

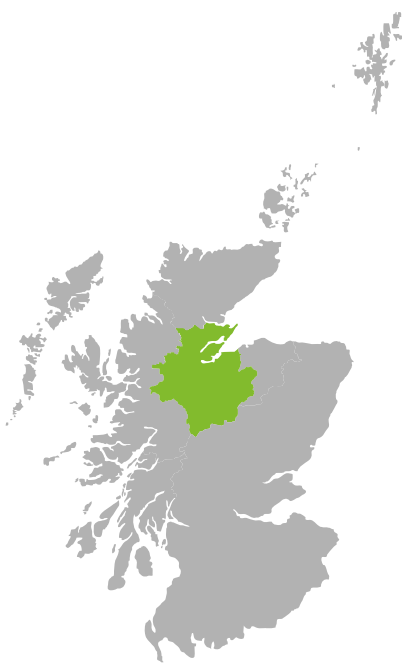


HIGHLANDS AND ISLANDS

AREA PROFILES 2020

INNER MORAY FIRTH

INNER MORAY FIRTH: DEMOGRAPHICS AND LABOUR MARKET



PEOPLE INNER MORAY FIRTH

Population density of
**20 PEOPLE
PER SQ.KM**
versus 12 regionally and 70 nationally

33.7%
of Highlands and
Islands population

Population of
158,253
up 2.9% since 2011, higher than the
increase regionally (0.5%) but lower than
the increase nationally (3.1%)

POPULATION PROJECTED TO DECLINE BY 2041

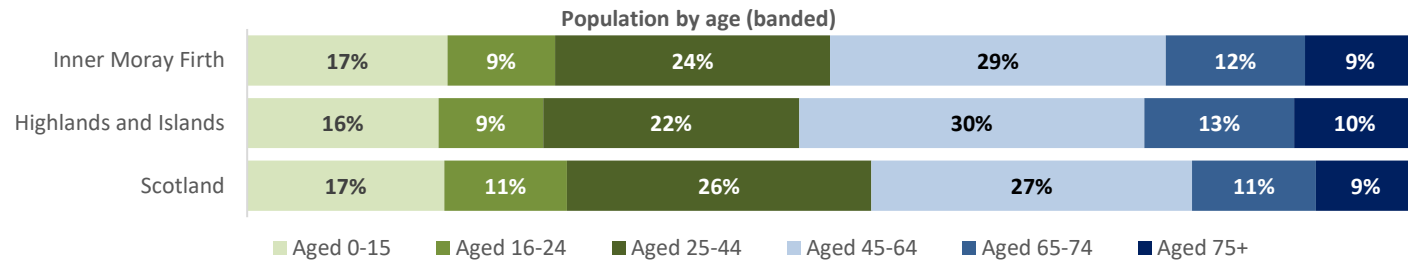
BUT WITH VARIATION ACROSS THE AREA:
INCREASE in Inverness (+11%), Mid-Ross (+12%) and
Nairn (+7%) but **DECLINE** in East-Ross (-14%) and
Badenoch and Strathspey (-5%)



YOUNGER AGE PROFILE THAN REGIONALLY

DEPENDENCY RATIO: 62.6 VERSUS **65.5** REGIONALLY AND **56.2** NATIONALLY

(number of people aged 0-15 and 65+ per 100 people of working age):



LABOUR MARKET INNER MORAY FIRTH September 2020

Employment rate:
80.2%
VERSUS **77.5%**
regionally and 73.8% nationally

Economic activity rate:
81.6%
VERSUS **79.4%**
regionally and 76.5% nationally

Self-employment rate:
10.6%
Compared to 11.6% regionally
and 8.4% nationally



NOTES:

NRS Mid-year population estimates 2019
Population projections – Highland Council Corporate Plan 2019-22. Projections are based on the period 2016 to 2041
Employment, economic activity and self-employment – APS 12 months to September 2020, rates based on those aged 16-64.
For the purposes of this report, 'regionally' refers to the Highlands and Islands

INNER MORAY FIRTH: UNEMPLOYMENT

December 2019 to December 2020



4,800

PEOPLE UNEMPLOYED

INNER MORAY FIRTH

rate of **4.9%** up from **2.3%**

The unemployment rate in Inner Moray Firth increased by 2.6 percentage points, higher than the growth seen across the region (2.4 percentage points) and broadly in line with the increase nationally (2.7 percentage points). It peaked at 5.5% in July and August 2020.

