

## Highlands and Islands Enterprise Area Economic Update / April 1997

### Highlights

- Overall population growth continues, albeit at a slower rate than from 1981-91 (1% from 1991-1995).
- Fastest growing populations are Inverness and Nairn (3.4%), and Ross and Cromarty (3.2%).
- Net migration into the HIE area of nearly 7000 people between 1991 and 1995 (1.8% of the population).
- Underlying downward trend in unemployment.
- Falling long-term unemployment (down by nearly 17% since last January).
- An overall fall of around 1% in employees in the HIE area from 1993 to 1995 (provisional estimate from Annual Employers' Survey.)
- Employment growth of 10% in the Manufacturing sector, and of 18.5% in Business Services (provisional results subject to revision).
- Business growth in the Service, Production and Finance sectors.

### Introduction

This update contains information about the economic and demographic structure of the Highlands and Islands Enterprise area. The data used have come from the General Register's Office for Scotland (GRO(S)) and the Office for National Statistics (ONS). The most recent available data have been used, although in some cases this may only be 1995. However, these data still allow us to see the direction of population and employment trends.

### Population

The table below shows that the population of the HIE area increased by 1% between 1991 and 1995, compared with 0.6% for Scotland as a whole. This change is calculated using the 1995 mid-year population estimates from the General Register Office for Scotland (GRO(S)), which are based on the 1991 Census count of residents. A true population count for the HIE area will not be available until the next Census of Population in 2001. Nevertheless, the GRO estimate for 1995 shows continued growth in the area's population.

TABLE 1: RESIDENT POPULATION

	<b>1995</b>	<b>Change 1991-1995</b>	<b>%Change 1991-1995</b>
HIE Area*	372,788	3,556	1.0
Scotland	5,136,600	29,600	0.6

Source: GRO(S)

\* Excludes Scottish Enterprise part of MBSE

### Age Structure

Table 2 compares the age structure of the HIE population in 1991 and 1995. There has been little change in this time, with small increases in the 45-64years and 85year plus age groups, and small decreases in the younger age groups. This may suggest a slightly ageing population, but is in line with the pattern shown for Scotland as a whole.

TABLE 2: RESIDENTS BY AGE HIE AREA\* 1991 AND 1995

<b>Age Group</b>	<b>1991(% of total)</b>	<b>1995(% of total)</b>
0-4	6.4	6.2
5-19	20.2	19.5
20-44	35.1	34.0
45-64	22.5	24.3
65-84	14.3	14.3
85+	1.6	1.8

SOURCE: GRO(S)

\* Excludes Scottish Enterprise part of MBSE

### Area Distribution

Table 3 below shows the change in population by LEC area between 1991 and 1995. The area of highest growth over this period was Inverness and Nairn, where the population has increased by 3.4%. This has been closely followed by Moray, Badenoch and Strathspey, and by Ross and Cromarty, in both cases experiencing a 3.2% increase in their populations. By contrast, Argyll and the Islands have seen a 2.9% fall in their population, accounted for to some extent at least by the closure of the Holy Loch Naval base. Similarly, the negative population change seen in the CASE area is likely to be connected with the substantial fall in employment at Dounreay.

TABLE 3: POPULATION CHANGE 1991-1995 BY LEC AREA AT 30 JUNE EACH YEAR

LEC	Population 1991		Population 1995		% change 1991-1995
	Number	%	Number	%	
Argyll and the Islands	71,500	19.4	69,489	18.6	-2.9
Caithness and Sutherland	39,880	10.8	39,240	10.5	-1.6
Inverness and Nairn	73,080	19.8	75,690	20.3	3.4
Lochaber	19,310	5.2	19,520	5.2	1.1
Moray, Badenoch & Strathspey*	33,198	9.0	34,209	9.2	3.0
Orkney	19,560	5.3	19,870	5.3	1.6
Ross & Cromarty	49,100	13.3	50,700	13.6	3.2
Shetland	22,540	6.1	23,090	6.2	2.4
Skye & Lochalsh	11,740	3.2	11,940	3.2	1.7
Western Isles	29,400	8.0	29,040	7.8	-1.2
HIE Area total	369,308	100	372,788	100.0	1.0

Source:GRO(S)

\* Excludes Scottish Enterprise part of MBSE

Population projections based on the 1991 Census of Population suggest that the areas of highest population growth to the year 2001 will be Inverness and Nairn, where the population is forecast to grow by 8.7% between 1991 and 2001; Ross and Cromarty ( 3.8% between 1991 and 2001) ; Shetland ( 2.7%) and Skye and Lochalsh (2.6%).

