11-24 individuals.
- The 1998 rate of new business start-ups in the Argyll & the Islands area was 6.2 per thousand population, the 3<sup>rd</sup> highest of the Network's LECs. This rate exceeded both the respective HIE area and Scottish rates of 5.4 and 4.4 per thousand population.

## Introduction

This update contains information about the economic and demographic structure of the Argyll & the Islands area, which follows the boundary of the Local Enterprise Company (LEC) – Argyll & the Islands Enterprise (AIE). The data used has been derived mainly from the General Register's Office for Scotland (GRO(S)) 1998, and the Office for National Statistics (ONS), but has also been supplemented by research carried out by HIE. Where possible, the most recent available information has been used, however in some cases this may be 1997 statistics. Nevertheless, the data still illustrates the recent population, unemployment and employment trends in the area.

## Population

### Population change

Table 1 shows that in 1998 the population of the AIE area was estimated to be 69,015, accounting for 18.6% of the total HIE area population. This represents a population decrease of 3.5% since 1991 compared to a population growth of 0.3% experienced by the HIE area and Scotland over the same time. The population density of Argyll & the Islands in 1998 was 9.6 persons per square kilometre.

**TABLE 1: RESIDENT POPULATION IN THE AIE AREA**

	<b>1998</b>	<b>Change 1991-1998</b>	<b>% Change 1991-1998</b>	<b>Population Density, (persons per sq. km) 1998</b>
AIE	69,015	-2,485	-3.5	9.6
HIE Area	370,376	1,058	0.3	9.5
Scotland	5,120,000	13,000	0.3	65.5

Source: GRO(S)

### Components of population change

The GRO population change estimates are broken down into three categories: net civilian migration (the balance of in-migration over out-migration), natural change (the balance of births over deaths) and other change, which includes the movement of armed forces. Table 2 shows the population change estimates for Argyll & the Islands and the HIE area.

**TABLE 2: COMPONENTS OF POPULATION CHANGE, 1991-1998**

<b>LEC</b>	<b>Change in Numbers</b>	<b>Net Civilian Migration</b>	<b>Natural Change</b>	<b>Other Change*</b>
Argyll & the Islands	-2,485	621	-1,118	-1,988
HIE	1,058	4,538	-683	-2,797

Source: GRO(S)

\* Includes changes in the number of armed forces stationed in Scotland

The total population change between 1991-1998 was a decrease of 2,485 persons, a result of 1,118 more deaths than births and a large out-migration of 1,988 persons primarily armed forces stationed in the area. Within the AIE area there are locations where the population is stable if not growing. These areas tend to have low unemployment and a relatively buoyant local economy. Other areas within Argyll and the Islands however are experiencing population loss. These areas tend to be the least economically diverse, relying on seasonal and primary employment.

## Age Structure

Table 3 highlights the changing age structure of the AIE area as a percentage of the total population, compared to the HIE area as a whole.

*TABLE 3: POPULATION BY AGE - AIE & HIE AREAS*

<b>Age Group</b>	<b>AIE 1991</b>	<b>AIE 1998</b>	<b>HIE 1998</b>
0-4	6.1	5.3	5.8
5-19	18.8	18.0	19.6
20-44	32.9	31.1	32.7
45-64	23.3	26.5	25.5
65-84	17.1	16.7	14.6
85+	1.9	2.4	1.9

Source: GRO(S)

The proportion of people less than 44 years in the AIE area in 1998 was 54.4% representing a decrease from the 1991 figure of 57.8%. The 1998 figure contrasts the HIE area proportion of 58.1% of the population aged 44 years or less. The proportion of the AIE population aged 80 years and over has also increased by 0.5 percentage points since 1991 and in 1998 was 0.5 percentage points higher than the HIE area average. The AIE area has an older population than the HIE area with a trend towards an ageing population. It is likely that in some locations, the lack of opportunities for young residents will result in their migration, either to other locations in the LEC area, or to leave the LEC area altogether.