YOUTH UNEMPLOYMENT ROSE

from **3.5%** to **8.1%**

Youth unemployment was 910 in December 2020, an unemployment rate of 8.1%. This was slightly higher than the Highlands and Islands (7.8%) but below national (8.3%) rate, suggesting significant barriers for young people wishing to enter the labour market.

Male unemployment: 6.1% up from 2.8%

Female unemployment: 3.8% up from 1.9%

UNEMPLOYMENT RATE INCREASED ACROSS ALL TRAVEL TO WORK AREAS

Alness and Invergordon 4.1% to 6.8%

Aviemore and Grantown-on-Spey 1.4% to 4.0%

Inverness 2.2% to 4.7%

14,300

EMPLOYMENTS FURLOUGHED IN HIGHLAND as at end December 2020

13% of eligible employments, higher than the regional and national rates (both 11%).

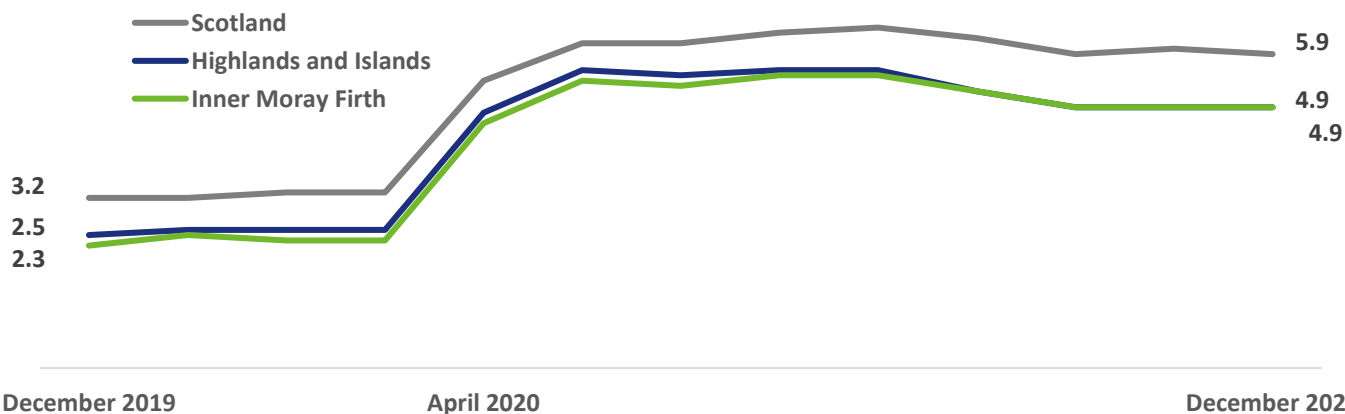
The number of employments furloughed is estimated to have increased from 10,400 (10% of eligible employments) at the end of November 2020.

5,700

workers in Highland have claimed the third **SELF-EMPLOYMENT INCOME SUPPORT SCHEME** grant.

Take-up of the third SEISS grant in Highland was 47%, slightly higher than across the Highlands and Islands (45%) but below the national level (54%).