#### Migration

The population change estimates given by the GRO are broken down into three component parts: net civilian migration (the balance of in-migration over out-migration), natural change (the balance of births over deaths) and other change. The table below shows this disaggregation of population change by LEC area.

TABLE 4: COMPONENTS OF POPULATION CHANGE 1991-1995

LEC	Change in Numbers	Net Civilian Migration	Natural Change	Other Change*
Skye & Lochalsh	200	254	-54	0
Orkney	310	331	-21	0
Ross & Cromarty	1,600	1287	313	0
Argyll and the Islands	-2,011	1568	-828	-2750
Inverness and Nairn	2,610	1881	689	30
Western Isles	-360	258	-518	-100
Moray, Badenoch & Strathspey*	1,087	757	125	129
Shetland	550	340	230	-20
Lochaber	210	108	102	0
Caithness and Sutherland	-640	-45	-195	-400
HIE	3,556	6739	-157	-3111

\* Includes movement of armed forces

Source: GRO(S)

\*Excludes Scottish Enterprise part of MBSE

Table 4 shows that civilian in-migration is by far the largest component of population increase in most of the LEC areas. In all of the LEC areas, migration has had a greater impact on population growth

than natural change. In some cases, notably Argyll and the Islands, in-migration is strongly positive while natural population growth is negative. In the Inverness and Nairn area, migration accounts for twice the population increase attributable to natural change. Caithness and Sutherland is the only area where migration is negative, and even here the number of people leaving the area is only half the population loss attributable to natural change.

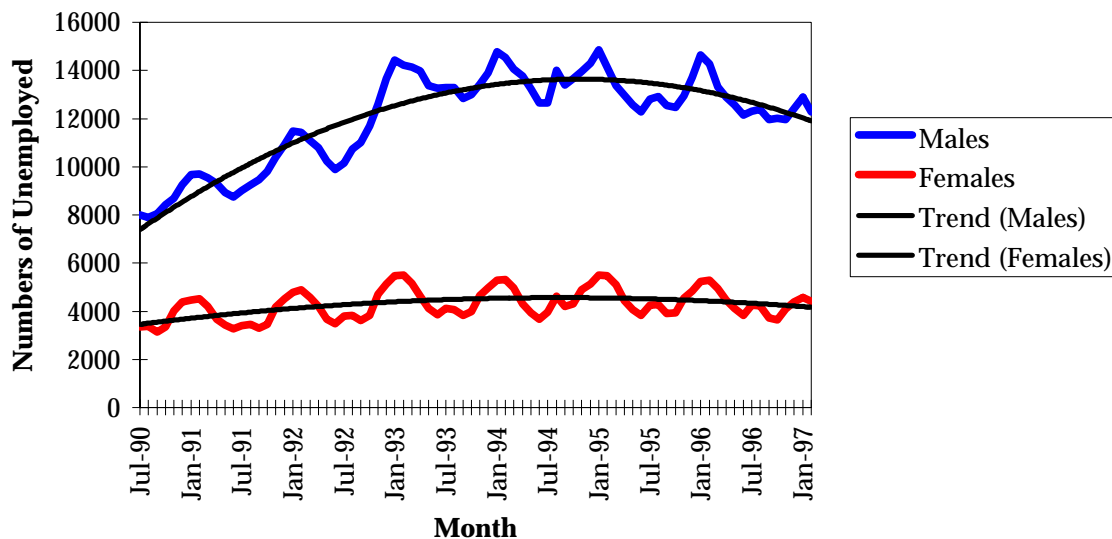
The largest single movement of population between 1991 and 1995 is the loss of 2,750 persons from Argyll and the Islands. This was in large part due to the closure of the US Naval base at Holy Loch in 1991, although some other out-migration may have added to this total.

