

ROSS AND CROMARTY ECONOMIC UPDATE

HIGHLIGHTS

- The population of Ross and Cromarty has grown by 3.26% over the period 1991 to 1995 - the second highest growth in the HIE area.
- There is strong, positive inward migration, as well as natural growth.
- Despite a trend of ageing population, on average, Ross and Cromarty has a younger population than the HIE area as a whole.
- The unemployment rates for Skye & Wester Ross and Invergordon/Dingwall TTWAs are generally following the HIE average downward trend, but the rate for Invergordon/Dingwall remains around 4 percentage points above the HIE rate.
- Unemployment in Wester Ross follows a very seasonal pattern, with peaks in the winter and troughs in the summer.
- Unemployment in East Ross is more typical of an urban situation, being less seasonally influenced and more industry dependent.
- Over the period July 1996 to July 1997 there has been a significant decrease in the number of long term unemployed, although the decline in youth unemployment has not been so encouraging.
- There are 14,070 employees in employment, 48% of whom are female, 52% male, 72% full time and 28% part time.
- Manufacturing, Distribution, hotels & restaurants, and Public administration, education & health, each account for more than one fifth of total employees in employment.
- Despite generally low confidence, VAT registrations would suggest growth in the construction industry. Small increases have also been observed in Agriculture, forestry and fishing, hotels and restaurants, and public admin, with a positive growth overall between 1994 and 1995.

INTRODUCTION

The Economic Update for the Ross and Cromarty area aims to provide demographic and economic information on the local area. The Local Enterprise Company's boundary follows that of the old district of Ross and Cromarty, stretching east to west over 5,065 km², with an average population density of 10 persons per km².

A variety of data sources have been used in preparing the update, including the General Registrar Office Mid-Year Population Estimates, the 1995 Annual Employment Survey, and the Office for National Statistics.

The update considers recent population trends, the labour market, employment structure and business trends. Where possible, distinction is made between the East and West Coast, recognising the two different economic structures of each.

POPULATION

Population Change

The population of Ross and Cromarty increased by 3.26% between 1991 and 1995. Out of the 10 Local Enterprise Companies in the Highlands and Islands Enterprise Network, this was the second highest growth, falling only behind Inverness and Nairn.

Table 1: Resident Population

	1991	1995	Δ 1991-1995	% Δ 1991-1995
Ross and Cromarty	49,100	50,700	1,600	3.3
HIE	369,318	372,788	3,470	1.0
Scotland	5,107,000	5,136,600	29,600	0.6

Source: General Registrar Office (GRO)

The growth has been much stronger than in HIE and Scotland as a whole over the same period.

Components of Population Change

The growth in population has been due to both net civilian migration and natural growth. There is strong positive inward migration to the area, reflecting growing employment opportunities both in Ross and Cromarty and in Inverness which is within easy commuting distance from Mid and East Ross and the Black Isle.

Table 2: Components of Population Change 1991 - 1995

	Change in Numbers	Net Civilian Migration	Natural Change	Other Change*
Ross & Cromarty	1,600	1,287	313	0
HIE Area	3,470	6,739	-157	-3,111

Source: GRO

*Includes movement of armed forces

Age Structure

Table 3 illustrates changes in the age structure of the area's population. Over the period 1981 through to 1995, there has been a gradual ageing of the population. The proportion of the population aged 45+ has increased steadily from 32.4% in 1981, to 36.2% in 1991, and most recently 39.2% in 1995, while the converse is true for the population aged below 45.

Table 3: Residents by Age (% of total)

Age Group	1981	1991	1995	1995 HIE
0-4	8.0	6.6	6.5	6.2
5-19	25.4	22.1	20.5	19.5
20-44	34.1	35.1	33.8	34.0
45-64	19.7	22.2	24.7	24.3
65-84	11.9	12.7	13.1	14.3
85+	0.8	1.3	1.4	1.8