Unemployment (Claimant Count) Inner Moray Firth



NOTES:

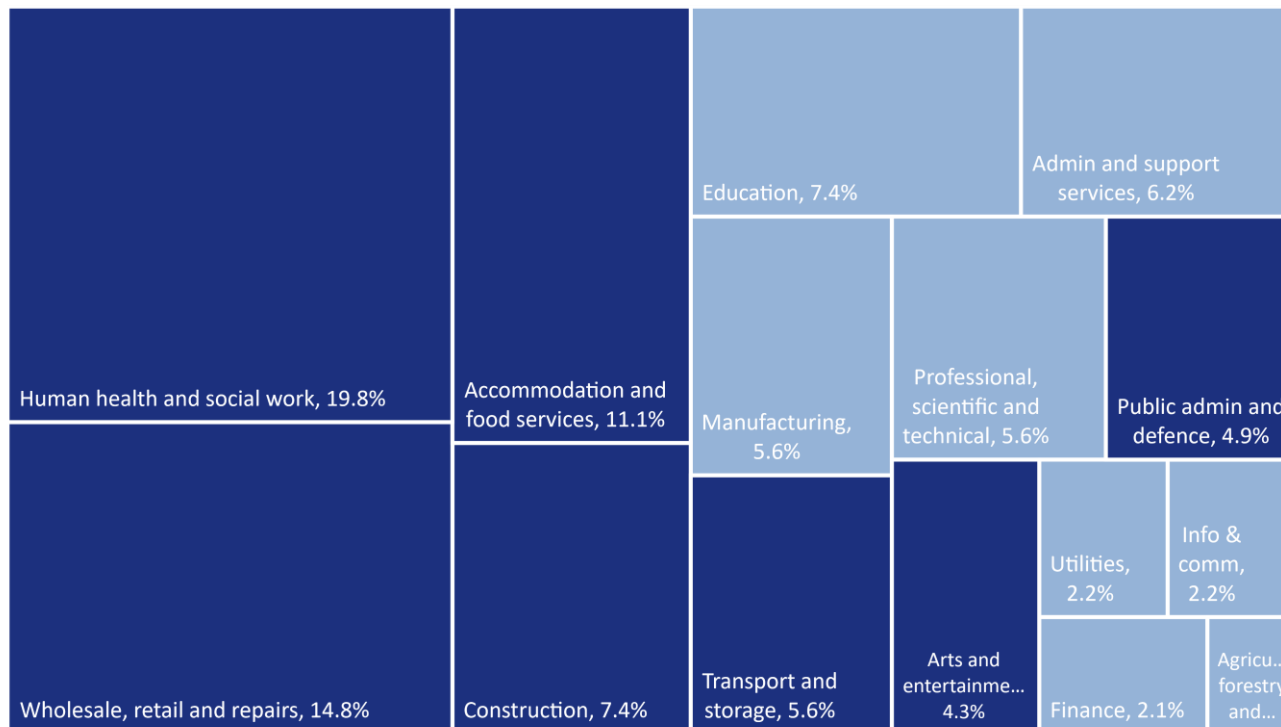
Unemployment based on claimant count. Note that enhancements to Universal Credit as part of the UK government's response to the coronavirus mean that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently, changes in the Claimant Count may not be due wholly to changes in the number of people who are unemployed.

Youth unemployment refers to people unemployed aged 18-24.

UK Government Coronavirus Job Retention Scheme are provisional figures for 31 December 2020. Self-employment Income Support Scheme statistics – claims for the third grant of SEISS to 31 December 2020

INNER MORAY FIRTH: EMPLOYMENT

Employment by sector (%): Inner Moray Firth



Agriculture, Forestry and Fishing ()
The Treemap represents total employment in the area, with the size of box for each sector relative to its share of employment in the area. Dark blue shading indicates sectors with a greater share of employment than nationally.

The top 3 employment sectors in Inner Moray Firth: human health and social work (19.8%), wholesale and retail (14.8%) and accommodation and food services (11.1%). Together they account for around 37,000 jobs across the area

In Inner Moray Firth:
35,000 people are employed in the sectors most exposed to the economic effects of COVID-19²
43% of total employment – higher than the average regionally (41%) and nationally (38%)

The sectors in Scotland hardest hit to date by COVID-19 and still facing significant restrictions include accommodation and food services and arts, entertainment and recreation. These sectors have the lowest shares of businesses currently trading and higher than average rates of staff on furlough.

