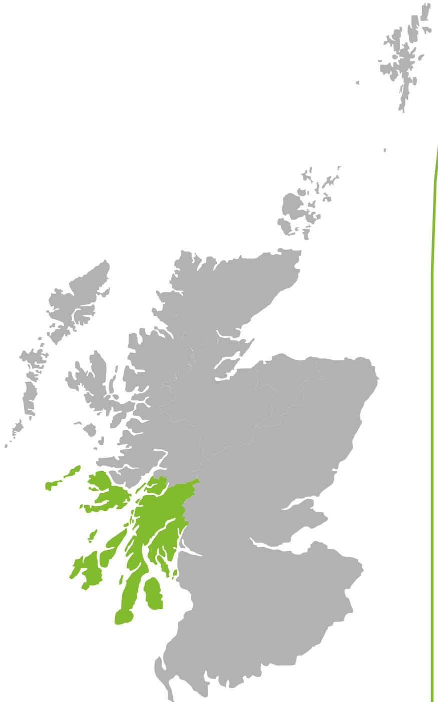
HIGHLANDS AND ISLANDS
AREA PROFILES 2020
ARGYLL AND THE ISLANDS

ARGYLL AND THE ISLANDS: DEMOGRAPHICS AND LABOUR MARKET



PEOPLE
ARGYLL AND THE ISLANDS

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

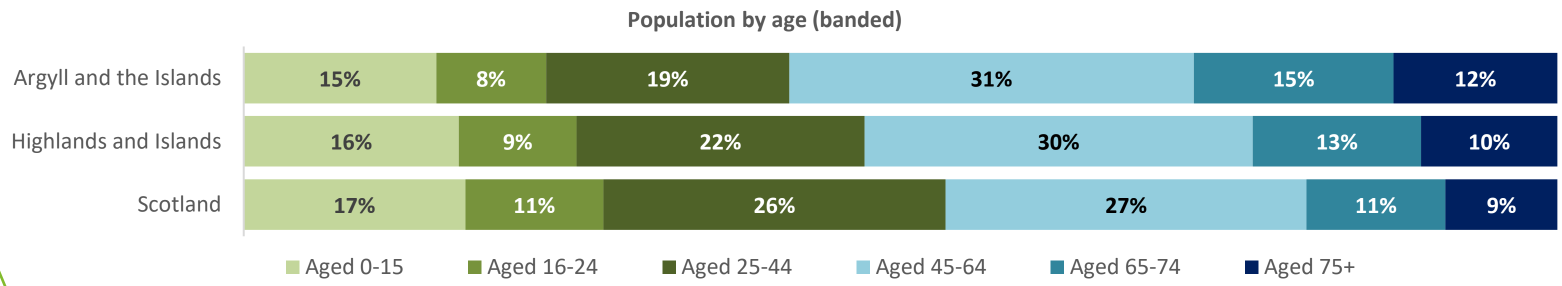
14%
of Highlands and Islands population

Population of
65,881
down 3.8% since 2011 compared to increases of 0.5% regionally and 3.1% nationally

POPULATION PROJECTED TO DECLINE BY 15%
In Argyll and Bute between 2018 and 2043

OLDER AGE PROFILE THAN REGIONALLY AND NATIONALLY

DEPENDENCY RATIO: 73.4 VERSUS **65.5** REGIONALLY AND **56.2** NATIONALLY
(number of people aged 0-15 and 65+ per 100 people of working age):



LABOUR MARKET
ARGYLL AND THE ISLANDS
September 2020

Employment rate:
76.8%
VERSUS **77.5%**
regionally and 73.8% nationally

Economic activity rate:
78.1%
VERSUS **79.4%**
regionally and 76.5% nationally

Self-employment rate:
15.9%
higher than the rates regionally (11.6%) and nationally (8.4%)

NOTES:
NRS Mid-year population estimates 2019
Population projections – NRS 2018 based sub-national population projections. Projections for Argyll and the Islands not available.
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

ARGYLL AND THE ISLANDS: UNEMPLOYMENT

December 2019 to December 2020

2,385

PEOPLE UNEMPLOYED

ARGYLL AND THE ISLANDS

rate of **6.5%** up from **3.0%**

Greater increase in the claimant count unemployment rate in Argyll and the Islands (up 3.5 percentage points), than regionally (2.4 percentage points) and nationally (2.7 percentage points). It peaked at 6.9% August 2020.

