State of the Angus Economy

2019

A Report by Angus Council

January 2019

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1. Introduction

Growth in the Scottish economy slowed throughout 2019 with continued Brexit uncertainty and a weakening in the wider UK and global economic environment impacting investment, sentiment and output. As the UK formally exited the EU in January 2020 and entered the transition period, the immediate risk of a no-deal Brexit has been removed, but uncertainty remains a live issue, particularly for sectors of the economy reliant on new trade agreements to ensure continued (frictionless) market access to the EU from 1st January 2021.[1]

The labour market in Scotland continued to perform strongly by historical standards through 2019, however employment levels fell back a little and there are signs that earnings growth may be softening. Consumer confidence has been negative for the outlook for the economy since mid-2016.

Scotland's Gross Domestic Product (GDP) grew by 0.3% in real terms during the third quarter of 2019, following contraction of -0.2% in the second quarter of 2019. The equivalent growth rate for the UK as a whole during the third quarter was 0.3%.

The chart below shows Total Gross Domestic Product for the last ten years and the percentage change on the latest quarter shown against the same quarter in the previous year.

Figure 1.1 Total Gross Domestic Product for Scotland

Source: Scottish Government (2020), Scotland's GDP 2019, Quarter 3

This continued growth has been achieved against a backdrop of intensifying uncertainty regarding the UK's exit from the EU, as well as, continuing structural challenges for particular firms and sectors of the economy.

Any consideration of the future outlook for the economy is caveated by EU exit, which even in the context of an orderly transition and a deal being agreed, has seen recent

[1] Scottish Government (February 2020), State of the Economy report, p.2

downward revisions to the UK economic outlook due to the uncertainty associated with this process.

The official and independent forecasts for the Scottish economy suggest growth of around 1% in 2020, rising slightly over the next few years, which is broadly in line with recent annual growth in productivity. As noted, this may be stronger than 2019 but is likely to remain below trend as the economy transitions to whatever new trade arrangements materialise for 2021 and beyond.[2]

Current independent forecasts for the Scottish economy remain positive for 2019 with growth between 1 and 1.5%, but until EU exit is finalised these remain highly uncertain. These forecasts are all well below the long term average of about 2%. The forecasts do not reflect the outlook for the Scottish economy were a no-deal or hard Brexit to emerge. Research by the Fraser of Allander Institute (23 October) suggests that that uncertainty around Brexit has negatively impacted the Scottish economy by around £3 billion or 2%, relative to what it would have been. It also highlights how economic growth has remained sluggish over the past year with companies hesitating to invest as they await the outcome of the EU exit negotiations. Securing a deal will help create some clarity in the short term, however the nature of the deal and the form of Brexit it will implement will mean that 'the long-term challenges for the Scottish and UK economies will be considerable.' On the other hand, the last 12 to 18 months have been a strong year for Scottish exports, with growth remaining positive and just below its five-year average, but a global slowdown is likely to suppress demand and punitive tariffs, such as the 25% tariff placed on whisky and other items by the US, will act as a significant barrier in key markets.

Figures released for the Q2 2019 show that Scotland's onshore Gross Domestic Product has fallen by 0.2% during the April to June period. GDP for the UK as a whole also fell by 0.2% during the latest quarter. However, over the quarter to June to August 2019, Scotland's unemployment rate increased by 0.8% to 4.1% (UK: 3.9%), the employment rate fell by 1.4% to 74.3% (UK: 75.9%) and the inactivity rate increased by 0.8 % to 22.5% (UK 21%). This suggests that the previously resilient labour market now buckling in the face of heightened uncertainties and underlying soft UK economic activity.

The Scottish Fiscal Commission (SFC) forecast Scottish GDP grow of 1.4% in 2018 (revised up from 0.7% in May), followed by growth of 1.2% in 2019 and 1% per annum between 2020 and 2021. In the short run, this is broadly consistent with the Fraser of Allander Institute (FAI) forecasts of 1.3% in 2018 rising to 1.4% in 2019. The table below sets out a selection of independent forecasts and projections.

Table 1.1 Independent Scottish GDP Growth Forecasts (%)

	2018	2019	2020	2021	2022	2023
Scottish Fiscal Commission	1.4	1.2	1.0	1.0	1.1	1.2
Fraser of Allander Institute	1.3	1.4	1.5	1.4	--	--
EY ITEM Club	1.6	1.0	1.4	1.5	1.7	--
PWC	1.5	1.6	1.3	--	--	--

[2] Scottish Government (February 2020), State of the Economy report, p.2

Scotland Summary

GDP contracted in Q2 2019 for the first time since 2016.

- Scottish GDP contracted by 0.3% in Q2 2019 and annual growth slowed to 0.7%.
- Marginal growth in the services sector (0.1%) was offset by falls in production (-1.1%) and construction (-2.2%) output.
- The manufacturing sector contributed most strongly to the contraction, with output falling -2.5% reflecting the unwinding of stockpiling undertaken in Q1.

Labour market performing well by historical standards.

- Unemployment increased over the quarter to May-July 2019 to 4%, however has fallen over the past year and remains low by historical standards.
- The employment rate has fallen slightly over the latest quarter and year to 74.9%, with 2.7 million people employed.
- Full time employment rose by 47,000 over the year, more than offsetting a 40,000 fall in part-time employment.
- The inactivity rate rose over the quarter and year to 21.9%.
- Labour productivity grew by 0.4% in Q1 2019 and by 1.1% over the year.

Business and consumer confidence remains weak.

- The RBS Purchasing Managers Index reported marginal business activity growth in July and August while business confidence fell to its lowest level in over 3-years.
- Consumer sentiment in Scotland improved in Q2 2019, however remains negative and notably below the series average.

GDP growth is forecast to slow in 2019.

- Independent GDP forecasts estimate GDP growth to slow from 1.4% in 2018 to around 1% in 2019.
- Ongoing Brexit uncertainty is expected to continue impacting business investment and growth is generally expected to pick up in 2020 assuming a smooth Brexit transition.
- A no deal Brexit remains a downside risk to the economic outlook and risks pushing the economy into recession.[3]

Scotland Summary – Q3 2019

GDP growth rebounded in the third quarter of 2019.

- **GDP growth picked up to 0.3% in Q3 2019, having contracted in the second quarter, while growth slowed to 0.6% over the year.**
- **In Q3 2019, services output grew marginally (0.1%) and production output rebounded (1.1%) while construction output remained flat (0.0%).**
- **Manufacturing output fell further over the quarter (-0.3%), albeit more slowly than in Q2, as firms continued to navigate their way between the Brexit deadlines.**

3 Scottish Government (September 2019), State of the Economy report, p.5

Labour market remains strong by historical standards.

- **Unemployment fell to 3.8% in September - November 2019, however has risen over the past year.**
- **The employment rate increased over the latest quarter to 74.3%, however fell over the year by 17,000.**
- **Full time employment fell by 14,000 over the year, while part-time employment fell by 1,000.**
- **The inactivity rate rose over the quarter and year to 22.7%.**
- **Earnings grew 2.4% in 2019, however there are signals that the pace of growth has slowed.**

Business and consumer sentiment remain subdued.

- **The RBS PMI reported a mild increase in business activity at the start of 2020 supported by an increase in new orders and business confidence. However, indicators remain subdued by historical standards.**
- **Consumer sentiment in Scotland picked up in Q4 2019 from a record low at the start of the year, however remains negative and notably below the series average.**

GDP growth is forecast to strengthen.

- **The SFC forecast the Scottish economy to grow 1.0 in 2020, rising to 1.1% in 2021, with further earnings growth expected to support household consumption.**
- **Brexit uncertainty, weak productivity growth and weaknesses in the global economy remain downside risks.**

2. Economic Performance

Summary – Economic Performance

- The Angus economy generated 1.2% of all Scottish output in 2017, slightly above the area's share of national jobs (1.0%).[4]

- The Angus economy grew by 3.5% between 2015 and 2017, above the Scottish equivalent growth rate of 1.0% for Scotland. For comparison the Angus economy grew by 2.7% between 2012 and 2015, slightly below the equivalent growth rate of 2.9% for Scotland.

- Productivity levels in Angus declined sharply in 2017, having seen some improvement in previous years.

- Angus is home to especially high value added manufacturing, and relatively high value added construction, public services, transport and storage and accommodation and food businesses, with productivity in each of these sectors above the average for Scotland as a whole.

- However, this is offset by low levels of productivity and earnings in most other sectors, particularly the primary industries.

- In line with many other predominantly rural economies, business expenditure on R&D in Angus is below the national average (£55 per head in Angus compared to a national average of £230).

- Average earnings of full-time workers whose job is located in Angus are significantly below the national average.

- The earnings of residents is higher, suggesting that many out-commuters from the area are travelling to higher paying jobs located elsewhere.

Table 2.1: Headline Performance Indicators

	Angus	Scotland
Economic Growth		
Total GVA 2017 (£m)	£1,108.8	£91,771.7
Average Annual GVA Growth Rate 2015-2017	3.5%	1.0%
Productivity		
GVA per worker 2017	42,095	49,693
Change in GVA per worker 2016-17	-6.7%	9.9%
Business Base		
Businesses Birth Rate per 10,000 adults 2017/18	55	64
Business Investment in R&D per head of population 2017	£55	£230

4 Share of national jobs calculated using Total Employment figures from the Scottish Annual Business Statistics.

Table 2.2: Economic Growth comparisons

Economic Growth	Total GVA (£m)			Average Annual GVA Growth Rate		
	2015	2016	2017	2015	2016	2017
Angus	1,100.7	1,242.1	1,108.8	8.3	12.8	-10.7
Scotland	87,374.5	83,488.8	91,771.7	-2.6	-4.4	9.9

Source: Scottish Government (2019), Scottish Annual Business Statistics 2017

Table 2.3: Productivity comparisons

Productivity	GVA per worker			Change in GVA per worker from previous year		
	2015	2016	2017	2015	2016	2017
Angus	41,610	45,110	42,095	9.1	8.4	-6.7
Scotland	48,173	45,202	49,693	-4.0	-6.2	9.9

Source: Scottish Government (2019), Scottish Annual Business Statistics 2017

Table 2.4: Business base comparisons

Business Base	Businesses Birth Rate per 10,000 adults					Business Investment in R&D per head of population		
	2013/14	2014/15	2015/16	2016/17	2017/18	2015	2016	2017
Angus	47	57	57	54	55	26	32	55
Scotland	50	62	62	62	64	162	198	230

Source: Scottish Government (2019), BERD Scotland 2017

This section looks at the economic performance of Angus covering:

- Gross Value Added
- Productivity
- Business base
- Earnings

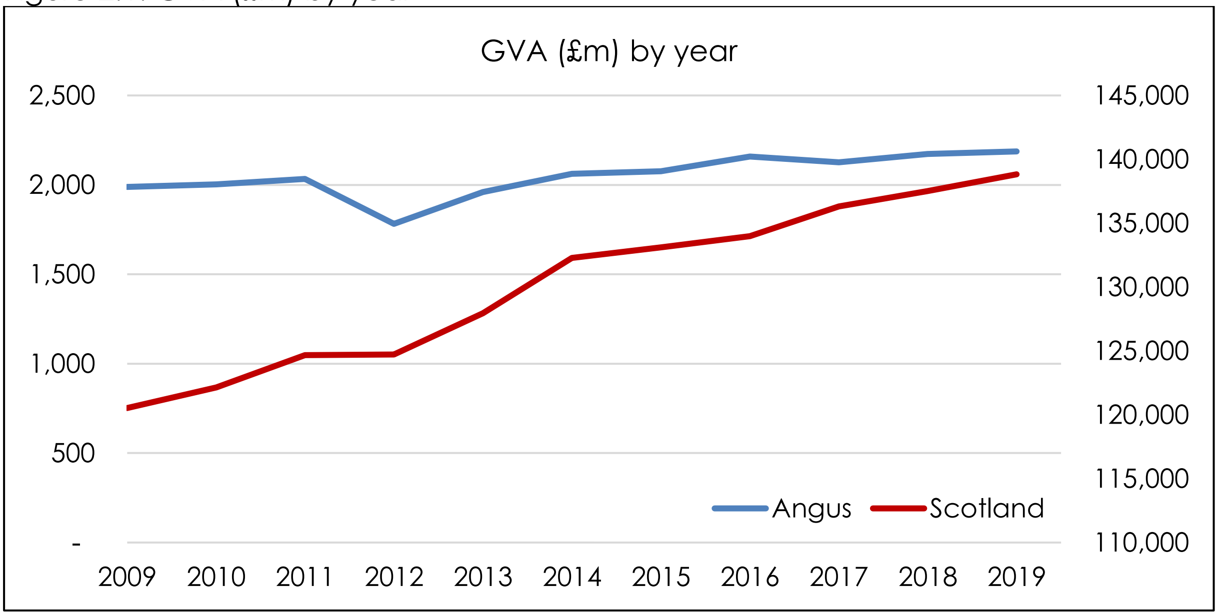
Gross Value Added (GVA)

GVA measures the contribution to the economy of each individual producer, industry or sector in Scotland. GVA is the difference between the value of goods and services produced and the cost of raw materials and other inputs, which are used in production. GVA is useful in that it can add important quantitative economic detail to inform the assessment of a policy intervention, help policymakers decide which sectors and geographies need incentives or stimulus, and accordingly formulate specific policies.[5]

GVA is a measure of productivity. Productivity matters because increasing productivity is critical to increasing economic growth in the long run. Economic output can only be increased by either increasing the amount of inputs or by raising productivity. Furthermore, changes in labour productivity are related to changes in real wages. Increasing productivity is an important aim for both national and local economies.[6] GVA per head is calculated by dividing GVA by Total Employment, and is referred to as GVA per worker for the purposes of this report.

The following chart shows that GVA in Scotland increased from £120,531m in 2009 to £138,827m in 2019 - 15.2%. The increase in Angus was 10.0%. In Scotland the increase was year on year, however in Angus there was a substantial decline in GVA in 2012, and it took until 2014 before the 2010 level was reached again. This may in part be due to the proximity of Angus to the North Sea oilfields and the downturn in the oil and gas sector. Please note that this graph is shown on a dual axis so that the pattern of decline and growth in Angus and Scotland can be seen, it does not show the information on the same scale - that can be seen in the indexed chart which follows.