The share of employment in accommodation and food services in Inner Moray Firth (11.1%) is broadly in line with the regional average (11.8%), but higher than the proportion nationally (8.2%)

The area has a broadly similar share of employment in arts, entertainment and recreation (4.3%) to regionally (4.1%) and nationally (4.4%).

In Inner Moray Firth⁴:

80.0% of private sector registered businesses are micro (0-9 employees)

compared to 86.4% regionally and 87.1% nationally

SMEs account for 59.0% of private sector employment

compared to 67.6% regionally and 50.6% nationally



There is evidence to suggest SMEs are at a greater financial risk from COVID-19 than larger private organisations or public bodies⁵. The dominance of micro businesses and share of employment in SMEs indicates a greater impact of COVID-19 on Inner Moray Firth than across Scotland overall, although less so than other areas of the region.

At the same time, these businesses are the ones that are most flexible and potentially able to respond to the challenge.

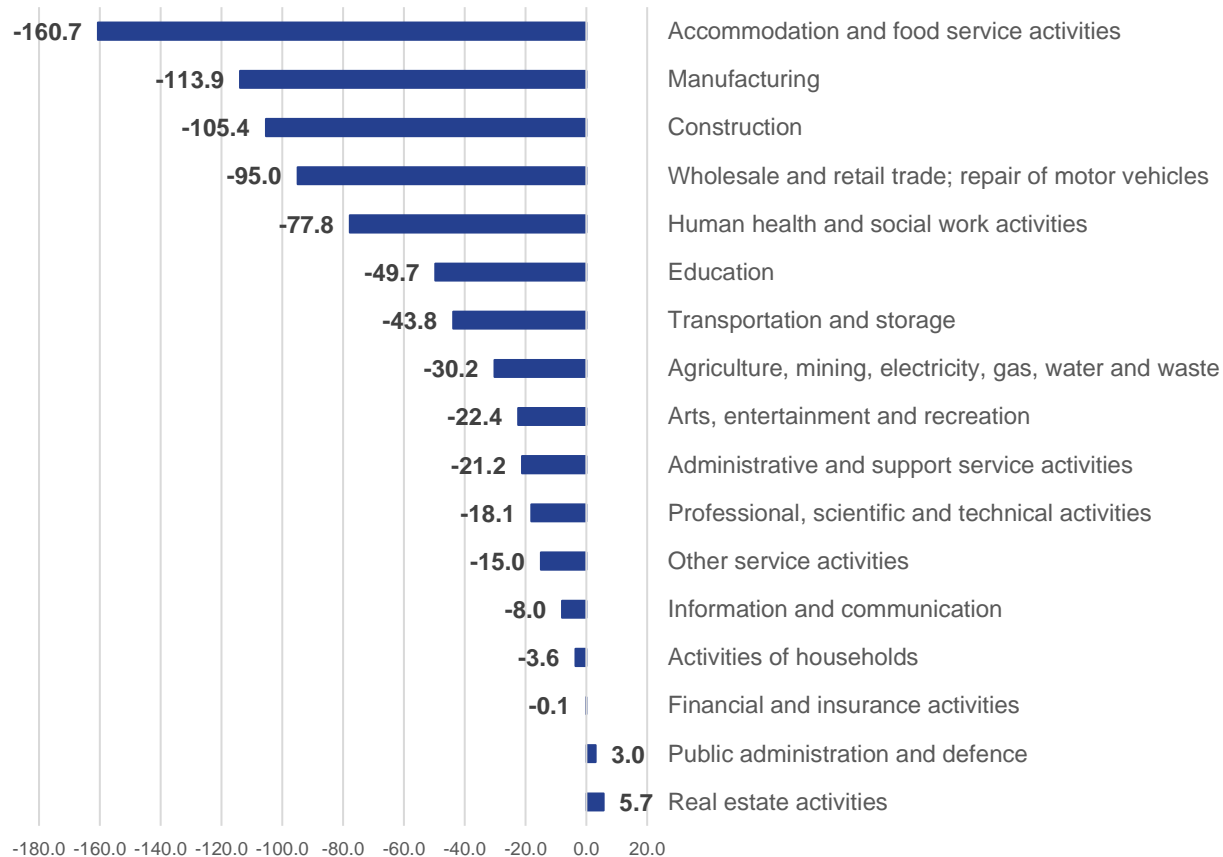
NOTES:

1. Employment data: BRES 2019. Based on employment. *Note analysis for Inner Moray Firth excludes farm agriculture. Total employment in Inner Moray Firth is 81,000
2. Scottish Government analysis of sectors most exposed to COVID-19 – [June monthly economic brief](#) and equivalent analysis from BRES 2019
3. Scottish Government [BICS weighted Scotland estimates](#)
4. Number of businesses and employment by size of business: IDBR 2019 - analysis is based on private sector (VAT and/or PAYE) registered enterprises only so may undercount small businesses not reaching these thresholds
5. [The Impact of Covid-19 on Scottish Small and Medium-Sized Enterprises](#), 25 June 2020, Fraser of Allander

INNER MORAY FIRTH: GVA IMPACTS*

GVA in Highland is estimated to fall by 11.7% in 2020 to £5.78bn compared to a decline of 10.7% nationally and 11.7% regionally under this method**

Est. change in output (GVA, £m) by sector, 2019 to 2020, Highland



HIGHLAND GVA ESTIMATED TO DECLINE BY £756m IN 2020

Across Highland, accommodation and food service activities (down £160.7m), Manufacturing (down £113.9m), and Construction (down £105.4m) are expected to see the largest declines in absolute terms

Some of the sectors expected to be hardest hit have a greater concentration of employment in Inner Moray Firth

Human health and social work (1.3), accommodation and food services (1.3) and construction (1.2) each have a location quotient above 1, signifying a higher concentration of employment across these sectors in Inner Moray Firth than nationally

This suggests that GVA across these three sectors may be particularly negatively impacted in Inner Moray Firth

There is a considerable degree of uncertainty, especially in relation to further waves of COVID-19 and associated restrictions and how these may impact disproportionately on certain sectors.

NOTES:

*GVA estimates are not available for Inner Moray Firth so figures for Highland Council area have been presented

**Latest published data on GVA by local authority is for 2018. An adjustment has been made to this to estimate 2019 GVA. The decline between 2019 and 2020 is based on ekosgen modelling of the reduction in GVA at Scottish level by sector and projected onto the business base for each sub-region and sector. Trends for January–May 2020 are assumed to be replicated for the remaining 7 months of the year.

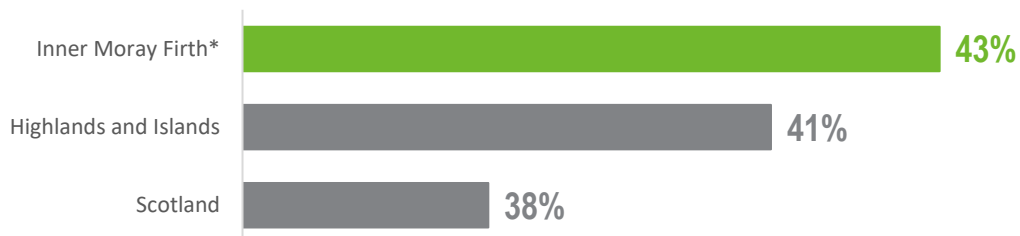
Sources: Scottish Government (2020) GDP Monthly Estimate, Scotland: May 2020; ONS (2019) Regional gross domestic product local authorities, 2018 data; ONS (2019) Regional gross domestic product all NUTS level regions

INNER MORAY FIRTH: VULNERABILITY INDICES

EMPLOYMENT EXPOSURE:

Measures share of jobs in most exposed sectors (manufacturing, construction, retail and wholesale, accommodation and food services, arts, entertainment and recreation)