YOUTH UNEMPLOYMENT ROSE

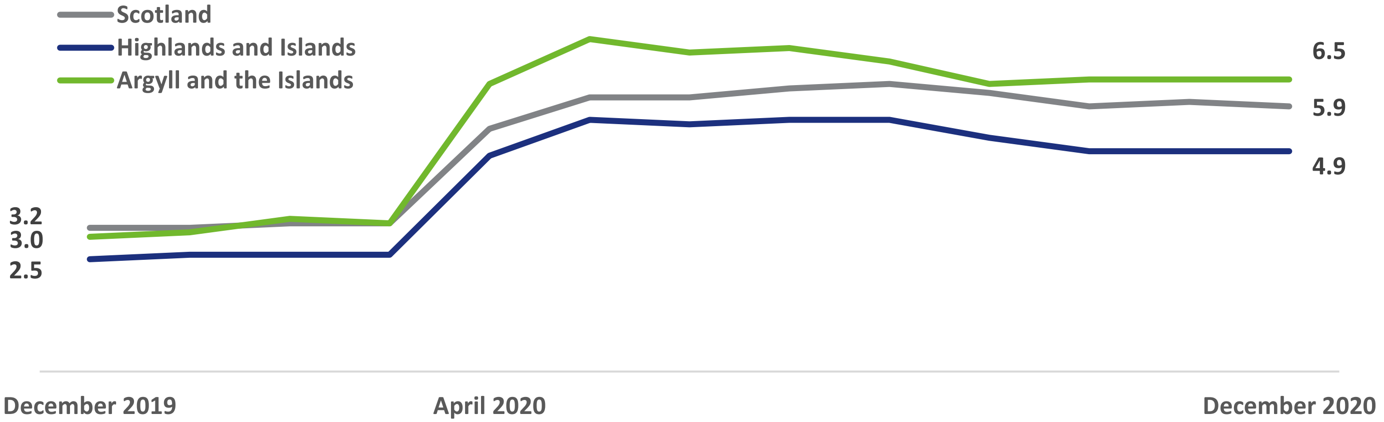
from **4.0%** to **8.9%**

Youth unemployment was 380 in December 2020, an unemployment rate of 8.9%. This was above the Highlands and Islands (7.8%) and national (8.3%) rates, suggesting significant barriers for young people wishing to enter the labour market.

Male unemployment:7.4% up from 3.7%

Female unemployment: 5.0% up from 2.2%

Unemployment (Claimant Count) Argyll and the Islands



UNEMPLOYMENT RATE INCREASED ACROSS ALL TRAVEL TO WORK AREAS

Dunoon and Rothesay	4.4% to 7.5%
Campbeltown:	3.8% to 6.6%
Oban:	2.4% to 5.8%
Lochgilphead:	2.5% to 5.8%
Mull and Islay:	1.4% to 4.3%

4,600

EMPLOYMENTS FURLOUGHED IN ARGYLL AND BUTE

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 3,400 (9% of eligible employments) at the end of November 2020.

2,400

workers in Argyll and Bute have claimed the third **SELF-EMPLOYMENT INCOME SUPPORT SCHEME** grant.

Take-up of the third SEISS grant in Argyll and Bute was 47%, higher than that across the Highlands and Islands (45%) but below the national level (54%), despite higher levels of self-employment in the area.

NOTES:

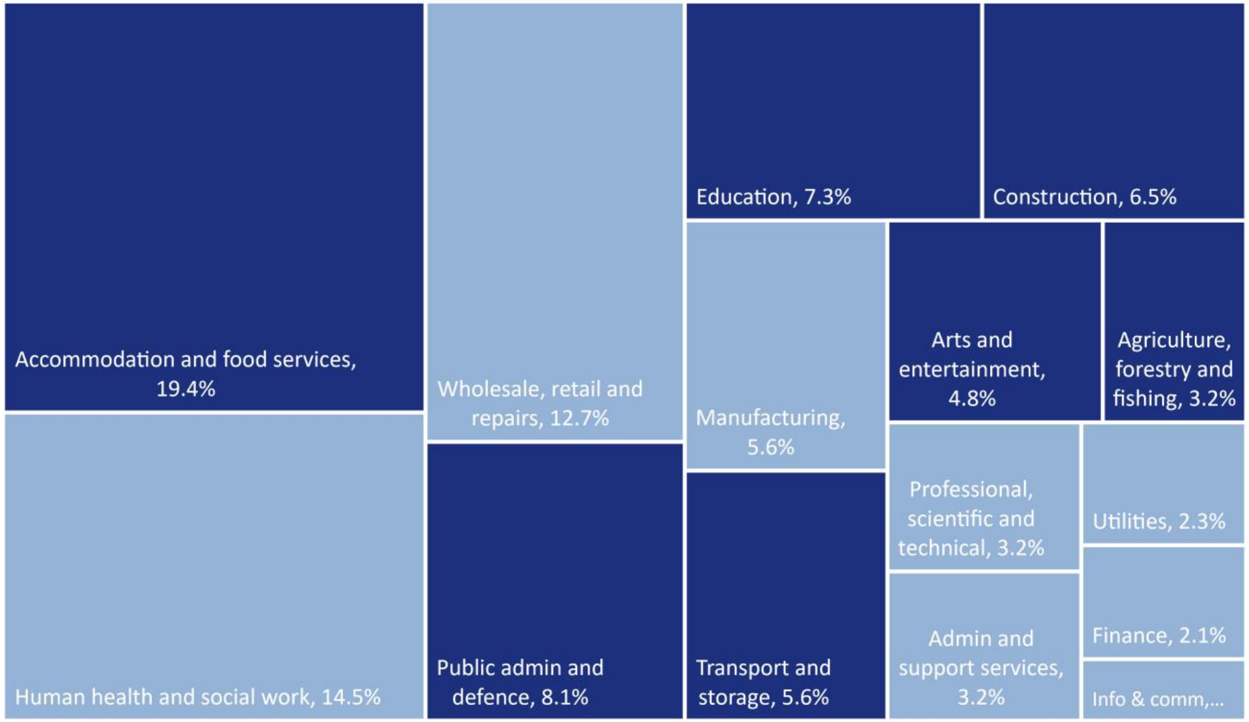
Unemployment based on claimant count. Note that enhancements to Universal Credit as part of the UK government's response to the coronavirus mean that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently, changes in the Claimant 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. Data not available for Argyll and the Islands so figures for Argyll and Bute have been used.