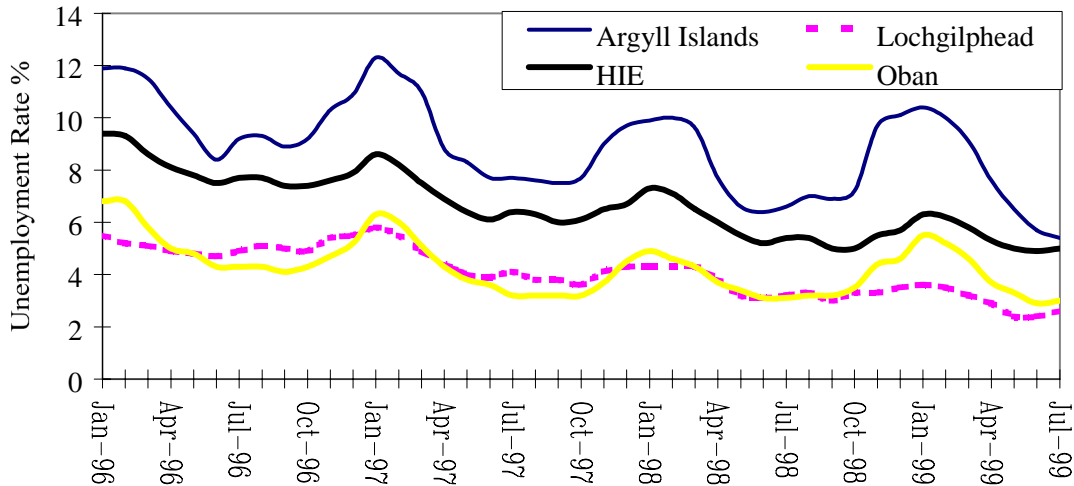
## Unemployment

Unemployment rates based on claimant count are provided by the ONS for Travel to Work Areas (TTWAs) around Scotland. There are five TTWAs in the AIE area; Argyll Islands, Campbeltown, Dunoon & Rothesay, Lochgilphead and Oban, all with differing unemployment characteristics, a result of their local economies. Figure 1 highlights the unemployment rates in the Argyll Islands, Oban and Lochgilphead Travel to Work Areas (TTWA), those which could be summarised as representing the north and west of the LEC area.

Unemployment in the Argyll Islands TTWA is characterised by being one of the highest and most seasonal in the LEC area. The narrow economic base and the reliance on seasonal activity; both tourism and primary sector activity, combine to influence employment opportunities in the area.

Lochgilphead and Oban on the other hand have the two lowest rates of unemployment for the AIE area. The Oban area has a seasonal economy, relying on the tourism industry as a key employment provider in the area. In addition, seasonal activity such as fishing and fish farming provide increased employment opportunity during the summer. Lochgilphead is the least seasonal of all the AIE area TTWAs. With the headquarters of Argyll and Bute Council and also the Argyll LEC located in the Lochgilphead, the area is able to benefit from year round full-time employment.

FIGURE 1: UNEMPLOYMENT RATES IN 3 TTWAs & THE HIE AREA, 1996-1999

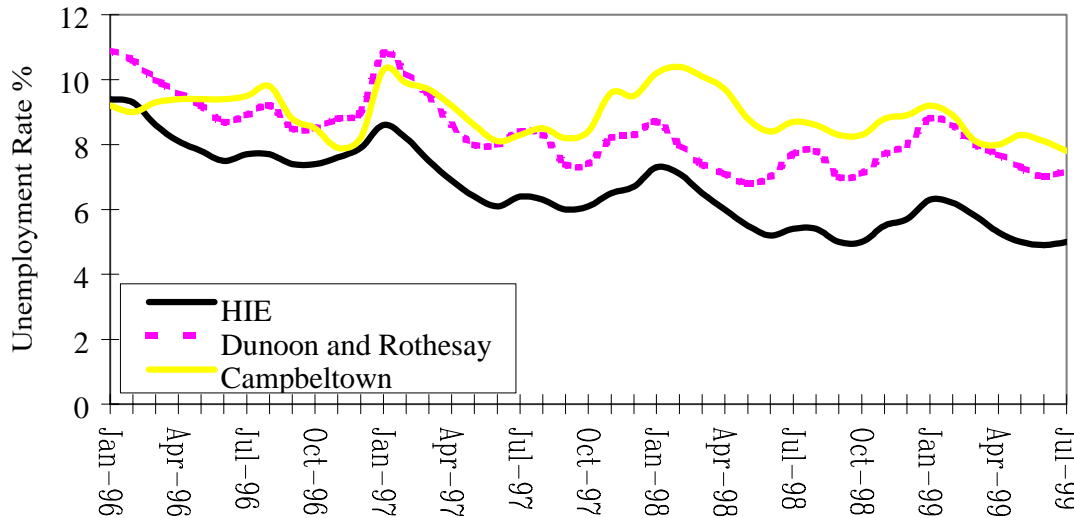


Source:

ONS (NOMIS)

Figure 2 highlights unemployment levels for the two TTWAs; Campbeltown and Dunoon and Rothesay which represent the south and east of the LEC area.

FIGURE 2: UNEMPLOYMENT RATES IN 2 TTWAs & THE HIE AREA, 1996-1999



Source:

ONS (NOMIS)

Campbeltown with an unemployment rate of 7.8% in July 1999, is the TTWA with the highest rate of unemployment in the AIE area. Figure 2 shows how the rate has remained relatively static between Jan 1996 when the rate was 9.2% until July 1999. The Dunoon and Rothesay TTWA had a high but declining rate of unemployment throughout 1996 and 1997. Since the beginning of 1998 it appears that while the rate fluctuates due to seasonal activity, the trend appears relatively static.

The following table shows unemployment levels in different age groups in Argyll & the Islands LEC area, in July 1999. The table highlights the number of long-term unemployed individuals in different age bands and the percentage of unemployment by age that this figure represents for the LEC and HIE area.

TABLE 4: DURATION OF UNEMPLOYMENT BY AGE, JULY 1999

Age Band	Argyll and the Islands Enterprise		HIE Area
	> 6 months	% of unemployed	% of unemployed
16-24 years	105	6.3	3.5
25-39 years	266	15.9	12.4
40-49 years	190	11.4	10.2
Over 50 years	225	13.5	11.9
Total	786	47.2	38.1

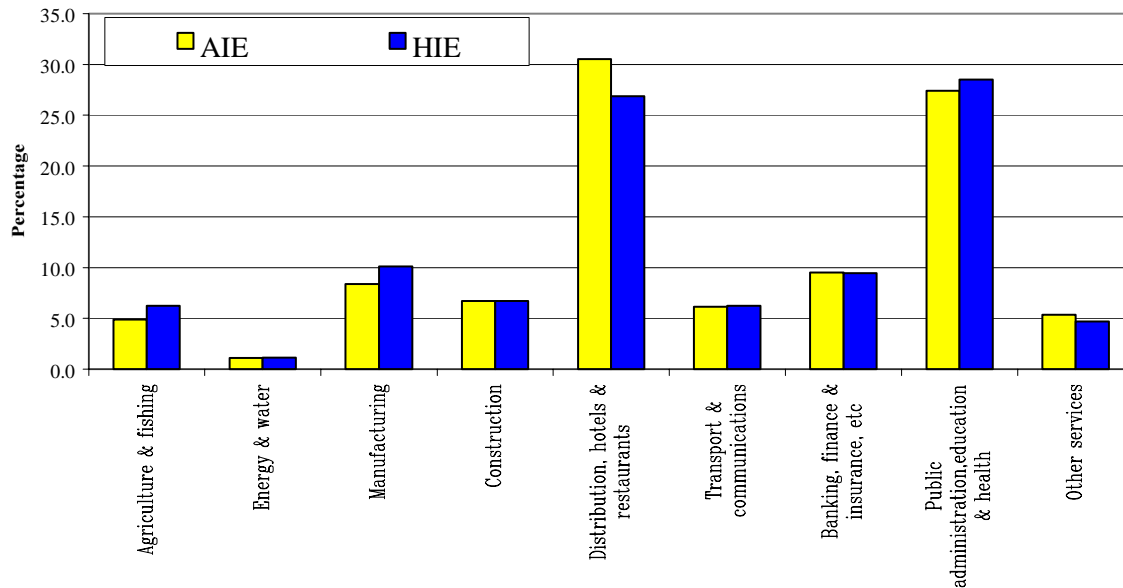
Source: ONS (NOMIS)

Table 4 shows that the long-term unemployed represent a far larger proportion of the total unemployed in the Argyll LEC area than for the HIE area as a whole. Of some surprise is the higher LEC area level of long-term unemployment in the 16-24 age group. Rather than remain unemployed for any length of time and face becoming long-term unemployed, young people are more likely to leave an area in search of work elsewhere.