Figure 2.1: GVA (£m) by year

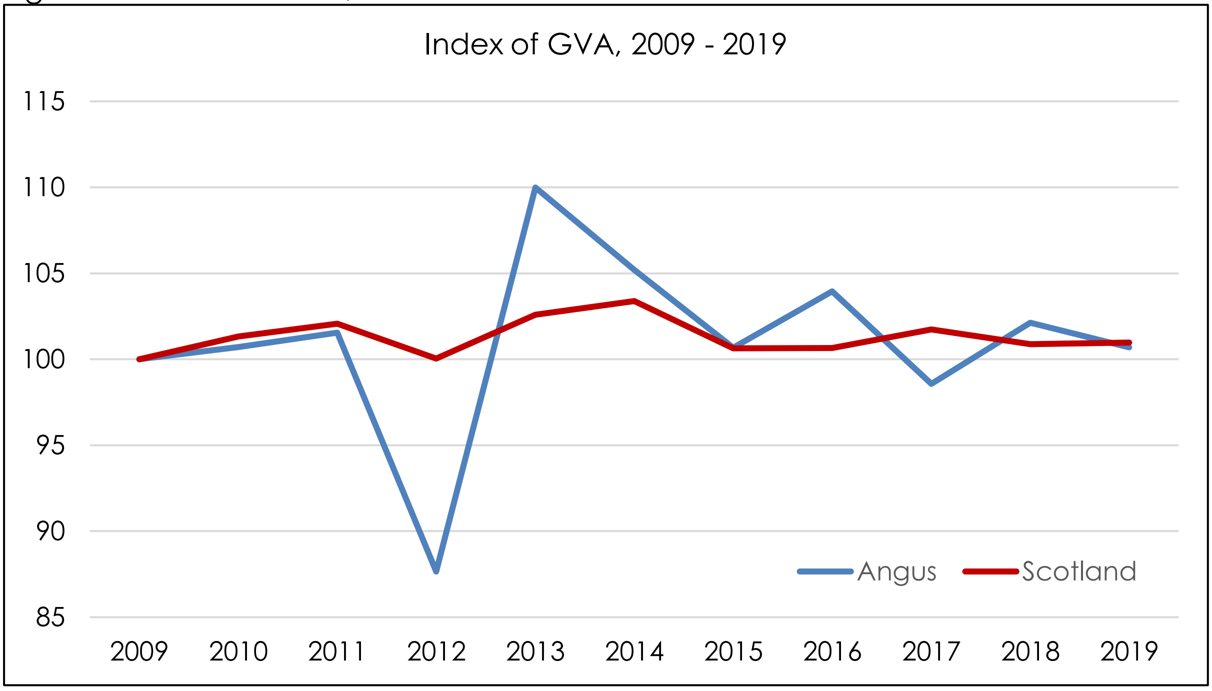


Source: Skills Development Scotland (2019), Data matrix.

5 Scottish Parliament Information Centre (SPICe) (2018), A Guide to Gross Value Added in Scotland, p.4
6 Office for National Statistics (2017), Regional and sub-regional productivity in the UK. Available from: https://bit.ly/2PwlCoA

The graph below shows an indexation of GVA between 2009 and 2019. It shows the GVA in Angus is more volatile than the Scottish average which has remained at a more stable level. The information has been indexed to a common starting point of the value in 2009 equalling 100. This allows easy comparison of different areas. A value above 100 represents growth while a value under represents a decline.

Figure 2.2: Index of GVA, 2009 - 2019



Source: Oxford Economics (2018), accessed from Skills Development Scotland Data Matrix.

The table below shows GVA by sector in Angus. The colour coded column shows which sectors are over contributing in Angus against the national picture (in green), and which ones are under contributing (in red). It clearly shows that the manufacturing sector contributes over one third of GVA in Angus, while the primary industries contribute just 6.2%, 14.1% less than the national picture, despite Angus being a rural local authority. The GVA is low because much of what should be counted in Angus for the oil and gas extraction sector is counted instead as extra-regio. The Scottish (and therefore Angus figure) for primary industries is distorted by the exclusion of oil and gas extraction, (mainly from the North Sea), which generates high levels of GVA.

Primary industries in the Scottish Annual Business Statistics (SABS) series covers agriculture support services, hunting, forestry, fishing, oil and gas extraction, energy generation and supply, water and waste management. Parts of the agricultural sector are not covered by SABS – mainly crop and animal production.

The wider definition of primary industries covers activity which deals with the production of goods from materials. Examples are agriculture, mining, forestry, hunting, fishing, and quarrying. The table below uses the narrower SABS definition.

Table 2.5: GVA by Sector, 2017

	% of total GVA in Angus	% of total GVA in Scotland	Difference (Angus – Scotland)
Manufacturing	33.1	13.1	20.0
Construction	10.1	8.2	1.9
Education, human health & social work	4.3	3.5	0.8
Transport & storage	7.8	7.0	0.8
Accommodation & food	5.2	4.4	0.8
Other service activities	1.7	1.4	0.2
Wholesale, retail & repairs	13.1	12.8	0.2
Arts, entertainment & recreation	1.6	1.7	-0.1
Real estate activities	1.7	2.1	-0.4
Administrative & support	4.8	7.0	-2.2
Professional, scientific & technical activities	9.3	12.1	-2.8
Information & communication	1.1	6.2	-5.1
Primary industries[7]	6.2	20.3	-14.1

Source: Scottish Government (2019), Scottish Annual Business Statistics 2017

The table below shows the GVA per worker. It shows an increase in each area. Angus saw an increase of 20.1%, which is below the average of the 4 local authorities in the Tay Cities region, but much higher than the Scottish average which saw a decrease of -0.4%.

Table 2.6: GVA per worker, 2008 – 2017

	2008	2017	% increase
Fife	33,679	44,057	30.8
Perth & Kinross	36,587	45,243	23.7
Average Tay Cities	33,969	41,614	22.5
Angus	**35,062**	**42,095**	**20.1**
Dundee City	30,548	35,059	14.8
Scotland	49,874	49,693	-0.4

Source: Scottish Government (2019), Scottish Annual Business Statistics 2017
**Incorporating the whole of the Fife local authority area, rather than only north Fife.*

The following table shows GVA per worker by sector. It can be seen that GVA per worker in Angus is 15.3% lower than the Scottish average. This is the case in all but 4 sectors, namely manufacturing, real estate activities, education, human health & social work and administrative and support services. As previously noted the Scottish

7 Please note that included in the primary industries sector data is oil and gas extraction. This includes off-shore oil and gas activity; off-shore activity under UK regional accounts procedures is normally allocated to a separate 'Extra Regio' category rather than allocated to a region within the UK.

(and therefore Angus figure) for primary industries is distorted by oil and gas extraction, (mainly from the North Sea), which generates the highest levels of GVA per worker of all industries in the UK.[8]

Table 2.7: GVA per worker by Sector, 2017 (£)

Description	Angus	Scotland	GVA per worker in Angus as a % of the Scottish average
TOTALS (excludes financial sector & parts of agriculture and the public sector)	42,095	49,693	-15.3
Manufacturing	80,089	64,811	23.6
Real estate activities	71,427	60,849	17.4
Education, human health & social work	17,817	15,322	16.3
Administrative & support service	40,419	35,460	14.0
Transport & storage	58,538	59,283	-1.3
Other service activities	27,041	28,258	-4.3
Information & communication	83,812	87,890	-4.6
Accommodation & food	19,211	20,768	-7.5
Construction	49,137	55,091	-10.8
Professional, scientific & technical	51,795	63,194	-18.0
Wholesale, retail & repairs	24,741	32,374	-23.6
Arts, entertainment & recreation	12,710	24,092	-47.2
Primary industries	108,890	239,324	-54.5

Source: Scottish Government (2019), Scottish Annual Business Statistics 2017

<u>Earnings</u>

Wage rates have a wider impact on the local economy. Higher levels of gross disposable household income can help to support the local economy by having a positive impact on employment rates, business survival rates, and unemployment rates.

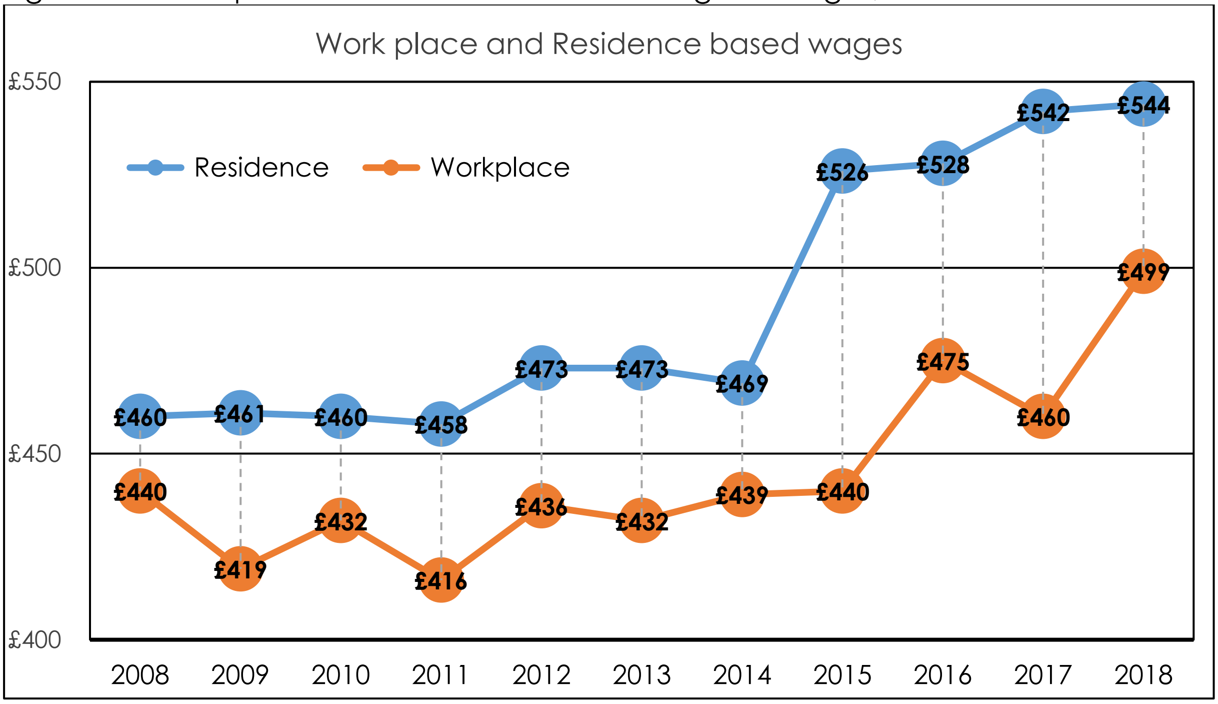
Wage rates are a factor in attracting inward investment. Lower wages can be attractive to companies, but they are normally taken into account in combination with other factors such as skill levels. Low wages rates can attract companies to outsource labour to low wages areas, however this work tends to be low skilled and intensive. Areas with high wage rates attract can investment of a different sort, the industry and work tends to be of a higher quality/skilled nature. There are two main ways of looking at wages:

- residence based (those living in a council area, regardless of the council area in which they work); and,
- workplace based (those that work in a council area, regardless of the council area in which they live).

8 SQW (2018), State of the Angus Economy 2018, p.9

The figure below shows the difference between workplace and residence based wages in Angus between 2008 and 2018.

Figure 2.3: Work place and Residence Based Wages in Angus, 2008 - 2018



Source: Nomis (2019), Annual Survey of Hours and Earnings

The table below shows the picture when comparing all Scottish local authorities, by hourly pay and ratio of residence to workplace pay. Commuter areas tend to have the highest residence pay to place of work pay ratio with Angus having the 6th highest at 1.10. Scotland's four largest cities all have lower rates of pay for the place of work analysis when compared to the residence analysis, with Dundee having the largest proportional gap across Scotland. Unsurprisingly, given the geography of the island authorities, they have very little difference between place of work and residence pay.

Table 2.8: Hourly pay excluding overtime and ratio of residence to workplace pay

2019	Workplace	Residence	Ratio
East Renfrewshire	11.06	19.32	1.75
East Dunbartonshire	12.12	16.92	1.40
Renfrewshire	12.32	13.88	1.13
Inverclyde	10.56	11.87	1.12
Aberdeenshire	12.46	13.76	1.10
Angus	**11.28**	**12.37**	**1.10**
Stirling	14.33	15.47	1.08
South Lanarkshire	12.82	13.82	1.08
East Lothian	13.91	14.97	1.08
South Ayrshire	12.82	13.72	1.07
Midlothian	12.74	13.61	1.07
Perth & Kinross	12.44	13.18	1.06
East Ayrshire	12.30	12.83	1.04
Fife	12.19	12.69	1.04
Scottish Borders	12.10	12.55	1.04
North Ayrshire	12.72	13.05	1.03
North Lanarkshire	12.98	13.15	1.01
Dumfries & Galloway	10.67	10.79	1.01
Argyll and Bute	12.29	12.42	1.01
Highland	12.90	13.00	1.01
Shetland Islands	13.90	13.90	1.00
Orkney Islands	12.71	12.67	1.00
West Lothian	13.46	13.29	0.99
Na h-Eileanan Siar	13.44	13.25	0.99
Edinburgh	15.03	14.74	0.98
Falkirk	13.17	12.89	0.98
Clackmannanshire	13.83	13.24	0.96
Moray	12.20	11.65	0.95
Aberdeen	15.33	13.92	0.91
West Dunbartonshire	13.34	12.03	0.90
Glasgow City	14.27	12.68	0.89
Dundee City	14.20	12.55	0.88

Source: Scottish Parliament (2019), Earnings in Scotland 2019, p.28

The tables below show the residence based and work place based gross median weekly wages for all full time workers. They also show the difference between Angus and Scotland, and Angus as a percentage of the Scotland. The higher average earnings of full time workers living in Angus compared to those whose employment in based in Angus suggests that many out commuters from Angus are travelling to higher paying jobs located elsewhere.

Table 2.9: Residence based, Gross Median Weekly pay for all full time workers

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Angus	£460	£461	£460	£458	£473	£473	£469	£526	£528	£542	£544
Scotland	£453	£472	£487	£487	£498	£508	£519	£527	£536	£547	£563
Difference (£)	£7	-£11	-£26	-£30	-£25	-£35	-£49	-£1	-£8	-£5	-£19
Angus as a % of Scotland	102	98	95	94	95	93	90	100	98	99	97

Source: Nomis (2019), Annual Survey of Hours and Earnings

Table 2.10: Work place based, Gross Median Weekly pay for all full time workers

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Angus	£440	£419	£432	£416	£436	£432	£439	£440	£475	£460	£499
Scotland	£463	£473	£488	£485	£498	£509	£520	£527	£535	£547	£563
Difference (£)	-£23	-£54	-£56	-£69	-£62	-£77	-£81	-£88	-£59	-£87	-£65
Angus as a % of Scotland	95	89	89	86	88	85	84	83	89	84	89

Source: Nomis (2019), Annual Survey of Hours and Earnings

The tables below show the increases in wages in different local authority areas between 2008 and 2018. Residence based wages in Angus grew faster than work place based wages, in both cases the Angus increase was below the national average, and in the case of work place based wages, it was the lowest increase in the region.