## Labour Market

### Unemployment

The number of male and female unemployed in the HIE area between 1990-97 is shown on the chart below. HIE area unemployment is characterised by a strong seasonal pattern, but the trendlines illustrate the underlying longer term patterns. Male unemployment increased from a low of around 8,000 in July 1990 to peak at nearly 14,800 in January 1994. Since then, the numbers of male unemployed have steadily decreased, but the February 1997 level remains high at nearly 12,300. The pattern of female unemployment has been less variable. Between 1990 and 1997, the numbers of female unemployed have varied from a low of 3,130 in September 1990 to a high of 5,512 in February 1993, and in February 1997 stands at 4,409.

**Numbers of Unemployed 1990-97**



### Long Term Unemployment

Table 5 below compares long term unemployment between LEC areas. The table looks at unemployment of between six months and a year, and of more than a year. For both of these categories, the number of persons unemployed is given, together with this number as a percentage of total unemployment in each area. The percentage change in the number of unemployed in this category in the previous year is also given. This enables us to show which LEC areas are particularly characterised by long-term unemployment, and in which areas the situation has improved or worsened in the past year.

TABLE 5: DURATION OF UNEMPLOYMENT BY LEC AREA, JAN 1997

	Number Unemp 26-52 wks	26 to 52wks		more than 52 wks		
		% of total unemp.	% change 1996-97	Number Unemp. 52 wks+	% of total unemp.	% change 1996-97
Argyll and the Islands	442	15.7	-1.3	832	29.6	-11.7
Caithness and Sutherland	290	15.2	-19.9	647	33.9	-11.9
Inverness and Nairn	439	13.7	-31.8	850	26.6	-10.6
Lochaber	101	12.1	6.1	138	16.5	-8.0
Moray, Badenoch & Strathspey*	460	14.5	-16.4	752	23.8	-11.0
Orkney	65	14.7	-24.4	119	26.9	-19.1
Ross & Cromarty	363	14.1	-28.3	618	24.0	-8.0
Shetland	77	15.6	-10.5	81	16.4	19.1
Skye & Lochalsh	75	11.8	-8.5	149	23.5	2.1
Western Isles	315	22.5	4.7	425	30.4	-9.2
HIE	2,627	15.0	-16.9	4,611	26.4	-10.0
SCOTLAND	33,833	18.2	-8.2	55,980	30.2	-11.6

Source: ONS (NOMIS)

\* Includes whole MBSE area

Table 5 shows that the LEC areas which have the greatest long-term unemployment problem are the Western Isles, where 22.5% of those unemployed have been so for between six months and a year, and 30.4% for more than a year; Argyll and the Islands, at 15.7% and 29.6% respectively; and Caithness and Sutherland, at 15.2% and 33.9%. By contrast, 12.1% of those unemployed in Lochaber have been so for between six months and a year, and 16.5% for more than a year. Skye and Lochalsh has the lowest proportion of unemployed between six months and a year, at 11.8%, and a relatively low proportion of unemployed of more than a year, at 23.5%, although the latter has increased slightly.

The percentage change column shows that for each category of long-term unemployment, eight out of the ten LECs have experienced an improvement in their position in the past year. The most positive changes in the 26-52 week category have been in Ross and Cromarty, where the number of people unemployed for this length of time has fallen by 28.3%. Another large decrease in this category has been in Orkney, with a fall of 24.4% since last year. For unemployment of more than a year the greatest improvements have been in Orkney where the fall has been 19.1%, and in Caithness and Sutherland, where it has fallen by 11.9%.

#### Youth Unemployment (Long Term)

Table 6 below looks at long-term unemployment specifically amongst those aged less than 25. Economic migration tends to be more common among the young, who are more likely to leave an area where they cannot find employment, rather than remain unemployed for any length of time. In Table 6, long-term unemployment is again divided into those unemployed for between six months and a year, and more than a year. For each of these categories, the total number of unemployed is given, together with the number of unemployed persons aged 16-24yrs, and this youth unemployment as a percentage of the total.