Source: GRO

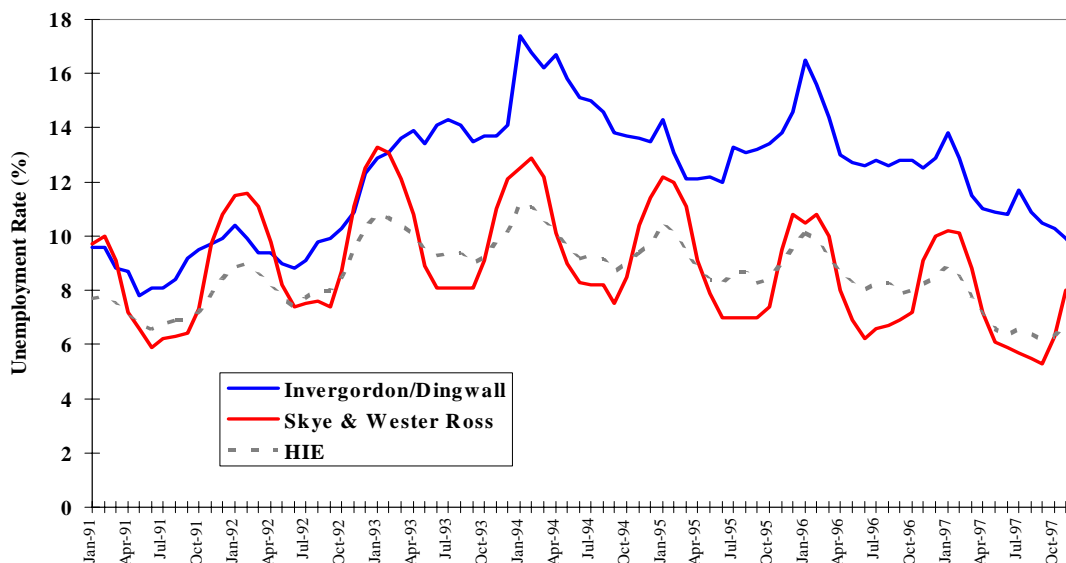
In comparison with the HIE area as a whole, the population of Ross & Cromarty is marginally younger, having a greater proportion of under 19s.

LABOUR MARKET

Unemployment

Unemployment in Ross and Cromarty does not follow a uniform pattern throughout the area. Wester Ross (and Skye) is typical of the HIE area average, experiencing peak unemployment in the winter months, followed by significant troughs in the summer months. The extremes are, however, more pronounced than in the HIE area as a whole, with the rate generally being higher than the HIE average in the winter months and lower in the summer.

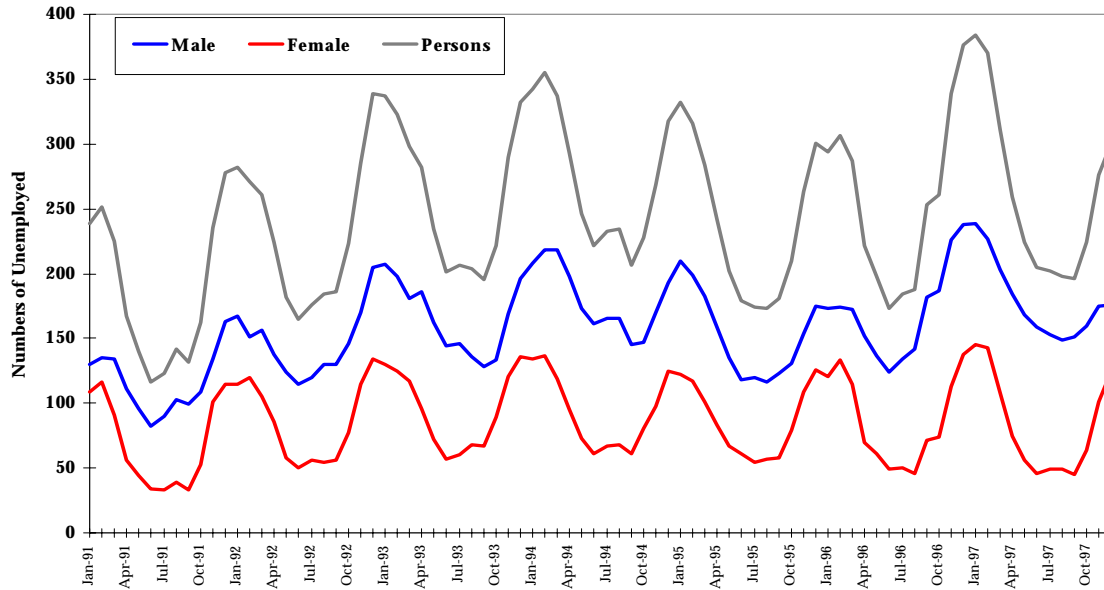
Figure 1: Unemployment Rates



Source: Office for National Statistics (NOMIS)

The unemployment trend for Invergordon/Dingwall TTWA is markedly different, showing a more industrial pattern of unemployment. The relatively rapid rise during the early 1990's was due to a downturn in the oil-related sectors, particularly at Nigg. Encouraging to note, however, is that both areas are following the HIE area trend of falling unemployment.