ARGYLL AND THE ISLANDS: EMPLOYMENT

Employment by sector (%): Argyll and the Islands



Info & comm – Information and communications 1.1%
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 Argyll and the Islands: accommodation & food services (19.4%), human health and social work (14.5%) and wholesale and retail (12.7%). Together they account for around 14,800 jobs across the area.

In Argyll and the Islands:

15,200 people are employed in the sectors most exposed to the economic effects of COVID-19[2]

49% 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.

Argyll and the Islands is more reliant on employment in accommodation and food services (19.4%) than regionally (11.8%) and nationally (8.2%)

The area has a marginally higher share of employment in arts, entertainment and recreation (4.8%) compared to 4.1% regionally and 4.4% nationally

In Argyll and the Islands[4]:

85.7% of private sector registered businesses are micro (0-9 employees) compared to 86.4% regionally and 87.1% nationally

SMEs account for a higher share of private sector employment (75.8%) than regionally (67.6%) and nationally (50.6%)

There is evidence to suggest SMEs are at a greater financial risk from COVID-19 than larger private organisations or public bodies[5]. The dominance of micro businesses and higher share of employment in SMEs indicates a greater impact of COVID-19 on Argyll and the Islands than across the region and Scotland overall.

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

NOTES:

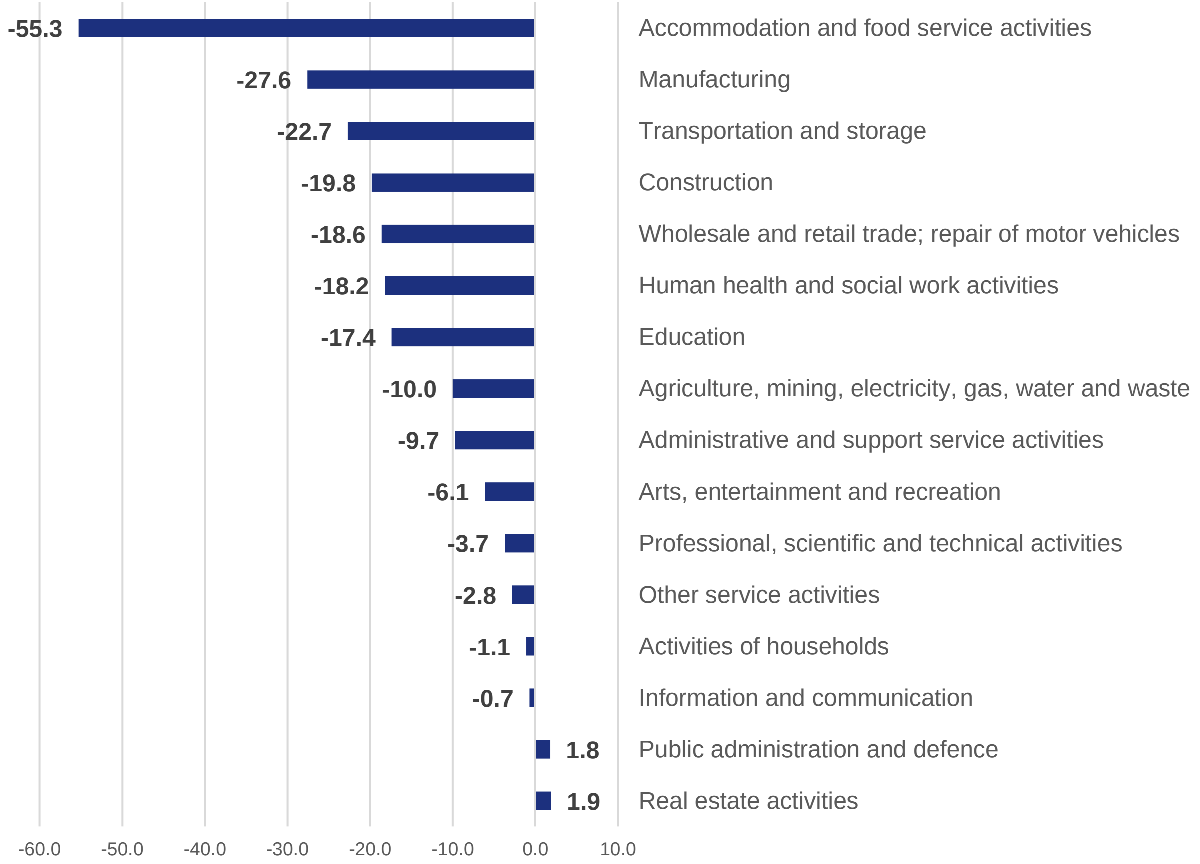
1. Employment data: BRES 2019. Based on employment. Total employment in Argyll and the Islands is 31,000. *Note analysis for Argyll and the Islands excludes farm agriculture. Across Argyll and Bute 8.8% of employment is in agriculture, forestry and fishing.
2. Scottish Government analysis of sectors 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

