

REVIEW OF FRAGILE AREAS AND EMPLOYMENT ACTION AREAS IN THE HIGHLANDS AND ISLANDS: EXECUTIVE SUMMARY

November 2014

Introduction

1. As part of its remit to sustain and develop the communities of the Highlands and Islands, Highlands and Islands Enterprise (HIE) supports projects in a range of 'fragile areas' and 'employment action areas'.
 - 'Fragile areas' are characterised by declining population, under-representation of young people within the population, lack of economic opportunities, below average income levels, problems with transport and other issues reflecting their geographic location.
 - 'Employment action areas' are characterised by a lack of employment opportunities, over-reliance on a single employer or sector, decline in jobs base through major closures or structural change and persistent long-term unemployment.
2. HIE undertakes a review of its fragile and employment action areas on a periodic basis. This Executive Summary presents the findings of the reviews undertaken in 2014.

Review of Fragile Areas

3. The 2014 Fragile Area Review has followed the same methodology as the previous review undertaken in 2012. The key elements of the methodology were:
 - 4 'key indicators' were used to measure fragility:
 - Percentage **change in population** between 2001 and 2011.
 - **Drive-time** (in minutes) to the nearest mid-sized service centre (defined as having a secondary school, NHS hospital and a large chain supermarket).
 - Median household **income**.
 - Average **unemployment** rate during 2013.
 - Data on these indicators has been collated and analysed for all 596 data zones within HIE's area.
 - For each of these key indicators, data zones were ranked and given a score ranging between 0 and 5. In each case:
 - The most fragile 10% data zones were given a score of 5.
 - The most fragile 11-20% were given a score of 4.
 - The most fragile 21-30% were given a score of 3.
 - The most fragile 31-40% were given a score of 2.
 - The most fragile 41-50% were given a score of 1.
 - The least fragile (51-100%) were given a score of 0.
 - These scores were then combined. The maximum score is 20.
 - The scores were then examined for the 159 data zones that were considered to be 'potentially fragile' – i.e. are at least 20 minutes' drive from the nearest mid-sized service centre and 40 minutes' drive from the nearest major service centre.
 - Data zones with a total score of 7 or higher were identified as fragile.
 - The list of data zones were then discussed with HIE Area Managers as a 'sense check'.
 - Finally, the revised list of data zones was discussed and agreed with the HIE Leadership Team.
4. 79 data zones have been identified as fragile in the 2014 review.
 - This is a slight increase on the 78 designated as fragile in 2008 review.
 - 12.3% of population of the Highlands and Islands live in a fragile data zone – just over 57,000 individuals.A list of the data zones defined as fragile is given in Appendix 1.
5. There are fragile data zones in all HIE Area Offices except Inner Moray Firth and Moray – but they are concentrated in:
 - Innse Gall (21).
 - Lochaber, Skye and Western Ross (21).

- Argyll and the Islands (16).
6. All islands with a population of 300 or less, all islands off other islands and peninsulas with island characteristics have also been designated as fragile.
 - The population of these islands is just over 3,800.
 - The population of these islands increased by 6.5% between 2001 and 2011, compared to population growth of 7.5% across the Highlands and Islands as a whole.
 7. Looking at key trends in fragility, the population of the data zones defined as fragile in the 2008 increased by just 0.8% between 2001 and 2011 compared to an increase of 7.5% across the Highlands and Islands as a whole. Within this:
 - The number of young people (aged 0-24 years) living in fragile data zones has declined by 9.3% compared to an increase of 1.9% across the Highlands and Islands as a whole.
 - The 25-44 years population has declined by 17.6% compared to a decline of 6.9% across the Highlands and Islands as a whole
 These are highly concerning trends.
 8. Between 2005 and 2013, proportion of population in the 2008 fragile areas that were unemployed has declined (from 2.6% to 2.2%), in contrast to increases at the Highlands and Islands (from 2.1% to 2.3%) and Scotland (from 2.7% to 3.7%) levels. This may reflect:
 - Better economic performance of these localities; or
 - Individuals choosing to leave the area to look for work elsewhere.

Review of Employment Action Areas

9. The criteria for being classified as an employment action area are:
 - An over-reliance on a single employer or single sector.
 - Having experienced or at risk of significant job losses resulting from major closures.
 - Persistent long-term unemployment caused by structural change.
10. In relation to the review of employment action areas:
 - Key economic data has been reviewed for the three current employment action areas (Caithness, Moray and Argyll).
 - Key economic, demographic and skills data has been examined for the 20 key settlements in the Highlands and Islands to assess whether any additional areas should be designated as employment action areas.
 - The research team discussed with HIE Area Office managers the key employment issues facing their areas and whether they felt that any additional areas should be considered in need of 'employment action'.
11. The three current employment action areas continue to face significant employment issues and it is recommended that HIE continues to work with partners through the Caithness and North Sutherland Partnership, Moray 2020 and Kintyre Initiative to support these areas to diversify their economies.