Figure 2: Unemployment in Wester Ross

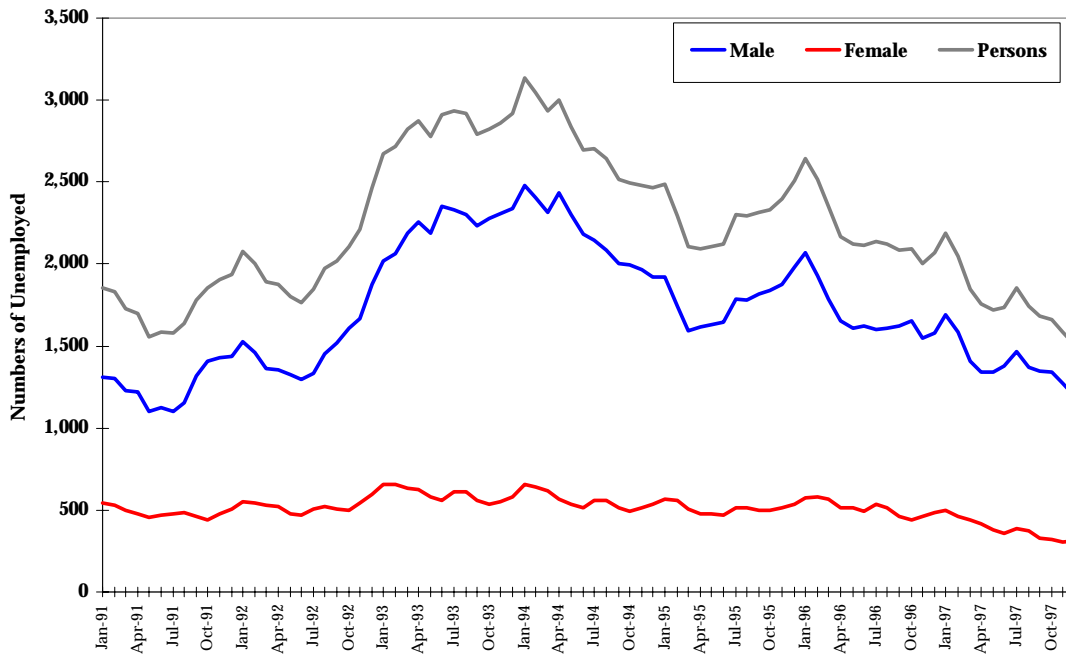


Source: ONS (NOMIS)

Figure 2 above looks at male and female unemployment in West Ross and is followed in Figure 3 with a consideration of the same in East Ross. Both male and female unemployment is very seasonal in West Ross (excluding Skye).

In East Ross, the level of unemployed females has remained fairly static since 1991, whereas the level of male unemployment has been more erratic. Again, this is due to the dependence upon the oil-related industries and the fluctuations in the fortunes of Nigg and Ardersier in gaining contracts.

Figure 3: Unemployment in East Ross



Source: ONS (NOMIS)

Long Term Unemployment

As at October 1997 there were 664 individuals who had been unemployed for more than six months, representing 35.2% of total unemployment in the area. Of these, 413 had been unemployed for more than one year, representing almost a quarter of total unemployment.

Table 4: Duration of Unemployment by LEC Area, October 1997

LEC Area	26 to 52 weeks			More than 52 weeks		
	Number	% of total	% change 1996-97	Number	% of total	% change 1996-97
LLtd	53	14.7	-52.3	71	19.7	-43.7
MBSE	255	12.7	-47.5	429	21.4	-42.8
INE	313	13.5	-39.1	529	22.8	-40.6
RACE	251	13.3	-27.0	413	21.9	-37.3
AIE	254	14.2	-41.3	560	31.2	-34.3
SALE	55	13.6	-36.8	96	23.8	-29.9
SE	51	15.8	-39.3	55	17.0	-24.7
OE	45	14.2	-8.2	93	29.2	-24.4
WIE	151	11.6	-21.4	354	27.3	-19.4
CASE	218	14.8	-26.8	538	36.5	-18.0

Source: ONS (NOMIS)

Note: Moray Badenoch and Strathspey Enterprise includes the Scottish Enterprise part.

While these figures give cause for concern, relative to other LEC areas, Ross and Cromarty has the fourth smallest proportion of long term unemployed. The change in those unemployed for more than one year between October 1996 and October 1997 was also the fourth greatest, suggesting an improvement in training and employment opportunities.

Youth Unemployment

One in four of the people unemployed in Ross and Cromarty in October 1997 was under 25 years of age. This represents only a marginal decrease on the year. More than a quarter of the youth unemployed have been so for more than six months.