ARGYLL AND THE ISLANDS: GVA IMPACTS*

GVA in Argyll and Bute is estimated to fall by 10.9% in 2020 to £1.71bn

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, Argyll & Bute



ARGYLL AND BUTE GVA ESTIMATED TO DECLINE BY £210m IN 2020

Across Argyll and Bute, accommodation and food service activities (down £55.3m), manufacturing (down £27.6m), and transport and storage (down £22.7m) 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 Argyll and the Islands

Accommodation and food services (2.0), transport and storage (1.5) and construction (1.2) each have a location quotient above 1, signifying a higher concentration of employment across these sectors in Argyll and the Islands than nationally

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 Argyll and the Islands so figures for Argyll and Bute local authority 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

ARGYLL AND THE ISLANDS: 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)

The share of jobs in sectors most exposed to COVID-19 is higher in Argyll and the Islands* than regionally and nationally

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

Argyll and Bute is ranked 1st out of Scotland's 32 local authorities for jobs at risk

This covers almost a third of all jobs, driven by the prevalence of employment in accommodation and food services and arts, entertainment and recreation

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. Argyll and Bute is ranked 3rd out of Scotland's 32 local authorities in terms of Brexit vulnerability

In Argyll and the Islands, 66% of communities at datazone level are within the 20% most vulnerable communities to Brexit in Scotland, higher than the proportion across Argyll and Bute (49%) and regionally (43%)

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.

Argyll and Bute is ranked 15th out of Scotland's 32 local authorities in terms of combined community vulnerability score

24% of the population of Argyll and the Islands live in datazones within the 20% most vulnerable in Scotland, higher than the proportion across Argyll and Bute (21%) and regionally (14%)

NOTES:

Scottish Government analysis of sectors most exposed to COVID-19 – June monthly economic brief and equivalent analysis from BRES 2019. *Note, analysis for Argyll and the Islands 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

ARGYLL AND THE ISLANDS: SUMMARY

Argyll and the Islands has experienced high levels of population decline and working age population decline since 2011. It has one of the oldest age structures in Scotland with a dependency ratio of 73.4 (highest of all areas in the Highlands and Islands)

Claimant count unemployment rate was 6.5% in December 2020, higher than the rates regionally and nationally, 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.

Argyll and the Islands is likely to be harder hit than the Scotland average by COVID-19, and to be one of the harder hit areas within the Highlands and Islands:

- Expected GVA decrease of -£210 million in 2020, a decline of 10.9% compared to 11.7% regionally and 10.7% nationally
- Its higher than average employment in the sectors most exposed to COVID-19[1] (49% compared to 41% regionally and 38% nationally)
- In particular, its higher than average share of employment in accommodation and food services (19.4% compared to 11.8% regionally and 8.2% nationally) and arts, entertainment and recreation (4.8% compared to 4.1% regionally and 4.2% nationally) – two of the sectors still facing significant restrictions. Lack of overseas visitor spend may be partially offset by UK staycation expenditure
- Its high share of self-employment, almost twice the Scotland average and highest in the region – and its higher than average proportion of employment in SMEs and those on smaller margins
- The higher than average share of its population living in the most vulnerable datazones in Scotland in terms of community vulnerability to COVID-19
- Its existing vulnerability to Brexit (where Argyll and Bute is ranked 3 of 32 Scottish local authorities and with 66% of communities at datazone level in Argyll and the Islands within the 20% most vulnerable communities to Brexit in Scotland)

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