% of jobs in sectors most exposed to COVID-19



The share of jobs in sectors most exposed to COVID-19 is higher in Inner Moray Firth* than regionally and nationally

BREXIT VULNERABILITY:

Identifies areas of Scotland that are expected to be most vulnerable to Brexit based on access to services, share of working age population, income deprivation, population change, workers in Brexit sensitive industries, EC Payments (CAP and ESF/ERDF) and EU worker migration

COVID-19 is compounding vulnerability already presented by Brexit, which affects rural areas disproportionately. Highland is ranked 5th out of Scotland's 32 local authorities in terms of Brexit vulnerability

In Inner Moray Firth, 33% of communities at datazone level are within the 20% most vulnerable communities to Brexit in Scotland, lower than the proportion across Highland and regionally (both 43%)

NOTES:

Scottish Government analysis of sectors most exposed to COVID-19 – [June monthly economic brief](#) and equivalent analysis from BRES 2019. *Note, analysis for Inner Moray Firth excludes employment in farm agriculture from total employment base

Jobs at risk – Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) [analysis of the Business Impact of Coronavirus Survey, 27th April 2020](#)

[Brexit Vulnerability Index](#) – Scottish Government .

ScotPHO COVID-19 [Community Vulnerability Index](#) Based on demographic, social and clinical indicators relevant either directly to COVID-19 or to socio-economic factors that are likely to modify the impacts of the pandemic and efforts to delay it. Rank is the overall Combined Vulnerability Score rank, and the percentage is the (weighted) population in datazones in the lowest 20% quintile combined vulnerability

JOBS AT RISK:

Analysis based on estimated share of jobs furloughed by sector in April 2020

Local Authority	Jobs at Risk (%)	Scotland Rank
Argyll and Bute	32%	1
Highland	29%	3
Orkney	28%	4
Moray	27%	10
Shetland	27%	13
Na h-Eileanan an Iar	26%	18

Highland is ranked 3rd out of Scotland's 32 local authorities for jobs at risk

The Inner Moray Firth is likely to be less vulnerable to the effects of COVID-19 than some other parts of Highland due to its more diverse sector employment base.

COVID-19 COMMUNITY VULNERABILITY:

Measure is based on available demographic, social and clinical indicators to show the vulnerability of a geographical area to health and care systems and socio-economic impacts.

Highland is ranked 19th out of Scotland's 32 local authorities in terms of combined community vulnerability score

15% of the population of Inner Moray Firth live in datazones within the 20% most vulnerable in Scotland, in line with the proportion across Highland (15%) and regionally (14%)

INNER MORAY FIRTH: SUMMARY

The Inner Moray Firth experienced population growth between 2011 and 2019. While the population is projected to decline by 2043, there is variation across the area. It has a younger age profile than the average regionally, although still a **higher dependency ratio than nationally at 62.6**

The Inner Moray Firth area will need to respond to the requirements of young people who have been disproportionately affected economically by given its younger age profile than the rest of the region

Claimant count **unemployment was 4.9% in December 2020**, up from 2.3% in December 2019 reflecting that the number of people that are unemployed or employed and on low income and/or low hours has increased significantly. Across Scotland, unemployment is expected to rise further as the furlough scheme ends.

Inner Moray Firth is likely to be harder hit than the Scotland average, but fare better than more remote parts of the region given:

- Expected **GVA decrease of -£756m across Highland in 2020**, a decline of 11.7%, in line with the regional average (11.7%) but higher than the national level (10.7%).
- While the area has a **higher share of employment in the five sectors¹ most exposed to COVID-19 overall compared to regionally and nationally** (43% compared to 41% and 38% respectively), Inner Moray Firth has a more diverse sector employment base than other parts of the region increasing its relative resilience
- **Its existing vulnerability to Brexit** (Highland is ranked 5 of 32 Scotland local authorities), although Inner Moray Firth is likely to be more resilient than more rural parts of Highland

NOTES:

1. Accommodation and food services, Construction, Manufacturing, Wholesale, retail and repairs, arts entertainment and recreation