Table 5: Youth Long Term Unemployment, October 1997

LEC Area	26 to 52 weeks			More than 52 weeks		
	All Ages	Youth	Youth as % of All	All Ages	Youth	Youth as % of All
INE	313	79	25.2	529	72	13.6
AIE	254	52	20.5	560	58	10.4
RACE	251	68	27.1	413	38	9.2
LLtd	53	4	7.5	71	6	8.5
CASE	218	37	17.0	538	43	8.0
MBSE	255	63	24.7	429	33	7.7
WIE	151	22	14.6	354	25	7.1
SE	51	8	15.7	55	3	5.5
OE	45	6	13.3	93	4	4.3
SALE	55	7	12.7	96	3	3.1

Source: ONS (NOMIS)

Note: Moray Badenoch and Strathspey Enterprise includes the Scottish Enterprise part.

Of the total long term unemployment, almost 40% falls into the "youth" category. The table above illustrates the problem in Ross and Cromarty in comparison with the rest of the HIE area's local enterprise companies.

Considering the duration bracket of 6 to 12 months, youth unemployment as a proportion of total, is greatest in Ross and Cromarty. Extending the duration to more than 1 year moves Ross and Cromarty to third position on the table. This would suggest either success in gaining training or employment before becoming unemployed for more than one year, or perhaps reflects a more mobile generation, leaving the area to seek work elsewhere.

Employment

The structure of employment in Ross and Cromarty is detailed in Table 6 below. Part-time employment accounts for 28% of total employees in employment. The greater majority of females in employment are part-time.

Table 6: Employment by Industry 1995

Industry	Male		Female		All	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Agriculture & fishing	190	10	50	20	240	30
Energy & water	270	0	30	10	300	10
Manufacturing	2,310	20	440	120	2,750	140
Construction	730	0	100	30	830	30
Distribution, hotels & restaurants	870	250	770	1,260	1,640	1,510
Transport & communications	260	30	90	50	350	80
Banking, finance and insurance etc	1,350	40	540	440	1,890	480
Public admin, education & health	630	70	1,140	1,350	1,770	1,420
Other services	210	60	110	210	320	270
Total	6,820	490	3,270	3,490	10,090	3,980

Source: 1995 Annual Employment Survey (NOMIS)

Notes: 1 Figures are rounded to the nearest 10 for confidentiality reasons. Column and row totals may not, therefore, agree.

2 Data excludes MAFF/DAFs data.

The majority of part-time employment is in the service sector industries, such as hotels and restaurants and public administration.

Traditional industries of farming and fishing remain an important source of income in Ross and Cromarty. Deep inshore waters in the West and prime agricultural land on the Black Isle and East coast have helped to retain viable crofting, fishing and agricultural communities. Relative to the HIE area as a whole, however, the importance of the primary sector within the whole employment structure is less, as Table 7 and Figure 4 shows.

As a proportion of total employment, Ross and Cromarty has a much greater share of manufacturing employment than the HIE area as a whole. One in five of the area's employment is in the manufacturing industry, compared with one in six or seven in Scotland as a whole. A significant, but often erratic employer is the oil-fabrication sector, comprising BARMAC at Nigg (and Ardesier), and a number of other companies in the oil-related sector. Employment in this sector has tended to dictate the fortunes or otherwise of the area. In boom times, a thousand plus employees at Nigg earn higher than average wages, and greater sums of money are injected into the local economy. In bust times, the opposite is true, having a marked effect on the confidence of communities in East Ross.