Table 2.11: Residence based median earnings of full-time workers 2008 and 2018

Area	2008	2018	% increase
Perth and Kinross	447.00	569.70	27
Scotland	462.90	562.70	22
Angus	**460.00**	**544.00**	**18**
Fife	465.80	543.40	17
Dundee City	439.70	507.50	15

Source: Nomis (2019), Annual Survey of Hours & Earnings - Gross Resident Weekly Pay

Table 2.12: Work place based median earnings of full-time workers 2008 and 2018

Area	2008	2018	% increase
Scotland	462.60	563.20	22
Dundee City	465.30	557.60	20
Fife	436.30	521.50	20
Perth and Kinross	448.70	530.40	18
Angus	**440.00**	**498.60**	**13**

Source: Nomis (2019), Annual Survey of Hours & Earnings – Gross Workplace Weekly Pay

Some industries pay more than others. They may require a more skilful work, a low degree of possible automation, or a highly specialised/qualified workforce. Some industries are typically low payers, including retail, hotels and restaurants. The table below shows a breakdown of gross wages by head by sector for Angus and Scotland.

It can be seen that earnings in Angus as a percentage of the Scottish average sits at 89%, but this varies from the manufacturing sector where wages are 138% of the Scottish average to the primary industry sector where wages are almost half the national average. Caveats about that figure have been discussed earlier in this report, however it is still a significant difference.

Table 2.13: Gross Wages & Salaries per Head by Sector 2017

	Angus	Scotland	Earnings in Angus as a % of Scottish Average
TOTALS excludes financial sector & parts of agriculture and the public sector)	19,500	21,879	89
Manufacturing	36,147	26,191	138
Other service activities	15,733	15,744	100
Accommodation & food service	9,460	10,510	90
Construction	21,542	24,747	87
Administrative and support service	16,202	18,542	87
Wholesale, retail and repairs	12,867	14,963	86
Real estate activities	16,059	18,673	86
Arts, entertainment & recreation	12,522	14,874	84
Education, human health & social work	15,913	19,230	83
Professional, scientific & technical	24,282	30,354	80
Information & communication	25,114	31,642	79
Transport & storage	20,724	27,239	76
Primary industries	24,750	50,012	49

Source: Scottish Government (2019), Scottish Annual Business Statistics 2017

Business base

Growth in the business base in Angus has fallen behind Scotland in recent years. However growth remains above the rate for Dundee City and Perth & Kinross.

Table 2.14: Number of businesses, 2008 - 2017

Number of Units	2008	2017	% change
Fife	8,963	10,685	19.2
Scotland	161,848	189,116	16.8
Angus	**3,344**	**3,804**	**13.8**
Dundee City	3,676	4,159	13.1
Perth and Kinross	5,509	6,146	11.6

Source: Scottish Government (2019), Scottish Annual Business Statistics 2017

The following table shows the sectors where business activity is focussed, relative to the national average. The wholesale, retail and repairs, professional, scientific and technical, and construction sectors account for 51% of business units (compared to 48% nationally). This number of business units relates to the number of individual business sites e.g. a plant, factory, shop etc.

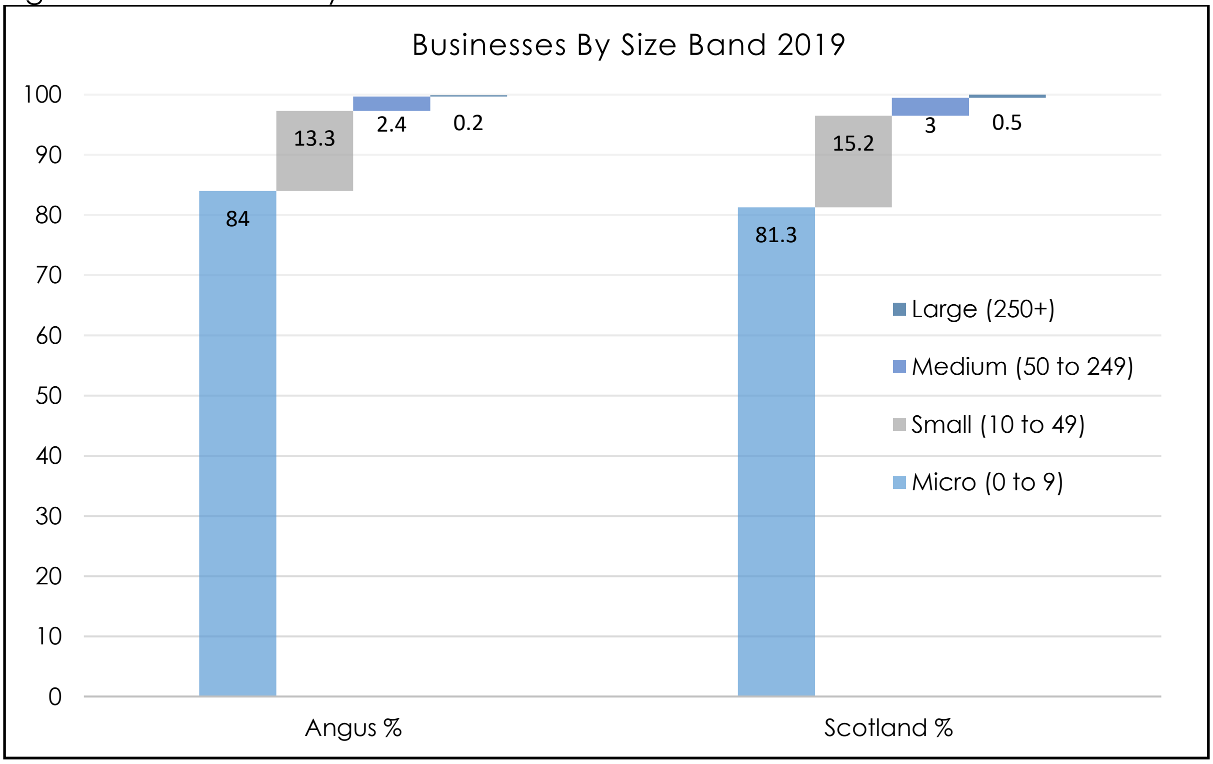
Table 2.15: Business units by Sector 2017 (%)

	Angus	Scotland
Wholesale, retail and repairs	20	19
Professional, scientific and technical	18	18
Construction	13	11
Accommodation and food	8	9
Administrative and support	7	8
Manufacturing	6	5
Education, human health and social work	5	5
Other service	5	5
Primary industries	4	3
Transport and storage	4	4
Arts, entertainment and recreation	3	3
Real estate activities	3	3
Information and communication	2	6

Source: Scottish Government (2019), Scottish Annual Business Statistics 2017

The following figure shows that the majority of companies in Angus and Scotland are micro firms, employing fewer than 9 people. In Angus this percentage is higher, and subsequently the number of larger businesses is lower.

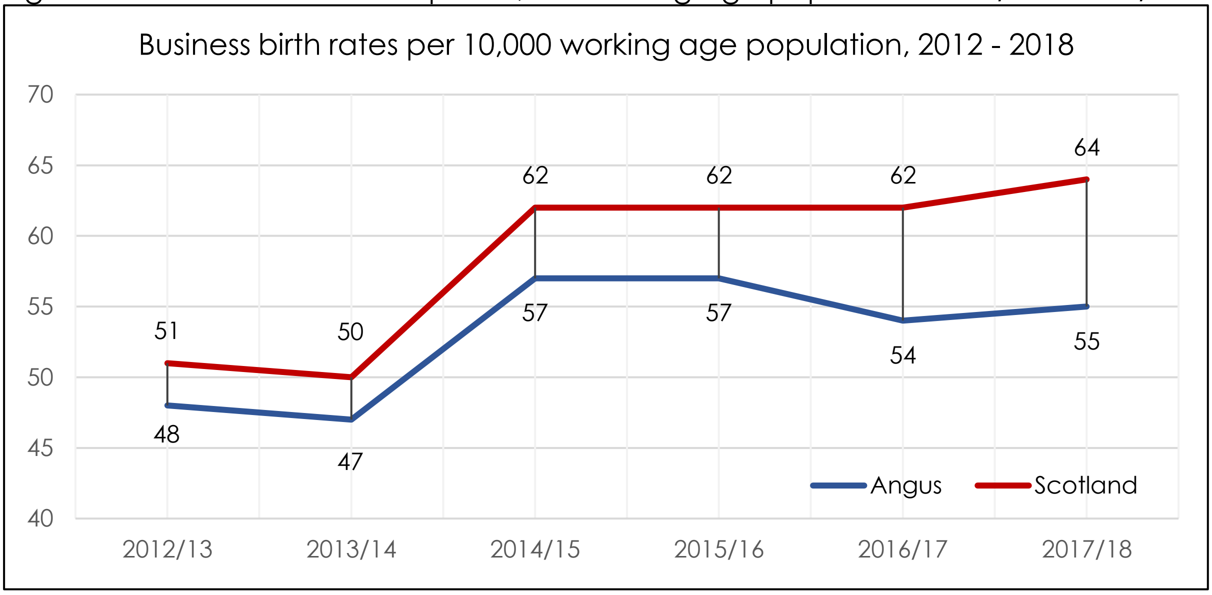
Figure 2.4: Businesses by Size band 2019



Source: Nomis (2019), UK Business Counts 2019, Local units. Angus base = 4,730 – Scotland base = 223,125.

The business birth rate in Angus is consistently below the Scottish average, as can be seen in the graph below. The difference has widened over time.

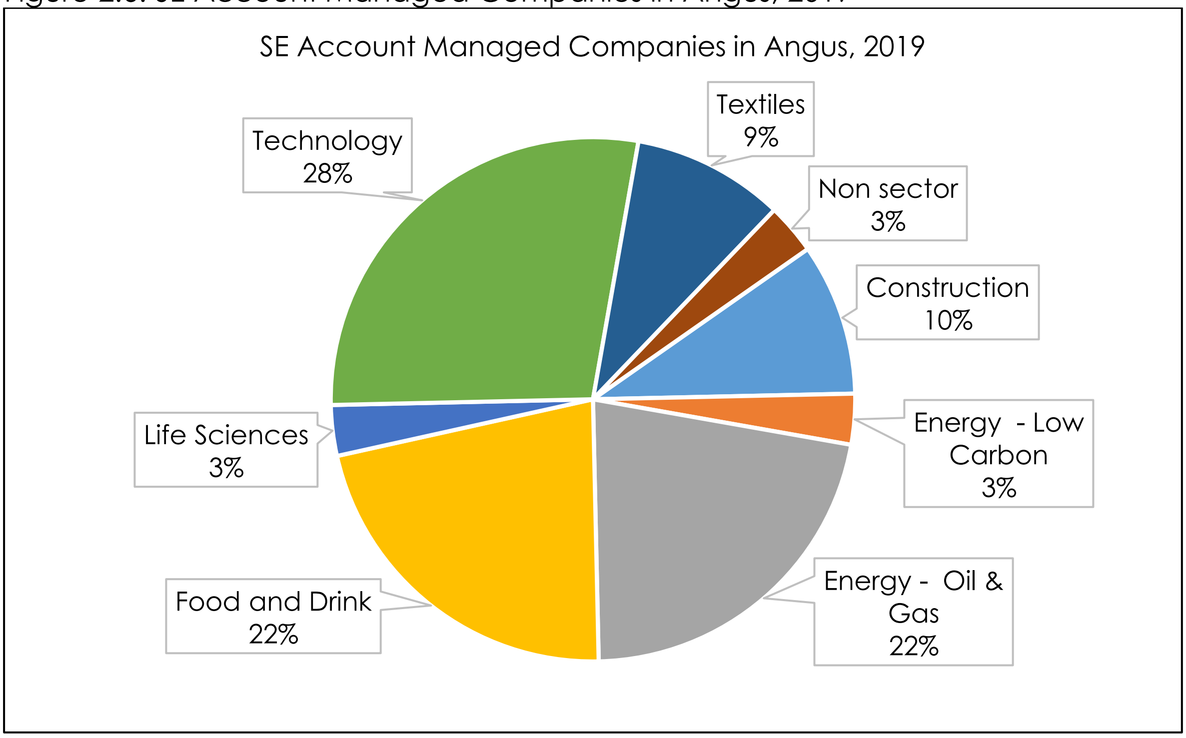
Figure 2.5: Business Birth Rates per 10,000 working age population 2012/13 – 2017/18



Source: Scottish Local Authority Economic Development, SLAED Indicator reports

Scottish Enterprise works with 32 businesses across Angus on an account management basis. Account management services provide tailored advice and direct financial assistance to help companies selected for their high-growth potential to achieve that potential. These companies vary by size, industry and age. By sector, it breaks down as per the chart below.

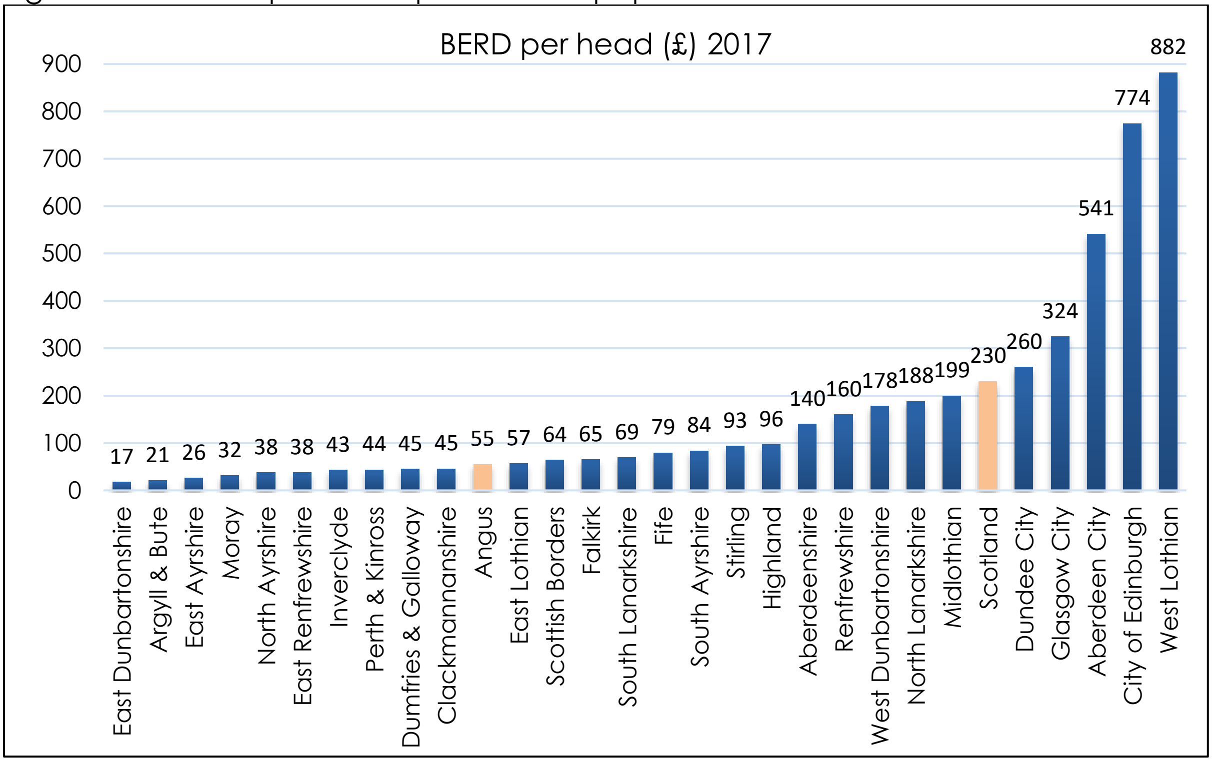
Figure 2.6: SE Account Managed Companies in Angus, 2019