### Employment

The most comprehensive source on employment in the AIE area is provided by the 1991 Census. More recent surveys carried out by the ONS solely focus on employees in employment, thereby excluding the self-employed. The 1991 census indicates that there were 6,443 self-employed persons in the Argyll LEC area, resulting in a self-employment rate of 19.4%. Figure 3 compares the employment structure of Argyll & the Islands LEC area with that of the HIE area.

FIGURE 3: EMPLOYEES IN EMPLOYMENT IN THE AIE & HIE AREAS, 1997



Source: 1997 Annual Employment Survey (NOMIS)

Note: Agricultural data suppressed by SERAD at LEC level to maintain confidentiality

In 1997, there was a total of 21,510 employees in employment, 55.7% of whom were female, and 44.3% of whom were male. The largest proportion of employees were employed in the Distribution, Hotels & Restaurants sector, accounting for 30.5% of the total number of people in employment in 1997. This figure exceeds the HIE area average by 3.6 percentage points. The Public Administration, Education & Health sector is responsible for employing 27.4% of the area's workforce. This figure was

only marginally lower than the HIE area average of 28.5%. In 1997, there were 8.4% of employees employed in Manufacturing, and 6.7% employed in Construction.

The Annual Employment Survey does not include data from the Agricultural Census, therefore results are not comparable to LEC area employment. The 1997 Agricultural Census for 1997 however, indicates that there were 2,868 persons engaged in agricultural activity in the AIE area, accounting for 12.8% of the HIE area total. Agricultural output between 1995-1997 was valued at approximately £70 million, of which 25.5% was subsidy.

Scottish Office Sea Fisheries Statistics for 1997 show that the AIE area ports of Oban and Campbeltown supported 536 persons regularly employed in fishing. Fish landings in the area were collectively valued at £16.9 million, accounting for 13.3% of the total HIE area value.

Table 5 provides a more detailed account of sectoral employment in the AIE area and highlights the employment division between male and female workers.

**TABLE 5: EMPLOYMENT BY SECTOR IN THE AIE AREA, 1997**

	Male	Female	Total	Percentage
Agriculture, Forestry & Fishing	780	270	1,050	4.9
Energy & Water	210	30	240	1.1
Manufacturing	1,060	740	1,800	8.4
Construction	1,230	210	1,440	6.7
Distribution, Hotels & Restaurants	2,410	4,150	6,560	30.5
Transport & Communications	1,000	320	1,320	6.1
Banking, Finance & Insurance, etc.	790	1,260	2,050	9.5
Public Admin., Education & Health	1,440	4,450	5,890	27.4
Other Services	600	550	1,150	5.3
<b>Total</b>	<b>9,510</b>	<b>11,990</b>	<b>21,510</b>	<b>100.0</b>

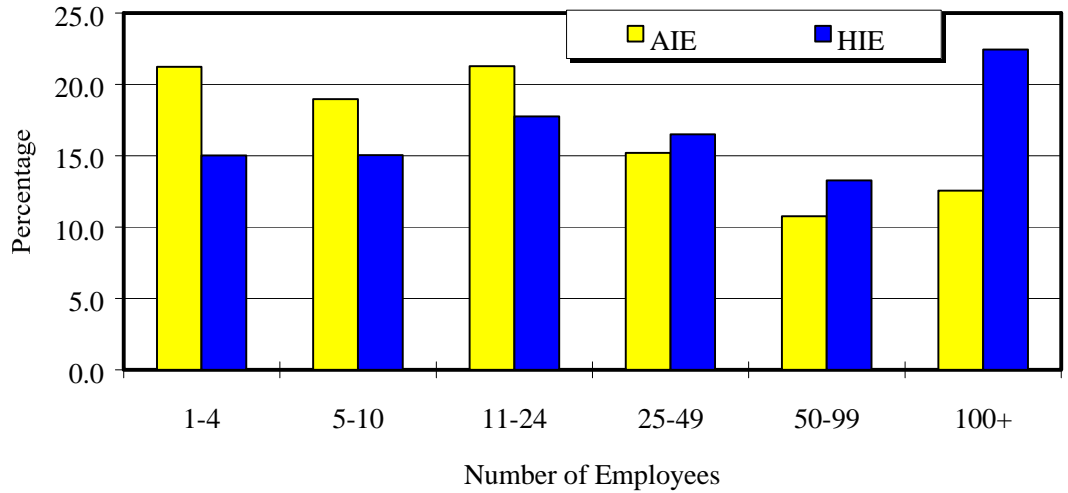
Source: 1997 Annual Employment Survey (NOMIS)