Table 7: Proportion of Employees in Employment by Industry 1995

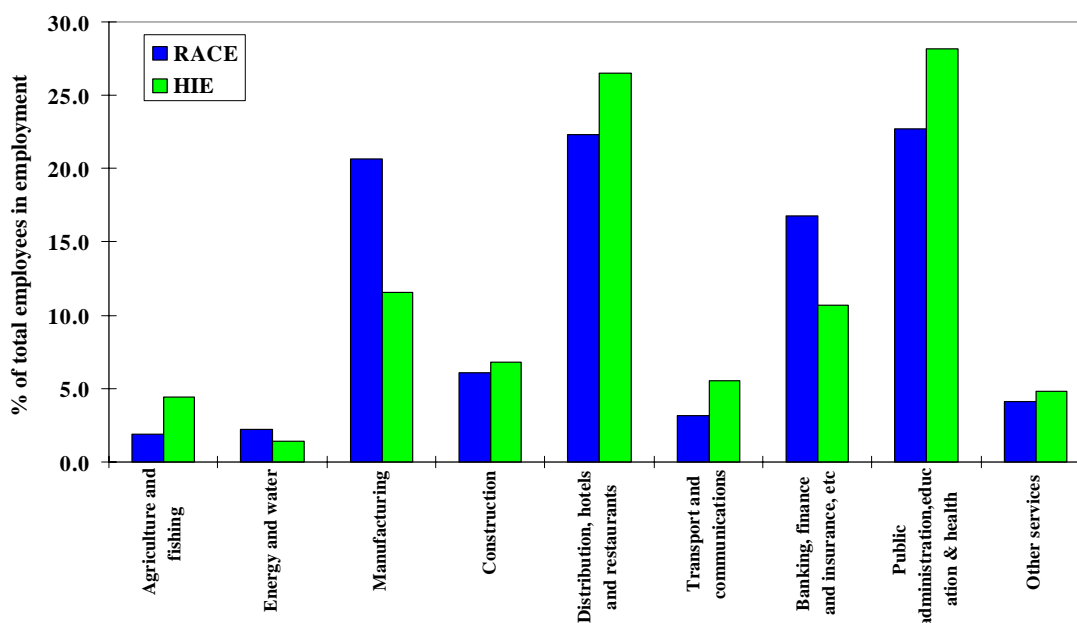
Industry	Wester Ross	East Ross	RACE Area	HIE Area
Agriculture & fishing	3.9	1.5	1.9	4.4
Energy & water	0.4	2.6	2.2	1.4
Manufacturing	5.4	24.1	20.6	11.6
Construction	4.6	6.5	6.1	6.8
Distribution, hotels & restaurants	24.7	21.8	22.3	26.5
Transport & communications	3.1	3.1	3.1	5.5
Banking, finance and insurance etc	37.5	12.1	16.8	10.7
Public admin, education & health	15.1	24.4	22.7	28.2
Other services	4.6	4.0	4.1	4.9

Source: 1995 Annual Employment Survey (NOMIS)

Note: Due to rounding errors, totals may not add to 100%.

The structure of the manufacturing industry has broadened over recent years, thus reducing the overall dependence upon the oil-related sector. A number of specialised firms, such as SGL Technic, ATC Cosmetics, Albyn Medical, and Mupor to name a few, have diversified the range of products made in Ross and Cromarty. In addition, food and drink processing is a major employer adding value to the area's primary produce. Products include fish, whisky, honey, cheese, herbs and meat.

Figure 4: Employment in Ross and Cromarty, 1995



Source: 1995 Annual Employment Survey (NOMIS)

Tourism is a further important industry in Ross and Cromarty, with the scenery and mountains of the west coast proving a major attraction. This provides an important source of seasonal employment in the smaller communities. New attractions based upon the culture and history of the area will help to increase tourism in the East coast. Similar to the manufacturing sector, employment in distribution, hotels and restaurants represents more than one fifth of total employees in employment.

Public services also account for a similar percentage of employment, although less than the HIE area average. Public and private services, together amount to c. 43% of total employees in employment. The growth of the service sector has been widespread throughout the HIE area since the 1960s.

BUSINESS TRENDS

The change in VAT registered companies throughout 1995 is detailed by industry in Table 8. While the growth or decline in the stock of VAT registered companies does not necessarily reflect the birth or death of companies, it can be used as an indicator of change. The current VAT threshold level is £45,000. There are many small SMEs in Ross and Cromarty operating successfully with a turnover of less than £45,000 who chose not to register for VAT and do not, therefore, feature in the table below.

Table 8: Changes in VAT Registered Companies 1995

Industry	Reg.	Dereg.	Stock	Net Change in Stock 1994-95	% Net Change in Stock 1994-95
Agr, For, Fishing	25	15	630	10	1.6
Mining, energy/water	0	0	10	0	0.0
Manufacturing	5	10	120	-5	-4.2
Construction	30	25	295	5	1.7
Wholesale & retail	20	30	375	-10	-2.7
Hotels & restaurants	20	15	170	5	2.9
Transport & communications	5	5	90	0	0.0
Finance	0	0	5	0	0.0
Real Estate	20	20	210	0	0.0
Public admin, other services	20	10	110	10	9.1
Education, health & social work	0	5	15	-5	-33.3
TOTAL	145	135	2030	10	0.5

Source: ONS (NOMIS)

Note: All figures have been rounded to the nearest 5.

The apparent growth in the primary sector may be due to the establishment of contractors, particularly in agriculture and forestry. Despite generally low confidence, construction has shown an increase in the registered stock, as has the tourism trade (hotels and restaurants) and other service sector. Overall, the VAT statistics would suggest a marginal increase in the number of companies in Ross and Cromarty.

If Network staff have any queries regarding this Economic Update, or require any further economic information please contact HIE Network Strategy:-

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