Source: Scottish Enterprise (2019)

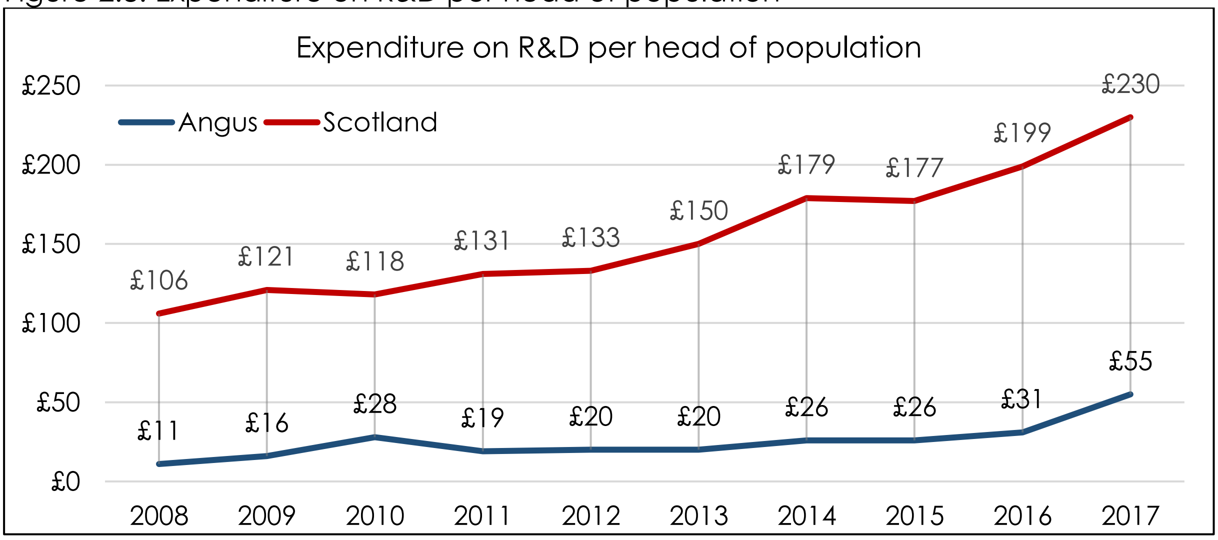
The table below shows that spending on Business Enterprise Research & Development (BERD) is below the Scottish average. This is in line with other predominantly rural local authorities. The high levels of BERD per head in West Lothian, Edinburgh and Midlothian are due to high levels of R&D investment by high tech and manufacturing companies based there.

Figure 2.7: BERD expenditure per head of population 2017



Source: Scottish Government (2019), BERD Scotland 2017. Shetland, Orkney and Na h-Eileanan Siar figures were disclosive, and therefore not included.

Figure 2.8: Expenditure on R&D per head of population



Source: Skills Development Scotland (2019), Regional Skills Assessment.

3. Profile of the Workforce

Summary – Profile of the Workforce

- The largest employing sectors in Angus are health, agriculture, forestry and fishing, manufacturing and retail and the area has higher share of employment in each of these relative to the Scottish economy as a whole.

- Angus has below average concentrations of employment in most professional service industries including financial services, business services and ICT.

- The top 20 sub-sectors in which Angus has above average concentrations of employment are dominated by manufacturing, agricultural industries and pharmaceuticals.

- A higher proportion of Angus residents are employed in skilled trades and operative positions than across Scotland, reflecting the large agricultural, construction and manufacturing sectors in the area.

- There have been large increases in the number of Angus residents employed in caring, leisure and other services, process plant and machine operatives and elementary occupations over the last 15 years. There has also been a decline in skilled trades, and managers, directors and senior officials.

- Angus has good representation in two of the six Scottish Government Growth Sectors – Food & Drink and Tourism. These account for 9.1% and 5.4% of employment in the area respectively.

- The economic impact from tourism in Angus increased from £230.86m in 2017 to £240.06m in 2018 – an increase of 4%, but a sustained increase of 29% since 2010.

- Agriculture, forestry and fishing accounts for 11.5% of employment in Angus compared to 3.2% nationally.

- In 2015, GVA from agriculture, forestry and fishing was more important to the economy in Angus compared to other local authorities (8.3% compared to 1.3%).

- In the manufacture of food, beverages and tobacco products sector, employment in Angus decreased by 100 between 2016 and 2017. In the food and beverage service activities employment increased by 100 in the same period.

- In the manufacture of food, beverages and tobacco products sector, total turnover in Angus decreased by 9.2% 2016 and 2017. In the food and beverage service activities total turnover in Angus decreased by 27% in the same period.

- In the manufacturing sector, every indicator has seen a decline in performance between 2016 and 2017, compared to some improvement in the national picture.

- In the construction sector, GVA per head for Scotland increased by 6% between 2008 and 2017. In Angus it fell by 16%.

- In the construction sector, total turnover between 2018 and 2017 in Scotland increased by 1.5%. In Angus it fell by 21%.

Table 3-1: Headline Performance Indicators

	Angus	Scotland
Jobs		
Total Employment 2018	55,100	2,638,400
% Change in Employment 2008 - 2018	0.5%	-1.1%
Industrial Structure		
% Employment in Manufacturing (2018)	11.5%	6.9%
% Employment in Professional Services* (2018)	5.6%	14.3%
Occupational Profile		
% Employment in Professional Occupations 2019	15%	21%
% Change in employment in Managers, directors and senior officials 2010 - 2019	-2.1%	0.4%

**includes financial services, business services and information & communications*

Table 3.2: Employment comparisons

Jobs	Total Employment				Change over year		Change since 2008	
	2004	2008	2014	2018	Rate (%)	Level	Rate (%)	Level
Angus	51,600	56,100	52,100	55,100	-0.2	-400	0.5	103,800
Scotland	2,430,000	2,534,600	2,558,800	2,638,400	1.5	900	-1.1	-1,000

Table 3.3: Industrial structure comparisons

Industrial Structure	% Employment in Manufacturing		% Employment in Professional Services	
	2016	2018	2016	2019
Angus	14	11.5	6	5.6
Scotland	7	6.9	14	14.3

Table 3.4: Occupational profile comparisons

Occupational Profile	SOC 2010 major group 1-3				SOC 2010 major group 8-9			
	2004	2008	2014	2018	2004	2008	2014	2018
Angus (%)	36.4	36.7	43.0	34.6	21.1	20.5	19.3	23.9
Scotland (%)	37.1	39.2	41.4	43.6	19.8	18.4	17.8	17.8

Standard Occupational Classification groups 1 – 3 consists of managers, directors and senior officials, professional occupations and associate professional & technical occupations. Groups 8 & 9 are process plant & machine operatives and elementary occupations.

This section looks at the profile of the workforce in Angus covering:

- Total employment
- Industrial structure
- Occupational profile
- Key sectors

Total Employment

The table below shows that employment in Angus increased by 900 (1.5%) over the last year, while in Scotland there was a decrease of 400 (-0.2%). However since 2008, the level in Angus has decreased by 1,000 (-1.1%), compared to a national increase of 0.5%.

Table 3.5: Total Employment 2014 – 2018, (Residence Based)

	2004	2008	2014	2018	Change over year		Change since 2008	
					Rate (%)	Level	Rate (%)	Level
Scotland	2,430,000	2,534,600	2,558,800	2,638,400	-0.2	-400	0.5	103,800
Angus	51,600	56,100	52,100	55,100	1.5	900	-1.1	-1,000
Dundee City	62,500	66,600	61,900	66,200	1.5	600	-2.4	-400
Fife	174,700	174,200	174,000	176,700	0.4	2,000	1.1	2,600
Perth & Kinross	65,600	69,300	71,900	73,800	1.1	800	1.6	4,500

Source: Scottish Government (2019), Regional employment patterns in Scotland: statistics from the Annual Population Survey 2018

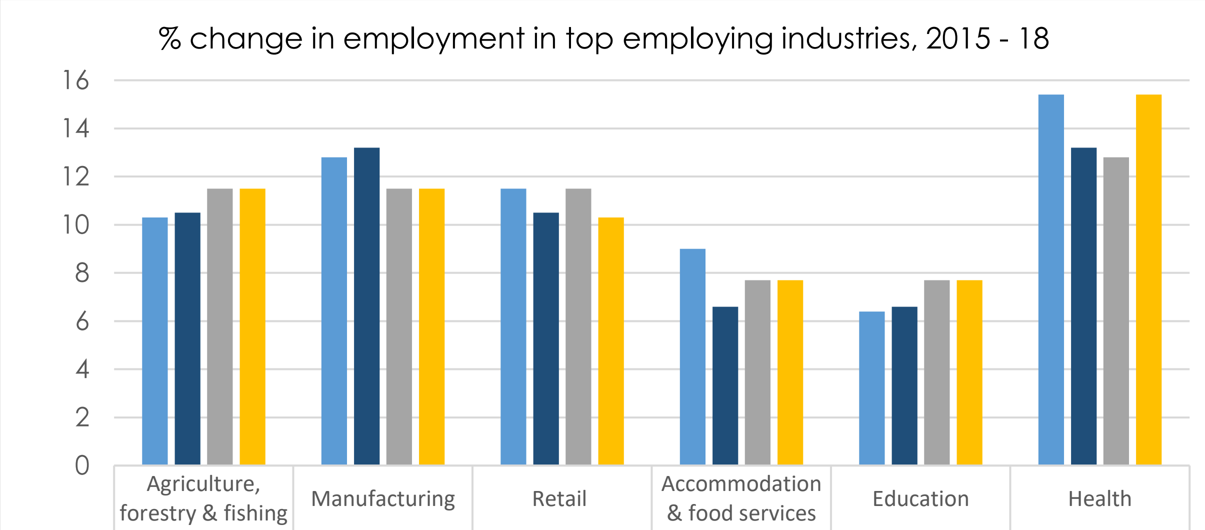
Industrial Structure

Table 3.6: Employment by Broad Industry Sector 2018

Industry	Angus		Scotland	
	No	%	No	%
Health	6,000	15.4	395,000	15.1
Agriculture, forestry & fishing	5,000	11.5	83,000	3.2
Manufacturing	4,500	11.5	181,000	6.9
Retail	4,000	10.3	233,000	8.9
Accommodation & food	3,000	7.7	207,000	7.9
Education	3,000	7.7	193,000	7.4
Construction	2,250	5.8	143,000	5.5
Professional, scientific & technical	2,000	5.1	182,000	7.0
Arts, entertainment, recreation & other	2,000	5.1	125,000	4.8
Business administration & support	1,750	4.5	207,000	7.9
Transport & storage (inc postal)	1,500	3.8	109,000	4.2
Wholesale	1,250	3.2	77,000	2.9
Public administration & defence	1,000	2.6	157,000	6.0
Motor trades	700	1.8	45,000	1.7
Mining, quarrying & utilities	600	1.5	67,000	2.6
Property	350	0.9	39,000	1.5
Financial & insurance	250	0.6	87,000	3.3
Information & communication	200	0.5	81,000	3.1
Total	39,000	100.0	2,612,000	100.0

Source: ONS Business Register and Employment Survey, accessed via Nomis.

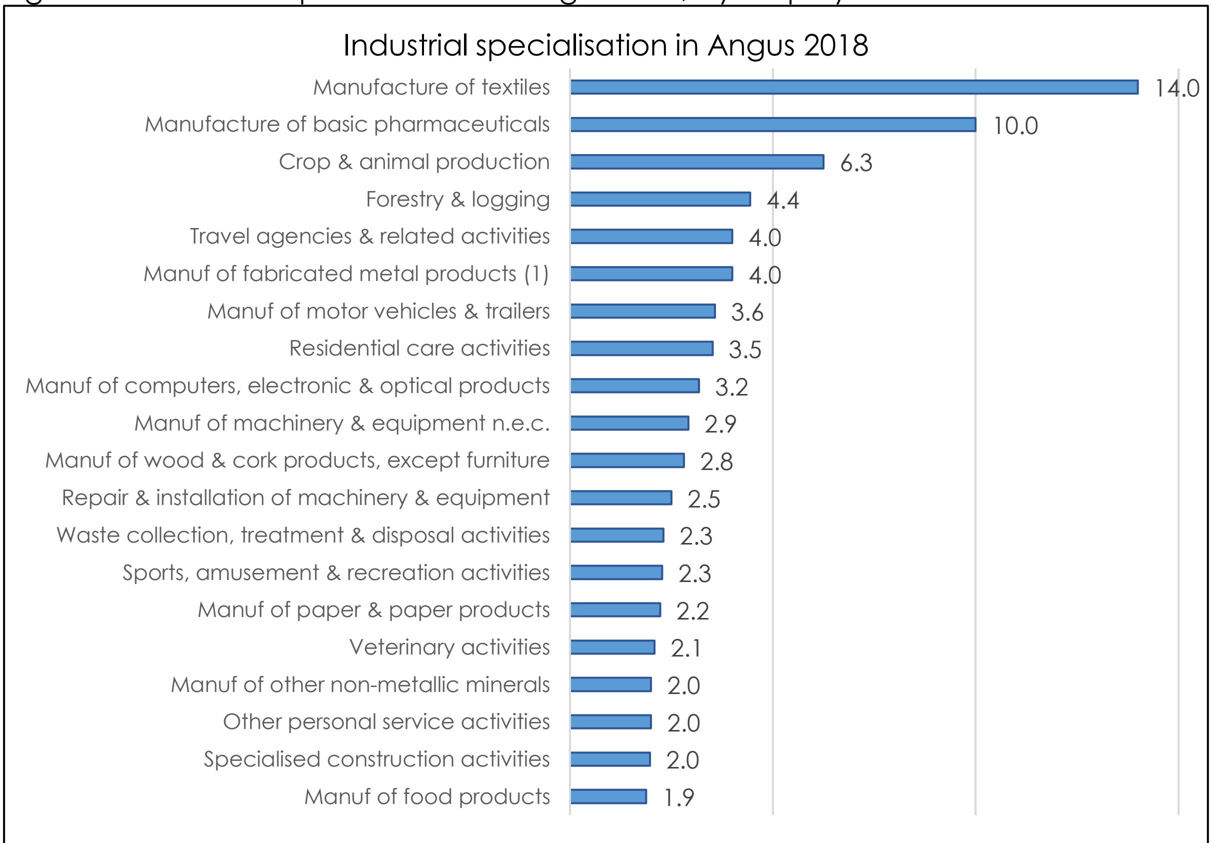
Figure 3.1: % Change in Employment in top employing industries, 2015 -18



	Agriculture, forestry & fishing	Manufacturing	Retail	Accommodation & food services	Education	Health
2015	10.3	12.8	11.5	9.0	6.4	15.4
2016	10.5	13.2	10.5	6.6	6.6	13.2
2017	11.5	11.5	11.5	7.7	7.7	12.8
2018	11.5	11.5	10.3	7.7	7.7	15.4

Source: ONS Business Register and Employment Survey, accessed via Nomis.