**TABLE 6: YOUTH LONG-TERM UNEMPLOYMENT (16-24 years)**

	Long term unemployment of between 26 and 52 weeks			Long term unemployment of more than 52 weeks		
	Total	Youth	% of total	Total	Youth	% of total
Argyll and the Islands	442	107	24.2	832	104	12.5
Caithness and Sutherland	290	63	21.7	647	53	8.2
Inverness and Nairn	439	93	21.2	850	112	13.2
Lochaber	101	25	24.8	138	10	7.2
Moray, Badenoch & Strathspey*	460	103	22.4	752	94	12.5
Orkney	65	14	21.5	119	5	4.2
Ross & Cromarty	363	82	22.6	618	67	10.8
Shetland	77	14	18.2	81	9	11.1
Skye & Lochalsh	75	17	22.7	149	10	6.7
Western Isles	315	47	14.9	425	23	5.4
HIE	2,627	565	21.5	4,611	487	10.6
Scotland	33,833	9,657	28.5	55,980	8,740	15.6

Source: ONS (NOMIS)

\* Includes whole MBSE area

Table 6 shows that long term youth unemployment is lower in the Highlands and Islands area than in Scotland as a whole. Within the HIE area, youth unemployment as a percentage of those unemployed between 26 and 52 weeks is lowest in the Western Isles, at 14.9%; youth unemployment as a percentage of those unemployed for more than 52 weeks was lowest in Orkney at 4.2%.

Long term youth unemployment of between six months and a year is also below the HIE average of 21.5% in Shetland and Inverness and Nairn. However, Inverness and Nairn has the highest percentage of young people among those unemployed for more than a year. Part of this may be accounted for by migration of young people into this area from elsewhere in the Highlands and Islands. However, these are tentative conclusions based solely on unemployment data, and no firmer conclusions could be reached without further research. Unemployment of more than 52 weeks was also high among the under-25s in Argyll and the Islands, and in Moray, Badenoch and Strathspey. Shetland also showed higher than average in this category, despite lower than average youth unemployment between 26 and 52 weeks.

## Employment

The employment data for 1995 given in the table and chart below are from the 1995 Annual Employers' Survey, which has replaced the bi-annual Census of Employment (from which the 1993 figures were taken). As a survey, rather than a census, the AES is based on a sample of firms in the Highlands and Islands area, rather than all firms. Statistical techniques are used to estimate employee numbers based on the sample survey. The results of the 1995 AES will not be confirmed until September 1997, at which time a more detailed analysis of its results will be produced. In the meantime, the employee numbers given for 1995 and any conclusions resulting from these, should be treated as provisional and subject to future revision.

Table 7 shows HIE area employment by sector in 1993 and 1995. The final column shows the percentage change in the total number of employees which has taken place between 1993 and 1995. The figures given in Table 7 do not include the self-employed.

TABLE 7 : HIE AREA\* EMPLOYMENT BY SECTOR 1993-1995

SECTOR	1993			1995			1993-95
	Male	Female	Total	Male	Female	Total	%Change
Ag,For,Fish	4521	967	5488	2813	1248	4061	-26.0
Energy & Water	2866	356	3222	1842	336	2178	-32.4
Manufacturing	10824	5236	16060	12260	5430	17690	10.1
Construction	9750	1320	11070	9352	1029	10381	-6.2
Wholesale & Retail	10694	14477	25171	9472	15366	24838	-1.3
Hotels & Catering	4849	11275	16124	5398	10302	15700	-2.6
Business Services	6137	7640	13777	6903	9416	16319	18.5
Transport & Communication	7297	1937	9234	6359	2099	8458	-8.4
Other Services	15916	35763	51679	15171	35317	50488	-2.3
Total	72854	78971	151825	69570	80543	150113	-1.1