12. Looking at the other settlements:
 - Lochgilphead, Dingwall, Dunoon and Stornoway are the settlements most dependent on large employers.
 - Unemployment is high at over 4% in Dunoon, Portree, Invergordon/Alness and Lochgilphead.
 - With the exception of Portree, all of these areas also have high levels of their working age population claiming out-of-work benefits.
 - Unemployment has increased by over 40% in the last 8 years in Portree, Lochgilphead, Dunoon, Fort William and Oban.
13. Combined, this suggests that there should be a continued focus on the 3 current employment action areas and:
 - That the scope of the Argyll employment action area should be broadened to encompass Dunoon and the surrounding area (Cowal South) in addition to the existing areas of South Kintyre (centred around Campbeltown) and Bute (centred around Rothesay). This recommendation has been agreed by the HIE Leadership Team.
 - HIE Leadership Team has agreed to keep a watching brief on Lochgilphead and Invergordon/Alness settlements given the challenges they currently face.

Recommendations for Future Reviews

14. Wherever possible, it is important for there to be consistency in the methodology used to identify fragile area and employment action areas, as this allows comparisons to be made over time.
15. Whilst consistency is important, it is also important to revisit on a regular basis whether or not the methodology is fully capturing the key aspects of 'fragility' and/or 'employment action'. In particular, as broadband becomes increasingly seen as the norm, lack of access to broadband will be a significant contributor to fragility. At the current time, there is no indicator that captures this at the data zone level and HIE should consider how to best capture this in future reviews.

Appendix 1: List of Fragile Data Zones

Area office	Data zone	Data zone name	Fragility score
Argyll & the Islands (16)	S01000722	Port Ellen	13
	S01000723	South Islay	10
	S01000724	Bowmore	12
	S01000726	Rinns of Islay	8
	S01000740	Tighnabruaich and Kames	14
	S01000755	North Islay, Jura and Colonsay	13
	S01000763	North Knapdale	8
	S01000787	East Loch Fyne, Glendaruel and Colintraive	7
	S01000800	Loch Goil and Loch Eck	11
	S01000809	Ross of Mull and Iona	7
	S01000820	South Mull	9
	S01000830	North Mull, Ulva and Gometra	6
	S01000831	Coll and Tiree	10
	S01000832	Tobermory	8
	S01004503	Cumbræ Millport	19
	S01004508	Cumbræ North	12
Caithness & Sutherland (11)	S01003959	Rosehall	7
	S01003966	Lairg	13
	S01003967	Lochinver and Elphin	11
	S01003968	Helmsdale and Kinbrace	14
	S01003969	Dunbeath	10
	S01003970	Stoer and Scourie	9
	S01003971	Lybster	8
	S01003973	Kinlochbervie and Achfary	12
	S01003974	Tongue, Bettyhill and Altnaharra	7
	S01003988	Melvich	10
	S01003990	Durness	13
Innse Gall (21)	S01002339	Vatersay to Castlebay	15
	S01002340	North Barra	11
	S01002341	Eriskay to South Boisdale	13
	S01002342	Loch Boisdale	13
	S01002343	Loch Eynort to lochdar	10
	S01002344	South Benbecula	8
	S01002345	North Benbecula to Grimsay	7

Area office	Data zone	Data zone name	Fragility score
	S01002346	East North Uist to Berneray	13
Innse Gall (cont.)	S01002347	West North Uist to Baleshare	7
	S01002348	South Harris	13
	S01002349	North Harris and Scalpay	15
	S01002350	Pairc and Kinloch	15
	S01002351	Uig and Bernera	10
	S01002352	North Lochs	7
	S01002358	Loch Roag	16
	S01002369	Carloway to Shawbost	10
	S01002370	Bragar to Bru	13
	S01002371	Gress to Tolsta	5
	S01002372	Barvas to Borve	14
	S01002373	Galson to Swainbost	8
	S01002374	Habost to Port of Ness	7
	Lochaber, Skye & Wester Ross (21)	S01003720	Ardgour, Sunart and Morvern
S01003728		Moidart	8
S01003739		Ardnamurchan and Small Isles	10
S01003745		Mallaig	9
S01003746		Arisaig, Morar and Knoydart	7
S01003757		Glenshiel and Glenelg	10
S01003765		Kyle of Lochalsh	18
S01003773		Balmacara and Dornie	7
S01003841		Duirinish	11
S01003846		Lochcarron	11
S01003869		Applecross, Shildaig and Torridon	9
S01003871		Dunvegan and Waternish	12
S01003911		Skye North East	7
S01003914		Uig	7
S01003933		Poolewe and Badachro	7
S01003946		Gairloch	8
S01003948		Ullapool Rural and Dundonnell	5
S01003953		Aultbea	11
S01003955		Ullapool South	10
S01003956		Ullapool North	7
S01003963	Achiltibuie	10	
Orkney (5)	S01004968	Rousay, Egilsay, Shapinsay and Wyre	10
	S01004969	North Ronaldsay, Sanday and Stronsay	12

Area office	Data zone	Data zone name	Fragility score
	S01004970	Eday, Westray and Papay	9
Orkney (cont.)	S01004971	Hoy, Flotta, S Walls and South Ronaldsay	8
	S01004972	Burray and St. Margaret Hope	5
Shetland (5)	S01005515	Symbister (Whalsay)	7
	S01005516	Whalsay and Skerries (excl. Symbister)	5
	S01005519	North Northmaven	9
	S01005520	Yell	8
	S01005521	Unst and Fetlar	15

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