Figure 3.2: Industrial specialisation in Angus 2018, by employment



Source: Business Register and Employment Survey (2019); Angus Council calculations. Only industries employing at least 100 people have been included. Specialisation figures represent the % concentration of employment above the national average. 1. except machinery

It can be seen that Angus has above average concentrations of employment in a number of sectors including:

- textiles,
- pharmaceuticals,
- crop and animal production,
- forestry,
- construction, and
- residential care activities.

Table 3.7: Growth Sector employment 2018

	Employment in Scotland	Employment in Angus	% share of jobs in Angus[1]
Food and Drink	122,000	5,000	9.1
Financial and Business Services	247,000	2,000	3.6
Life Sciences	19,000	400	0.7
Energy (including Renewables)	67,000	700	1.3
Sustainable Tourism	218,000	3,000	5.4
Creative Industries (including Digital)	87,000	630	1.1
All	760,000	11,730	21.3

1 Percentage of jobs in Angus was calculated using the 2018 employment information from Nomis which reported 55,100 people employed in Angus.
Source: Scottish Government (2019), Growth Sector Statistics, Local Authority area database.

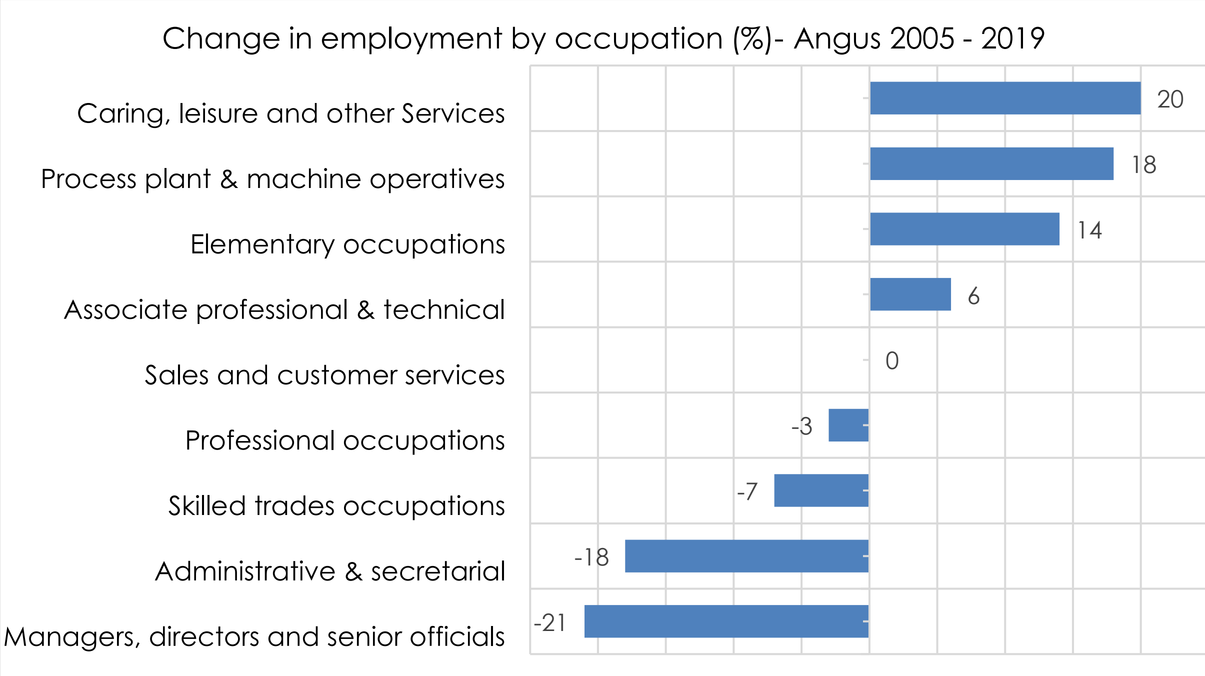
<u>Occupational Profile</u>

Table 3.8: Employment by Occupation 2017 & 2019

	2017			2019		
	Angus (no)	Angus (%)	Scotland (%)	Angus (no)	Angus (%)	Scotland (%)
Managers, directors & senior officials	5,300	10	9	4,200	8	9
Professional occupations	9,200	17	21	8,100	15	21
Associate professional & technical	6,600	12	13	6,400	12	14
Administrative & secretarial	5,000	9	10	4,500	8	10
Skilled trades occupations	7,800	14	11	7,100	13	11
Caring, leisure & other Services	6,200	11	10	6,400	12	10
Sales & customer services	3,500	7	8	4,600	9	9
Process plant & machine operatives	5,100	9	6	5,600	10	6
Elementary occupations	5,800	11	11	7,400	14	11

Source: Nomis (2019)

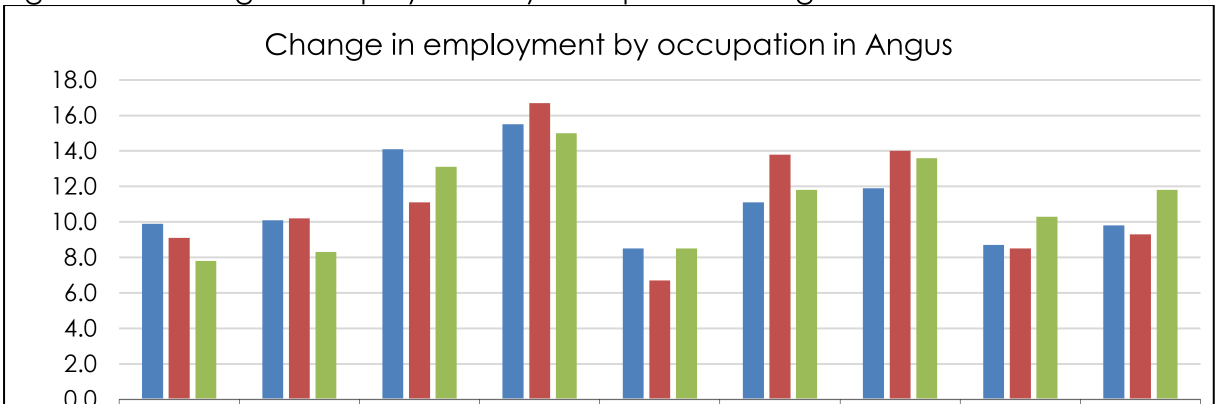
Figure 3.3: Change in employment by occupation in Angus 2005 - 2019



Source: Nomis (2019), UK Business Counts - enterprises by industry and employment size band

The table below shows the percentage of workers by occupation in Angus in 2005, 2014 and 2019. It can be seen that there are some variations from the chart presented above which shows the difference between 2005 and 2019. For example in 2014 the number of skilled trades and sales and customer services dropped and professional and associate professional and technical occupations rose. However by 2019 all of these trends had reversed.

Figure 3.4: Change in employment by occupation in Angus



	Managers, directors and senior officials	Administrative & secretarial	Skilled trades occupations	Professional occupations	Sales and customer services	Associate professional & technical	Elementary occupations	Process plant & machine operatives	Caring, leisure and other Services
2005	9.9	10.1	14.1	15.5	8.5	11.1	11.9	8.7	9.8
2014	9.1	10.2	11.1	16.7	6.7	13.8	14.0	8.5	9.3
2019	7.8	8.3	13.1	15.0	8.5	11.8	13.6	10.3	11.8

Source: Nomis (2019), UK Business Counts - enterprises by industry and employment size band

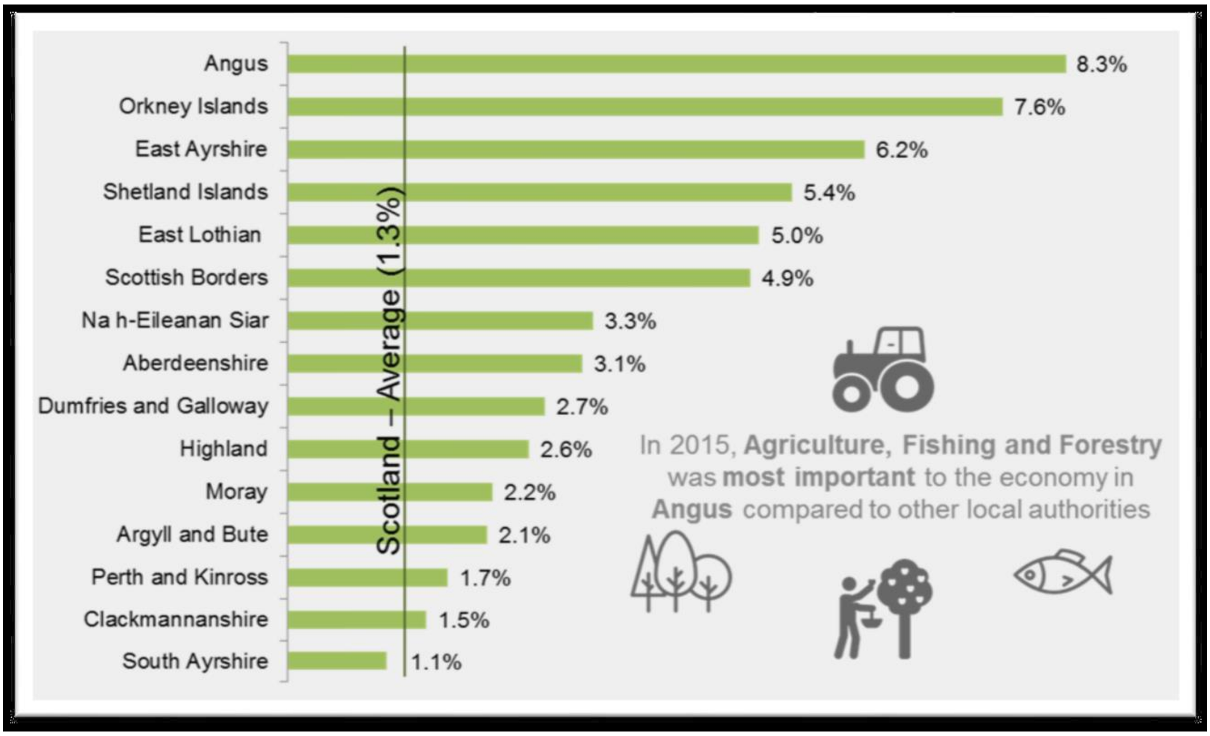
Key sectors

Primary Industries (Agriculture, Forestry and Fishing)[9]

Angus covers 189,812 hectares of agricultural land, equivalent to 3% of the total Scottish agricultural land area.[10] The primary industries in Angus provided 4,310 employee jobs in 2018, and support 740 enterprises. The proportion of employee jobs in Angus equates to 14% of all jobs, more than double the national rate of 6%. The 740 enterprises represent 18% of all Angus enterprises, again much higher than the Scottish average of 11%.

With a total GVA of £1.6 billion, 'Agriculture, Fishing and Forestry' accounts for about 1% of the overall Scottish economy. Even in rural Scotland, the GVA share of the sector is marginal compared to other sectors. Of the £1.6 billion nearly 70% is generated in Mainly Rural and Islands and Remote areas. The chart below illustrates which local authorities contribute the most. In Angus 8.3% of the overall GVA is based on 'Agriculture, Fishing and Forestry', compared to 1.7% in Perth and Kinross.[11]

Figure 3.5: GVA share of Agriculture Fish & Forestry of Rural Local Authorities, 2015



Source: ONS local authority level GVA Statistics, as at August 2017

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9 It is worth noting that when the Primary industries were discussed earlier in this report they referred to the definition used in the Scottish Annual Business Survey. This includes oil and gas extraction, energy generation and supply, water and waste management. Data for oil and gas extraction includes off-shore oil and gas activity; off-shore activity, and under UK regional accounts procedures, is normally allocated to a separate 'Extra Regio' category rather than allocated to a region within the UK. Parts of the agricultural sector are not covered by SABS – mainly crop and animal production, neither is the financial sector. This section focusses on agriculture, fisheries and forestry.

10 SAC Rural Business Unit (2003), Agriculture and its Future in Rural North East Scotland – Assessment of the Impact of the Reform of the Common agricultural Policy, p.51.

11 Scottish Government (2018), Understanding the Scottish rural economy: research paper, p.18. Available from: https://bit.ly/30m9iei

Examining sectors independently from each other does not reflect how interconnected these are. This is for example the case for the sector ‘Agriculture, Forestry and Fishing’ that is – among others – linked with ‘Accommodation and Food Services’ and ‘Sustainable Tourism’ in particular.

Forestry

The table below shows the number of forestry businesses in Angus by their size band. They are predominantly very small, with no company employing more than 9 staff. They are also predominantly focussed on silviculture – which is the practice of controlling the growth, composition, health and quality of forests.

Table 3.9: Forestry in Angus, by employment size band, 2019

Industry	Total	Micro (0 to 9)	0 to 4	5 to 9	Small (10 - 49)	Medium (50 - 249)	Large (250+)
02 : Forestry and logging	25	25	20	5	0	0	0
021 : Silviculture & other forestry activities	15	15	10	5	0	0	0
022 : Logging	5	5	5	0	0	0	0
023 : Gathering of wild growing non-wood products	0	0	0	0	0	0	0
024 : Support services to forestry	5	5	5	0	0	0	0

Source: Nomis (2019), UK Business Counts - enterprises by industry and employment size band

Fisheries

The marine economy goes wider than the fishing industry, including economic activity linked to the oceans, seas, bays, estuaries and other major water bodies, and the ecological and physical systems associated with them. The Scottish Government identifies 5 main areas: oil and gas services; aquaculture; transport related activities; marine tourism and recreation and marine renewables.[12]

The following table shows levels of GVA, turnover and employment for Angus, and its neighbouring local authorities. The unallocated figures could not be allocated to local authorities but have to be included to prevent the statistics being used to calculate Angus’ share of national output.