Please note that due to confidentiality all figures have been rounded to the nearest 10, as a result of which row and column totals may not agree. As indicated earlier, agricultural data is not included in this table.

Similar to the recurring trend for most LEC areas, the service sector employs more females than males. In 1997, the Distribution, Hotels & Restaurants sector employed 1.7 times as many females than males. Public Administration, Education & Health employed just over 3 times as many females than males with nearly 1.5 times as many males than females employed in the Manufacturing sector. The construction sector was responsible for employing nearly 6 times as many males than females. Although there are more females than males in employment, many of the contracts held by females are on a part-time basis.

Figure 4 shows the proportion of employees employed in companies of a specific employee size band in the AIE area compared to the HIE area as a whole. In 1997, the largest proportion of employees (21.3%) worked in firms with between 11-24 employees, but almost an equally large proportion (21.2%) worked in companies that employed between 1-4 employees. Fewer employees were employed in firms with a workforce of 50 or more. The graph therefore shows that smaller firms mainly dominate employment by company size in the AIE area. Over three-quarters of the AIE area's workforce is employed in businesses of less than 50 employees.

FIGURE 4: EMPLOYMENT BY COMPANY SIZE, AIE & HIE AREAS, 1997



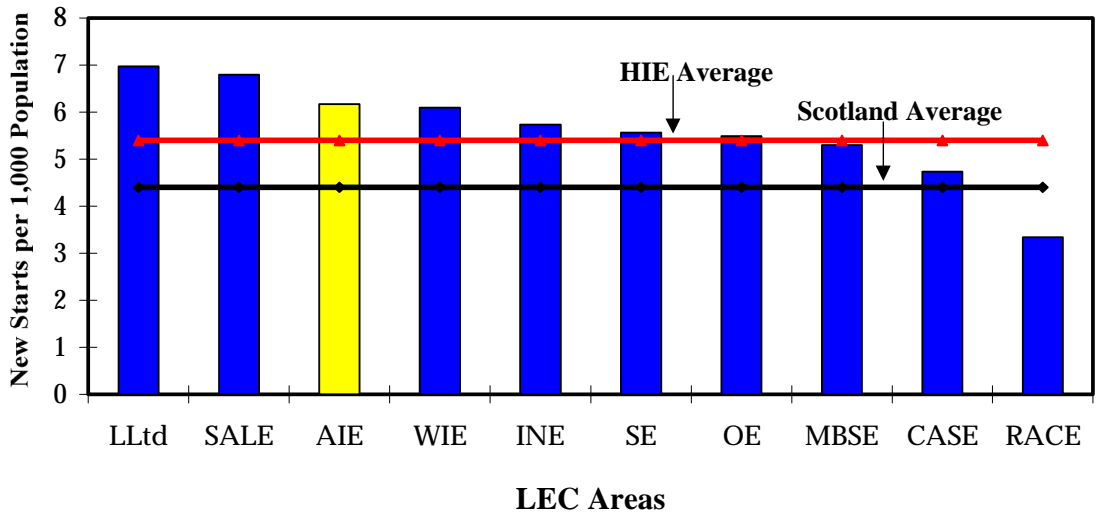
Source: ONS

(NOMIS)

Business Starts

Figure 5 shows the rate of new business start-ups in Argyll & the Islands compared to that of the HIE area and Scotland.

FIGURE 5: RATE OF NEW BUSINESS STARTS BY AREA, 1998



Source:

Scottish Committee of Clearing Bankers

The chart shows that in 1998 the rate of new business start-ups in the AIE area was 6.2 per thousand population. This exceeded both the HIE area and Scottish averages of 5.4 and 4.4 per thousand population respectively.