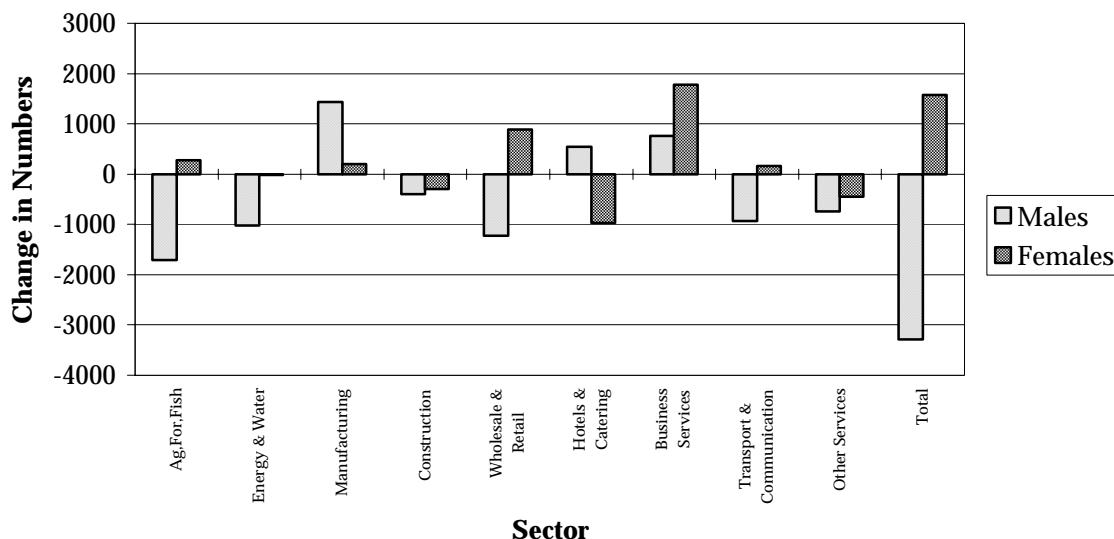
Source: ONS (NOMIS)

\*Figures include all of the MBSE area, including the Scottish Enterprise part.

Table 7 shows the greatest increases in employment between 1993 and 1995 taking place in Manufacturing and in Business Services (which includes Banking, Insurance, Legal and IT-related services). In the Manufacturing sector, the largest component of this increase was male employment, increasing by 13.2%, compared with 3.7% for females. This compares with growth in this sector of 1.6% for Scotland, and reflects recovery from the low point of the oil fabrication sector in 1993. In the Business Services sector, however, female employment has increased by 23.3%, compared with 12.5% for males. This is in line with national trends, although the area remains under-represented in this sector.

These employment changes between 1993 and 1995 are shown graphically for males and females below:

CHANGE IN EMPLOYMENT BY SECTOR 1993-1995 HIE AREA



Overall, these provisional results suggest that employment in the HIE area has fallen by 1.1%, with a fall in male employment of over 4.5% being offset to some extent by an increase in female

employment of around 2%. This decrease in HIE area employment compares with an increase in overall employment of 1.3% for Scotland over the same period. It should be remembered, however, that these figures do not include the self-employed, who made up 17% of all HIE employment in 1991. Self employment in the HIE area increased by 33.5% between 1981 and 1991. Within the Manufacturing sector, employment in the HIE area has increased by 10% between 1993 and 1995, compared with only 1.6% for Scotland as a whole.

## Business Growth

Table 8 below shows VAT registrations and de-registrations in the HIE area in 1994 (the latest date available). VAT registrations can be used as a measure of the number of new business start-ups in the area, while the difference between registrations and de-registrations (given in the "Change" column) shows growth in the number of businesses in each sector.

**TABLE 8: CHANGES IN HIE AREA\* VAT-REGISTERED COMPANIES 1994**

<b>Industry</b>	<b>Registrations</b>	<b>Deregistrations</b>	<b>Stock</b>	<b>Change</b>	<b>% Change</b>
Agriculture	260	265	6,615	-5	-0.1
Production	85	45	855	40	4.7
Construction	165	165	2,335	0	0.0
Transport	25	45	565	-20	-3.5
Wholesale	35	60	640	-25	-3.9
Retail	140	185	2,065	-45	-2.2
Finance and related	60	40	985	20	2.0
Catering	150	180	1,625	-30	-1.8
Motor trades	15	5	630	10	1.6
Other services	245	100	1,425	145	10.2
<b>TOTAL</b>	<b>1,180</b>	<b>1,090</b>	<b>17,740</b>	<b>90</b>	<b>0.5</b>
<b>TOTAL SCOTLAND</b>	<b>12,790</b>	<b>11,815</b>	<b>118,727</b>	<b>975</b>	<b>0.8</b>

\* Highland Region, Argyll and Bute, Islands area and all Moray.

Source: ONS (NOMIS)

The table above shows highest business growth to be in the Other Services sector, where the number of VAT registered businesses in the HIE area increased by 145 in 1994. Positive growth in businesses also took place in the Production, Finance and related activities and Motor Trade sectors. Overall, the number of VAT-registered businesses in the HIE area increased by 90.