12 Scottish Government, Future of Fisheries Management in Scotland: Discussion Paper, p. 7

Table 3.10: Scotland's marine economy by local authority, 2016 to 2017 (2017 prices)

	GVA £M			Turnover £M			Employment 000's	
	2016	2017		2016	2017		2016	2017
Angus	60	73		95	86		1.0	1.1
Dundee City	12	16		23	23		0.4	0.4
Fife	140	141		532	531		4.8	4.7
Perth & Kinross	5	3		18	22		0.3	0.3
Unallocated	*373*	*559*		*1,695*	*2,333*		*3.0*	*3.1*
Scotland	4,422	5,222		10,814	11,406		76.0	74.5

Source: Scottish Government (2019), Scotland's Marine Economic Statistics 2017, p.54

In Angus the marine economy is well represented with Montrose Port Authority and a large scale seafood processing industry. After whisky, seafood is Scotland's second largest export.[13] Employment in Sea fishing in Angus is low, comprising of 52 fishermen.

Table 3.11: Employment in Sea fishing

	Total employed in Fishing	Total Employed in Scotland	Employment as proportion of Scotland total
2018	52	54,300	0.10

Source: Scottish Government (2018), Scottish Sea Fisheries Statistics 2017, p.99.

<u>Manufacturing</u>

The secondary sector of industry is manufacturing. This sector takes the output of the primary sector and manufactures finished products to a point where they are suitable for use by other businesses, for export, or sale to domestic consumers. It is often divided into light industry and heavy industry.[14] It is of significant importance to the economy of Angus, employing 4,600 people, with average salary per head of £36,147. The Scottish Government includes statistics for the following sub sectors of manufacturing in their Annual Business Statistics publications - manufacture of:

- Food, beverages & tobacco;
- Textiles, wearing apparel & leather;
- Wood, paper & printing products;
- Coke, chemicals, pharmaceutical, rubber & minerals;
- Basic & fabricated metals, machinery, motor vehicles & other transport equipment;
- Computer, electronic & electrical equipment; and
- Furniture, other manufacturing, repair & installation.

The table below show manufacturing statistics for Angus and Scotland in 2016 & 2017. GVA per head is higher in Angus, as are gross wages and salaries per head. However the sector is struggling in Angus as every indicator has declined between 2016 & 2017.

13 Scottish Government, Future of Fisheries Management in Scotland: Discussion paper, p.2
14 Wikipedia (2010), The Secondary sector of the economy

Table 3.12: Manufacturing Units, Employment and Turnover

	No. of Units		Total Employment Th's		Total Turnover £m	
	2016	2017	2016	2017	2016	2017
Angus	254	240	4.8	4.6	887.1	790.6
Scotland	10,127	10,393	182.0	185.2	33,826.0	35,109.0

Table 3.13: Manufacturing, Wages, Salaries and GVA

	Gross Wages & Salaries £m		Gross Value Added Per Head £		Gross Wages & Salaries Per Head £	
	2016	2017	2016	2017	2016	2017
Angus	176.1	165.5	93,041	80,089	36,932	36,147
Scotland	5,715.3	5,547.7	67,356	64,811	29,751	29,949

Source: Scottish Government (2019), Scottish Annual Business Statistics.

The table below shows information on the different sub sectors. It can be seen that GVA per head and Gross Wages and Salaries per head are around double of the amount for all industries. Food, beverages & tobacco, coke, chemicals, pharmaceutical, rubber & minerals, and furniture, other manufacturing, repair & installation are all significant contributors in terms of GVA per head.

In Angus, the basic & fabricated metals, machinery, motor vehicles & other transport equipment sub sector provides the highest level of employment, the highest level of total turnover and the highest total in salaries and wages. Its GVA is the fourth highest, suggesting that it is the most resource intensive sector, however it is the second highest sub sector in terms of wages and salaries per head.

Table 3.14: Information on manufacturing sub sectors

	Year	No. of Units	Total Employment Th's	Total Turnover £m	GVA Per Head £	Gross Wages & Salaries Per Head £
TOTALS (excludes financial sector & parts of agriculture and the public sector)	2017	26.3	2,761.8	513.6	19,500	3,804
Manufacturing	2017	240	4.6	790.6	80,089	36,147
Food, beverages & tobacco	2017	23	0.7	155.5	72,732	28,857
Textiles, wearing apparel & leather	2015	14	0.7	77.8	45,183	24,713
Wood, paper & printing products	2017	54	0.4	68.5	40,864	27,320
Coke, chemicals, pharmaceutical, rubber & minerals	2015	20	0.5	105.3	99,543	30,270
	2017	20	0.7	208.0	*	*
Basic & fabricated metals, machinery, motor vehicles & other transport equipment	2017	86	1.5	186.2	55.1	33,870
Computer, electronic & electrical equipment	2015	7	0.0	1.1	31,718	19,637
	2017	5	*	*	*	*
Furniture, other manufacturing, repair & installation	2017	39	0.5	78.4	134,498	41,763

Notes: Total excludes financial sector & parts of agriculture and the public sector. Figures for 2015 have been included where the figures for 2016 or 2017 have been disclosive.
Source: Scottish Government (2019), Scottish Annual Business Statistics.

When looking at the performance of certain sub sectors there can be significant changes over the course of a year. In the case of furniture, other manufacturing, repair & installation the change can be seen in the tables below.

Table 3.15: Indicators for furniture, other manufacturing, repair & installation sub sector

Year	No. of Units	Total Employment Th's	Total Turnover £m	Gross Wages & Salaries £m	GVA Per Head £	Gross Wages & Salaries Per Head £
2016	47	0.5	88.2	24.8	105,630	48,699
2017	39	0.5	78.4	20.3	134,498	41,763

Indicator	Change
The number of units has declined	-8
Employment has remained the same	0
Turnover is down	-9.8 m (-11%)
Gross wages and salaries are down	-4.5 m (-18%)
GVA per head is up	+£28,868 (+21%)
Gross wages and salaries per head are down.	-£6,936 (-14%)

From this it appears that the increase in GVA is attributable to the decline in wages. While it might look like a positive economic story, if growth in GVA is driven by a decline in wages, it doesn't reflect the whole picture. A negative change in one of the factors (such as wages) that contributes to the GVA calculation suggests that the improved efficiency of the sector is driven by a decline in worker compensation.

However, in December 2019, Scottish manufacturing firms suffered their sharpest drop in new orders since 2009, according to the RBS Purchasing Managers Index.[15] Scottish manufacturing output fell for the seventh month in a row. Weak demand, continued uncertainty and rising input prices have been blamed.

Chemicals/pharmaceuticals.

One of the manufacturing subsectors seen above was the chemical/ pharmaceuticals sector. The chemicals sector is the UK's second-biggest exporter to the EU and the second largest manufacturer behind the car industry.

With 60% of UK chemicals exports going to the EU, and 75% of its imports coming from the EU, it is common for a single chemical or product to be bought, developed and sold back and forth repeatedly between the UK and EU countries.[16] This makes this sub sector vulnerable to changes to the current regulatory environment and licencing requirements, and also to changes in integrated supply chains.

The table below shows the importance of the manufacture of refined petroleum and chemical products to the Scottish economy through its exports. The increases between 2016 and 2017 are significant, especially when the other sectors in the top 5 either experienced decreases, or moderate increases.

15 Scottish manufacturers report sharp drop in new orders (13/01/2020) Source: www.bbc.co.uk/news/uk-scotland-scotland-business-51063410

16 Reuters (28/02/19), UK chemicals industry says Brexit could cost sector 500 million pounds. Available from: https://reut.rs/2vZuitk

Table 3.16: International Exports - Top Five Export Sectors, 2017

Sector	2017 Total	% of Total International	Change since 2016	% Change since 2016
Manufacture of food products & beverages	£5.9 billion	18%	+ £455 million	+8.4%
Professional, scientific and technical activities	£3.7 billion	11%	- £275 million	-7.0%
Manufacture of refined petroleum & chemical products	£3.5 billion	11%	+ £915 million	+35.6%
Mining & quarrying	£1.9 billion	6%	+ £70 million	+3.8%
Wholesale & retail trade; repair of motor vehicles & motorcycles	£1.9 billion	6%	+ £125 million	-6.1%

Source: Scottish Government (2019), Export Statistics Scotland 2017

One of the biggest employers in Angus is pharmaceutical giant GSK, who has been in Montrose since 1952, and employs 465 people directly, with a further 150 contractors. In 2019 it invested £44m in a new facility which includes a microbiology laboratory, to manufacture sterile aluminum salts – compounds that boost the human body's response to vaccines. Previously sourced outside Scotland, GSK chose the Montrose site for production, which will supply vaccine sites in France, Belgium and Singapore.

The table below shows the number of companies in Angus involved in the manufacture of coke, chemicals, pharmaceutical, rubber and mineral products. With 20 business units (that is the number of individual business sites e.g. a plant, factory, shop etc) employing 700 employees in 2017, its presence locally is significant - especially with an increase in employment of 200 between 2015 and 2017.

Table 3.17: Manufacture of Coke, Chemicals, Pharmaceutical, Rubber and Mineral products

Year	No. of Units	Total Employment Th's	Total Turnover £m	Gross Wages & Salaries £m	Total Output at Basic Prices £m	GVA Per Head £	Gross Wages & Salaries Per Head £	Total labour Costs Per Head £
2015	20	0.5	105.3	16.3	107.0	99,543	30,270	36,514
2016	20	0.6	217.7	*	218.0	*	*	*
2017	20	0.7	208.0	*	*	*	*	*

Source: Scottish Government (2018), Scottish Annual Business Statistics

Food and drink

The food and drink sector is one of the Scottish Government's 6 key growth sectors. It is of huge importance to the economy of Scotland and disproportionately important to Angus. The sector has a turnover of more than £13.9 billion and directly employs more than 110,000 people across Scotland.[17]

[17] Scottish Government (2019), Funding for Food Industry. Available from: https://bit.ly/2E5eZDD

Around 70% of Scottish food exports go to the EU, £1.2bn out of £1.6bn, along with £1bn of the £4.4bn whisky export industry. For seafood, Scotland's biggest food export, the key concern is not the tariffs but the disruption and delays to freight routes, such that alternative freight routes and even alternative markets are having to be considered.[18]

There is a difficulty in getting statistics relating to food and drink processing companies. Different sets of statistics use different definitions. The Office for National Statistics combine food and drink activities with accommodation and tourism activity, and the Scottish Government's growth sector statistics use a combination of crop and animal production, hunting and related service activities; fishing and aquaculture; manufacture of food products; and manufacture of beverages. However there are no updates for Angus for the past few years due to the figure being classed as disclosive. Therefore the information from two subsectors of the Scottish Annual Business Statistics will be used. These are shown below.

Table 3.18: Manufacture of food, beverages and tobacco products

Year	No. of Units	Total Employment Th's	Total Turnover £m	Gross Wages & Salaries £m	GVA Per Head £	Gross Wages & Salaries Per Head £
2016	23	0.8	171.2	18.1	92,889	24,155
2017	23	0.7	155.5	19.4	72,732	28,857
Change	0.0%	-12.5%	-9.2%	7.2%	-21.7%	19.5%

Table 3.19: Food and beverage service activities

Year	No. of Units	Total Employment Th's	Total Turnover £m	Gross Wages & Salaries £m	GVA Per Head £	Gross Wages & Salaries Per Head £
2016	249	2.2	82.6	15.5	20,315	7,109
2017	259	2.3	60.3	18.9	16,396	8,141
Change	4.0%	4.5%	-27.0%	21.9%	-19.3%	14.5%

Source: Scottish Government (2019), Scottish Annual Business Statistics

The tables below shows that there were more food and drink businesses in 2016 than in 2010. There have also been increases in the numbers in fishing / aquaculture and drinks manufacturing businesses, but the actual numbers involved are small. The second table shows that there were 300 more jobs in the industry locally in 2015 than in 2010 – an increase of 8%, which was in contrast to a decline of 2% across the Scottish food and drink industry as a whole. The increase in Angus has been concentrated in agriculture (+400 jobs) and drinks manufacturing (+100), which offset a decline in food manufacturing jobs over the period (-100). The sector is significant yet fragile.

[18] Davidson, J (13/02/19), Inside Politics, 'Brexit on the menu: no deal would be devastating for Scotland's food and drink sector and cost billions'. Available from: https://bit.ly/30fiKjp

Table 3.20: Registered enterprises in Angus, 2010-19

			Change 2010 - 19	
	2010	2019	No	%
Agriculture	570	610	+40	+7
Fishing and aquaculture	25	40	+15	+60
Food manufacturing	10	10	0	0
Drinks manufacturing	0	10	+10	
All food & drink	605	670	+65	10.7
All industries	3355	3950	+595	17.7

Source: Nomis (2019) UK Business Counts – Enterprises (2 digits)

Table 3.21: Employment in the food and drink sector, 2010-2015

			Change 2015 - 18	
	2015	2018	No	%
Agriculture	4,000	4,500	500	12.5
Fishing and aquaculture	50	50	0	0.0
Food manufacturing	600	500	-100	-16.7
Drinks manufacturing	175	150	-25	-14.3
All food & drink	2,500	2,250	-250	-10.0
All industries	39,000	39,000	0	0.0

Source: Business Register and Employment Survey; 2 digits

<u>Construction</u>

There are 2,300 people employed in construction in Angus, equating to 7% of the workforce. There are just over 500 enterprises, which equates to 12% of the total. The table below gives some further information on the sector in Angus and Scotland, in both 2008, 2012 and 2017.

- For Scotland and Angus the number of enterprises has recovered to more than the 2008 level.
- Total employment declined between 2008 and 2012, and increased between 2012 and 2018 in both areas, but has not reached the 2008 level again.
- In Scotland, total turnover dipped in 2012, but the 2017 level is a little higher than the 2008 level (1.5% higher). In Angus total turnover declined to 2012 and recovered slightly to 2017, but is still 21% less than it was in 2008.
- For gross wages and salaries in Scotland and Angus the figure fell between 2008 and 2012, and recovered to 2017, but not to the 2008 level. In Scotland the difference was -2.1% and in Angus is was -5.2%.
- For GVA per head, in Scotland there was a small increase between 2008 and 2012, and a larger increase to 2017 9total increase (+6%). In Angus there was a decline between 2008 and 2012, and a further decline to 2017 (a total decline of 16% for the whole period).
- For gross wages and salaries per head, in Scotland there was an increase between 2008 and 2012, and then a decline to 2017. Over the whole period there was an increase of 8.3%. In Angus the pattern was the same, with a 9.6% increase.

Table 3.22: Statistics for the construction sector

	Year	No. of Units	Total Employment Th's	Total Turnover £m	Gross Wages & Salaries £m	GVA Per Head £	Gross Wages & Salaries Per Head £
Scotland	2008	19,821	151.7	18,094.9	3,467.8	52,129	22,856
Scotland	2012	18,143	113.5	15,016.3	3,000.7	52,464	26,443
Scotland	2017	21,180	137.2	18,374.4	3,395.8	55,091	24,747
Angus	2008	503	2.6	279.1	51.9	58,688	19,650
Angus	2012	438	2.0	211.7	48.3	54,514	23,796
Angus	2017	511	2.3	220.4	49.2	49,137	21,542

Source: Scottish Government (2018), Scottish Annual Business Statistics

In general, construction companies in Angus are micro/small and have a regional or local market. For major contracts their aspiration will tend towards subcontracting rather than acting as lead contractor. As such, continuity of work can be an issue when little construction is taking place locally. Availability of skilled employees is a major issue given the variable nature of the market. The tendency towards centralised procurement in public sector contracts is also a concern. The table below shows the breakdown of construction businesses in Angus by industry specialisation and size. There are only 5 businesses that employ between 50 and 249 employees, and all 5 of these fall in the 50-99 employees band.

Table 3.23: Construction businesses in Angus, by industry and employment band, 2018

	Total	Micro (0 to 9)	Small (10 - 49)	*10 to 19*	*20 to 49*	Medium (50 - 249)	Large (250+)
Industry							
4 : Construction (F)	500	460	35	*30*	*10*	5	0
Sector							
41 : Construction of buildings	100	90	10	*5*	*5*	0	0
42 : Civil engineering	35	30	0	*0*	*0*	0	0
43 : Specialised construction activities	365	335	25	*20*	*5*	5	0

Source: Nomis (2018) UK Business Counts - enterprises by industry and employment size band

Table 3.24: Construction sub sectors in Angus, by industry and employment band, 2018

	Total	Micro (0 to 9)	Small (10 - 49)	*10 to 19*	*20 to 49*	Medium (50 - 249)	Large (250+)
Subsector							
411 : Development of building projects	40	40	0	*0*	*0*	0	0
412 : Construction of residential and non-residential buildings	60	55	10	*5*	*5*	0	0
421 : Construction of roads and railways	10	10	0	*0*	*0*	0	0
422 : Construction of utility projects	0	0	0	*0*	*0*	0	0
429 : Construction of other civil engineering projects	25	20	0	*0*	*0*	0	0
431 : Demolition and site preparation	5	5	0	*0*	*0*	0	0
432 : Electrical, plumbing & other construction installation activities	140	130	10	*5*	*5*	0	0
433 : Building completion & finishing	145	140	5	*5*	*0*	0	0
439 : Other specialised construction activities	70	60	10	*10*	*0*	0	0

Source: Nomis (2018) UK Business Counts - enterprises by industry and employment size band

Tourism

Sustainable Tourism was identified in the Scotland's Economic Strategy[19] as one of the growth sectors on which Scotland can build on existing comparative advantage and increase productivity and growth. Scotland's tourism sector is diverse, with a range of sub-sectors such as hotels, camping sites, restaurants, bars, travel agents, museums and other cultural activities. In addition, other sectors in the Scottish economy, for example retail and transport, benefit directly and/or indirectly from tourism.[20]

Tourism visits to Angus in 2018 generated a total economic impact of £240.06m, an increase of 4.0% on 2017, but a sustained increase of 29% since 2010 (all monetary figures are indexed to allow direct comparison). The total economic impact in 2018 comprises the expenditure of visitors on goods and services, totalling £171.44m, and the indirect and induced economic effects of local businesses and residents spending tourism revenues locally, accounting for a further £68.62m. The table below gives a summary of the sector.

19 Scottish Government (2015), Scotland's Economic Strategy. Available from: https://bit.ly/2VTc1wi

20 Scottish Government (2019), Growth Sector Briefing – Sustainable Tourism. Available from: https://bit.ly/2PVj4Pn

Table 3.25: Tourism statistics for Angus, 2017 & 2018

Indicators	2017	2018
Registered enterprises	295	315
Number employed	3,000	3,000
Visits	1.082m	1.168m
Nights	1,800,000	1,900,000
Average length of stay (nights)	4.3	4.2
Average spend per day	£92.72	£93.00
Average spend per visit (non serviced accommodation)	£703.60	£652.00
Average spend per visit (serviced accommodation)	£284.09	£294.00
Total Economic Impact (£m)	230.86	240.06

Source: For Registered enterprises and the number employed the information is extracted from the Scottish government's Growth Sector Database. The rest of the information is extracted from the STEAM Tourism Economic Impacts 2018 Report (Available from: https://bit.ly/2LuMqpy).

The sector in Angus is predominantly small companies, as can be seen below.

Table 3.26: Number of Registered Enterprises in Angus by Employee Size band, 2018

Employee Size band	2018
0 employees	20
1-49 employees (Small)	275
50-249 employees (Medium)	10
250+ employees (Large)	10
Total	315

Source: Scottish Government (2018), Growth Sector Database.

4. People and Skills Supply

Summary – People and Skills Supply

- The population of Angus was growing strongly prior to 2011, growth was slow in 2012 & 2013, higher in 2014 & 2015, then declined year on year from 2016.

- This growth has been mainly concentrated amongst people above retirement age, whilst there has been a contraction in the key working age group of 35-44.

- Angus has proportionately fewer children (0-15) and adults under 55 relative to Scotland as a whole. The area has a higher share of residents of retirement age and above.

- The population of Angus is projected to increase by 2.2% (2,574 people) between 2016 and 2041. The Scottish projection is 5.3%.

- The index of population change (figure 4.1) shows that Angus has been the worst performing Tay Cities area local authority since 2014.

- The age structure of the population will change between 2021 & 2041. There is a projected consistent decline in children (0-15), a decrease in the working age population and significant increases in the population of a pensionable age and above. This increase is projected to be 57% between 2021 & 2041 (7,505 people).

- In Angus between 2007/8 and 2017/18 in-migration was down 9.1%, out migration was up 1.7% and net migration was down 69.2%. The corresponding figures for Scotland were in migration down 18.2%, out migration down 17.2%, and net migration down 20.8%.

- The employment rate in Angus has been consistently above the Scottish average. However for 2018 the gap has been closer – Angus rate was 74.8% compared to 74.7% nationally.

- ILO unemployment in Angus has consistently tracked below the Scottish average. For 2018/9 the figure for Angus was 3.8% compared to 4.1% nationally.[21]

- More school leavers in both Angus and Scotland have been choosing to remain in education rather than enter the labour market. Further Education levels remain above the national average, 35.2% of leavers choosing FE as a positive destination in Angus compared to 26.5% nationally.

21 Please see page 50 for definition of ILO unemployment.

Table 4.1: Headline Performance Indicators

	Angus	Scotland
Population Total population 2018 % Population change 2008 - 2018 % change in those aged over 75 between 2021 & 2041	116,040 1.4 57	5,438,100 4.5 63
Migration In migration as a percentage of total population 2016 % change in net migration from overseas between 2007/8 & 2017/18	3.4 -145.5	1.5 -26.8
Labour Market Participation Employment rate 2019 Unemployment rate 2019	74.8 3.8	74.7 4.1
Qualifications % Working age population educated to NVQ Level 4+ % Working age population with no qualifications	41.1 10.6	44.2 9.7

Table 4.2: Population comparisons

Population	Total population			% Population change		
	2008	2013	2018	2004 - 14	2006 - 16	2008 - 18
Angus	114,490	116,290	116,040	6.0	3.6	1.4
Scotland	5,202,900	5,327,700	5,438,100	5.2	5.3	4.5

Table 4.3: Labour Market Participation comparisons

Labour Market Participation	Employment rate			Unemployment rate		
	2008/9	2013/14	2018/9	2009	2014	2019
Angus	76.6	73.9	74.8	5.9	5.6	3.8
Scotland	72.8	71.8	74.7	5.9	7.1	4.1

Table 4.4: Qualifications comparisons

Qualifications	% Working age population educated to NVQ Level 4+			% Working age population with no qualifications		
	2008	2013	2018	2008	2013	2018
Angus	34.1	35.6	41.1	11.0	12.0	10.6
Scotland	33.0	39.0	44.2	13.8	10.4	9.7

This section looks at people and skills supply in Angus covering:

- Population
- Labour market participation
- Deprivation
- Qualifications

Population

The information presented in the previous State of the Economy report showed that between 2006 and 2016 population growth in Angus was 4% (compared to a national average of 5%). This update shows that population growth has slowed for both, but more significantly in Angus.

Table 4.5: Total population change in Angus by year

Year	All Ages	Change (no)	Change (%)
2008	114,490	--	--
2009	114,830	340	0.3
2010	115,410	580	0.5
2011	116,200	790	0.7
2012	116,220	20	0.0
2013	116,290	70	0.1
2014	116,740	450	0.4
2015	116,900	160	0.1
2016	116,520	-380	-0.3
2017	116,280	-240	-0.2
2018	116,040	-240	-0.2
Change from 2008		1,550	1.4%

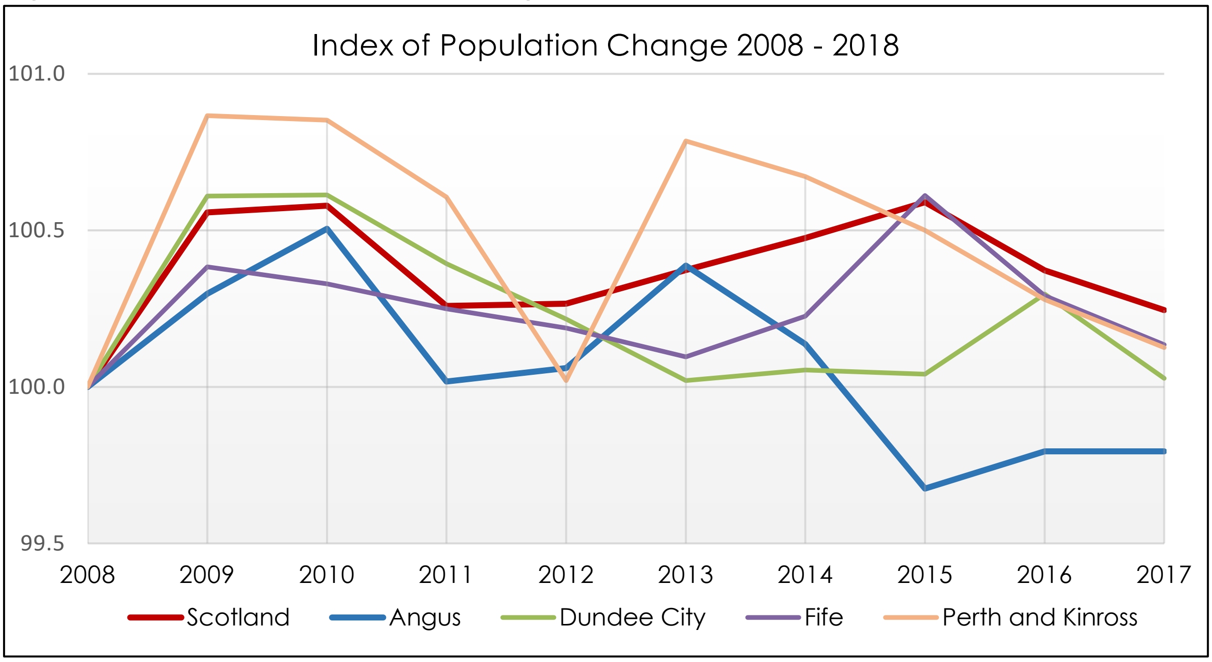
Table 4.6: Total Population 2008-2018

	2008	2018	Change 2006 - 2016		Change 2008 - 2018	
			No	%	No	%
Angus	114,490	116,040	4,000	4	1,550	1.4
Dundee City	144,290	148,750	4,900	3	4,460	3.1
Perth & Kinross	143,130	151,290	11,300	8	8,160	5.7
Tayside	3,658,530	3,835,850	20,200	5	177,320	4.8
Scotland	5,202,900	5,438,100	271,600	5	235,200	4.5
UK	61,823,800	66,435,600	4,821,000	8	4,611,800	7.5

Source: National Records of Scotland; Office for National Statistics

The figure below has been indexed to show comparable information. It can be seen that population decline in Angus is the worst of all areas covered, and that that has been the case since 2014.

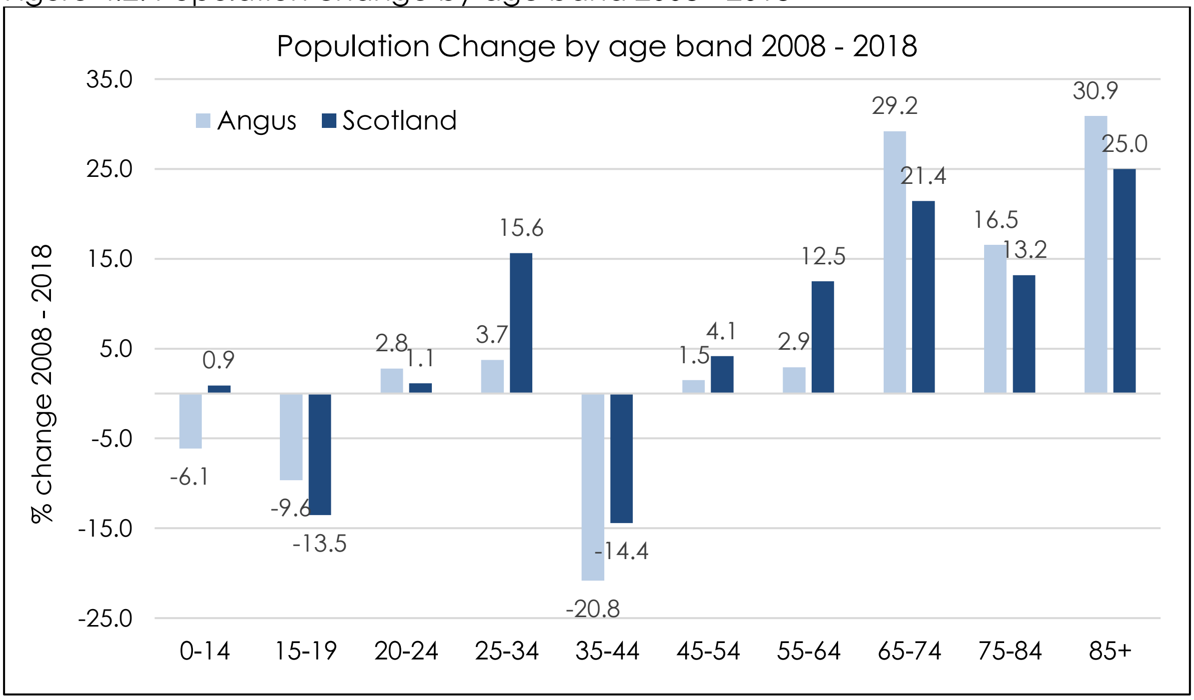
Figure 4.1: Index of Population Change 2008 - 2018



Source: National Records of Scotland (2019), Mid-year population estimates: Scotland and its council areas by single year of age and sex

The change of population by age band can be seen below. In all age bands the population in Angus performs worse than the national average, whether it be a reduction in the number of young people (who are those that will in the future move into the labour market), a reduction in key working age groups, or an increase in those who have made their contribution to the labour market and are now eligible for state pensions and support in return for this.

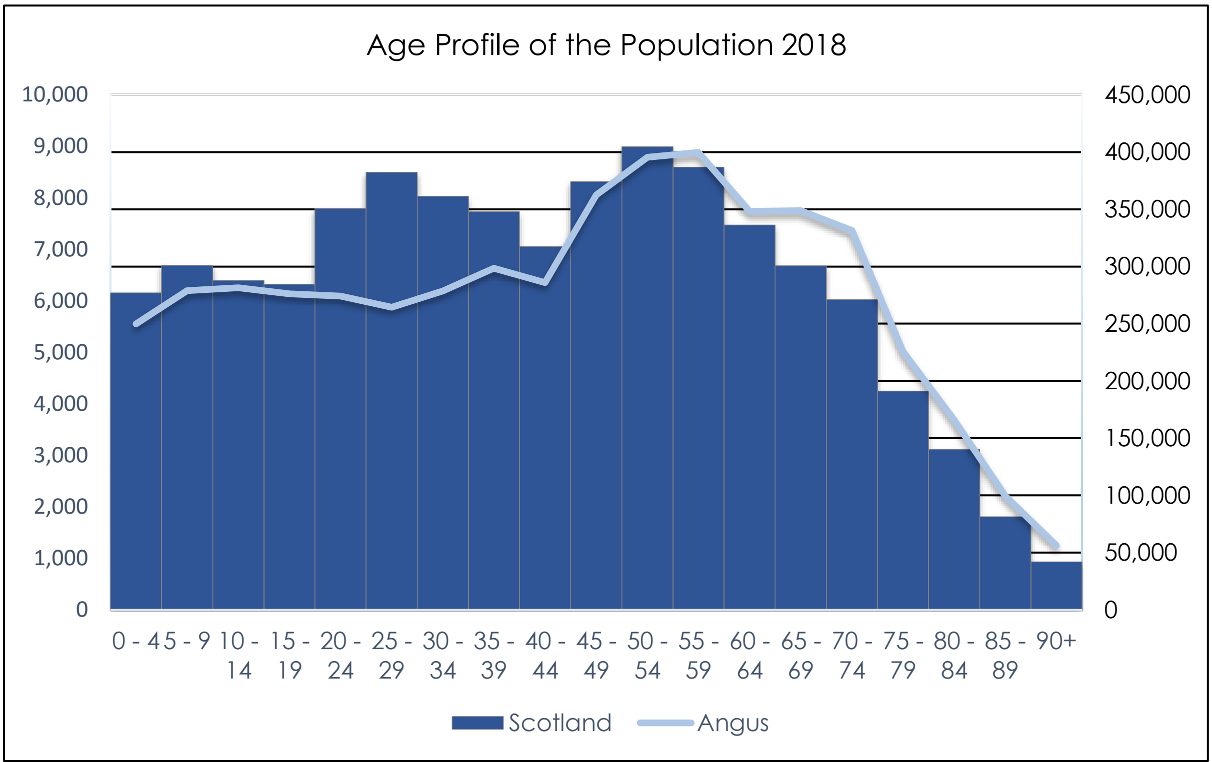
Figure 4.2: Population change by age band 2008 - 2018



Source: National Records of Scotland (2019), Population Estimates Time Series Data and Angus Council Calculations

The figure below shows the age profile of Angus and Scotland in 2018 on a dual axis chart. It is significant that from the age group of 50-54 Angus is consistently over represented. Before this age group it is under represented, although how much by varies by age group.

Figure 4.3: Age profile of the population 2018



Source: National Records of Scotland (2019), Population Estimates Time Series Data

<u>Population projections</u>

The table below shows that across all areas it is projected that there will be growth in the total population. However growth in Angus, whilst not the slowest, is well below the Scottish average.

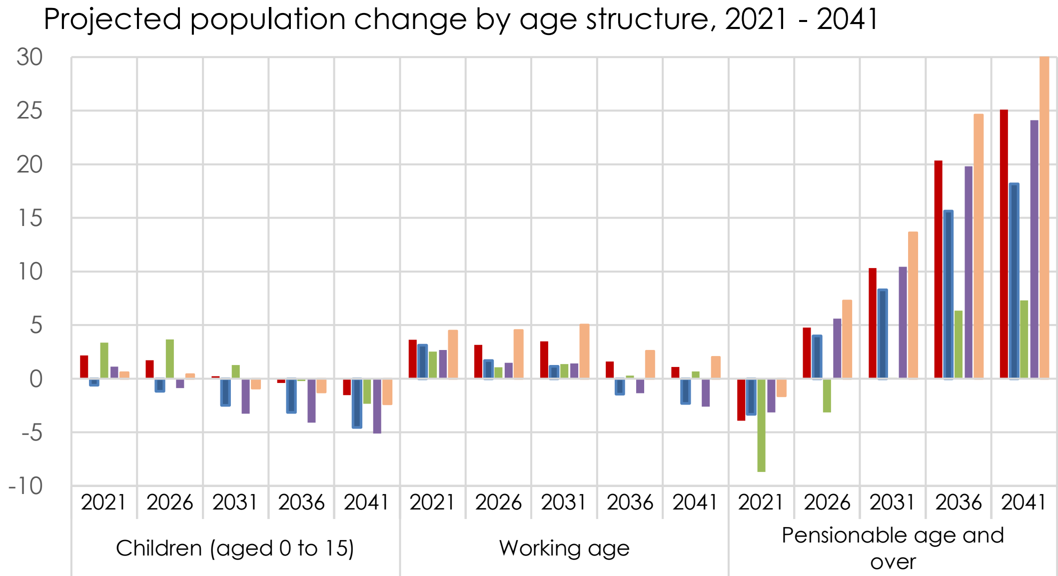
Table 4.7: Projected percentage change in population 2021-2041, all ages

	2021	2026	2031	2036	2041
Scotland	1.9	3.2	4.3	4.9	5.3
Angus	1.0	1.8	2.3	2.4	2.2
Dundee City	0.6	0.7	1.1	1.3	1.4
Fife	1.2	1.9	2.5	2.6	2.6
Perth and Kinross	2.4	4.5	6.1	7.2	8.0

Source: National Records of Scotland (2019), Population Projections for Scottish Areas (2016-based)

The chart below shows the projected population change by age structure. The most significant changes are the increase in those pensionable age and over, and this increases as time goes on.

Figure 4.4: Projected Population Change by Age Structure 2021-2041



	Children (aged 0 to 15)					Working age					Pensionable age and over				
	2021	2026	2031	2036	2041	2021	2026	2031	2036	2041	2021	2026	2031	2036	2041
Scotland	2.2	1.7	0.2	-0.4	-1.5	3.6	3.2	3.5	1.6	1.1	-3.9	4.8	10.3	20.4	25.1
Angus	-0.6	-1.2	-2.5	-3.1	-4.6	3.1	1.7	1.2	-1.4	-2.3	-3.3	4.0	8.3	15.6	18.2
Dundee City	3.4	3.7	1.3	-0.2	-2.3	2.5	1.1	1.4	0.3	0.7	-8.7	-3.1	0.1	6.4	7.3
Fife	1.1	-0.9	-3.3	-4.1	-5.1	2.7	1.5	1.4	-1.3	-2.6	-3.2	5.6	10.4	19.8	24.1
Perth & Kinross	0.6	0.4	-0.9	-1.3	-2.4	4.5	4.5	5.0	2.6	2.0	-1.6	7.3	13.6	24.6	30.1

Source: National Records of Scotland (2019), Projected percentage change in population (2016-based), by age structure and Scottish area, selected years

It might seem strange that there is a projected decline in the pensionable age and over to 2021. However, the table below shows the information when it is further broken down to show the projection for those aged 75 and over. This shows that for all areas except Dundee there is a double digit increase.

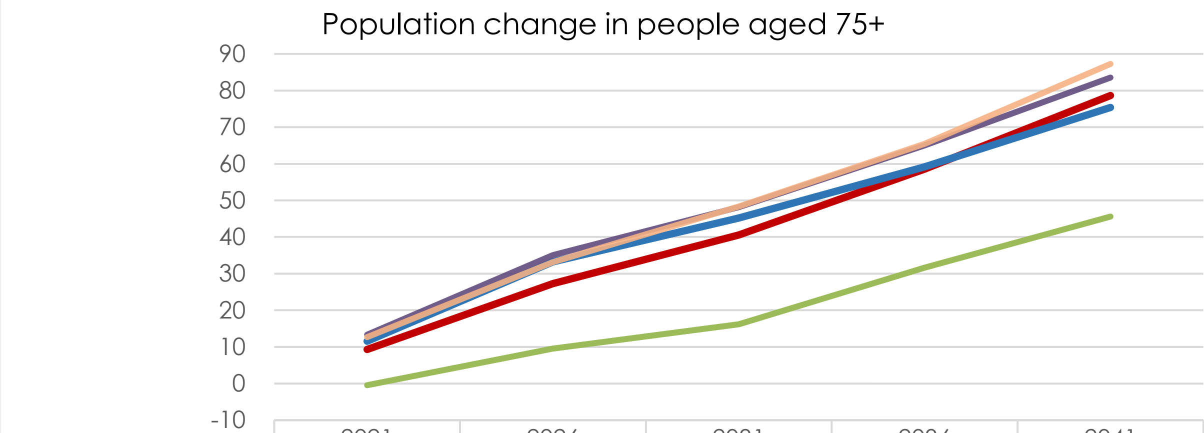
Table 4.8: Projected Population Change by Age, Pensionable age and over 2021-2041

	Pensionable age and over					Aged 75 and over				
	2021	2026	2031	2036	2041	2021	2026	2031	2036	2041
Scotland	-3.9	4.8	10.3	20.4	25.1	9.3	27.3	40.6	58.5	78.6
Angus	-3.3	4.0	8.3	15.6	18.2	11.6	33.3	45.2	59.1	75.4
Dundee City	-8.7	-3.1	0.1	6.4	7.3	-0.5	9.6	16.2	31.7	45.6
Fife	-3.2	5.6	10.4	19.8	24.1	13.3	35.1	48.1	65.0	83.5
Perth & Kinross	-1.6	7.3	13.6	24.6	30.1	12.7	33.1	48.4	65.5	87.3

Source: National Records of Scotland (2019), Projected percentage change in population (2016-based), by age structure and Scottish area, selected years

The figure below shows the population change in the population aged 75+ as a chart. The demographics of Dundee are very different to the other areas, Dundee has several higher and further education establishments which attract high numbers of young people to the city. Whether it retains them once they have completed their studies is a separate matter, but their presence has a definite impact on the age structure of the population. In the more rural authorities, the increase in the number of people of 75 is marked and similar.

Figure 4.5: Population change in people aged 75+



	2021	2026	2031	2036	2041
Scotland	9.3	27.3	40.6	58.5	78.6
Angus	11.6	33.3	45.2	59.1	75.4
Dundee City	-0.5	9.6	16.2	31.7	45.6
Fife	13.3	35.1	48.1	65.0	83.5
Perth & Kinross	12.7	33.1	48.4	65.5	87.3

Source: National Records of Scotland (2019), Projected percentage change in population (2016-based), by age structure and Scottish area, selected years

The table below shoes the numbers involved. These figures represent the number of people who will be 75 and over for each year.

Table 4.9: Projected Number of those aged 75+ by year

	2021	2026	2031	2036	2041	% change	No. change
Angus	13,121	15,672	17,074	18,717	20,626	57	7,505
Scotland	483,486	563,029	621,920	701,249	790,109	63	306,623

Source: National Records of Scotland (2019), 2016-based principal population projections for 2016-2041, by sex, council area and single year of age

The dependency ratio is the number of individuals aged below 15 or above 64 divided by the number of individuals aged 15 to 64, expressed as a percentage. Essentially a ratio of those in and out with the labour market. As the figure gets higher there is a smaller working age population available to support those who are classed as dependent on rather than productive in the labour market.

The table below shows that the dependency ratio in Angus was higher than the Scottish rate in 2001, and that this has remained the case up to 2018. It also shows that the gap between the two is widening, reflecting the significant impact on Angus.

Table 4.10: Dependency ratio

	2001	2005	2010	2015	2016	2017	2018
Scotland	54.1	57.0	56.7	54.5	54.9	55.2	55.7
Angus	58.5	64.0	65.4	64.3	65.1	65.7	67.0
Difference	4.4	7.0	8.7	9.8	10.2	10.4	11.3

Source: Scottish Government (2019), Dependence Ratio - Statistics.gov.scot

Apart from natural elements of population change (births and deaths), migration is the key factor that can impact on the age structure and size of a population. Inward migration brings benefits to demography, economy and society.[22]

The dominant feature of population change through Scotland's history has been out-migration. This is in contrast to the rest of the UK. Throughout the 1950s and 1960s, when England and Wales saw strong in-migration, almost 6% of the population left Scotland in each decade. Throughout the 1970s, 1980s and 1990s Scotland also experienced population decline whereas the UK as a whole saw almost constant growth in population over this period.[23]

Rural depopulation is a big concern. It has a significant impact on an area's ability to retain its young and working age population, to attract new talent and business and to mitigate the pressure caused by an aging population.

Migrants who come to Scotland tend to be well educated and highly skilled, help raise productivity and contribute to government revenue. Scottish Government analysis found that the average EU citizen in Scotland adds £10,400 to government revenue and £34,400 to GDP each year. There is evidence that migration boosts long term GDP per capita, thereby increasing living standards, through diversity of skills and higher innovation activity.[24]

However statistics show that whilst it used to be the case that the majority of migrants coming to Angus were between 16 & 64, this trend has reversed in recent years. The table refers to net migration so it may be from other areas of Scotland or the UK.

Table 4.11: Total net migration to Angus by age

	2010	2011	2012	2013	2014	2015	2016	2017	2018
16-64	174	-35	137	-36	394	307	18	-34	-14
65+	16	57	88	82	70	36	-9	63	67

Source: National Records of Scotland (2019), Local area migration

The table below shows migration in 2007/8 compared to in 2017/8. There have been significant decreases in all areas, but the decreases in Angus and Perth & Kinross are the most significant, and considerably worse than the Scottish average.

22 Scottish Government (2018), Scotland's Population Needs And Migration Policy: Discussion Paper
23 Scottish Government (2018), Scotland's Population Needs And Migration Policy: Discussion Paper, p. 5
24 Scottish Government (2018), Scotland's Population Needs And Migration Policy: Discussion Paper, p. 16

Table 4.12: Migration 2007/8 compared to 2017/18

	2007/8			2017/18			
	In	Out	**Net**	In	Out	**Net**	**% change**
Scotland	98,500	72,100	**26,400**	80,600	59,700	**20,900**	**-21**
Angus	4,280	3,630	**650**	3,890	3,690	**200**	**-69**
Dundee City	7,300	6,690	**610**	6,920	6,570	**350**	**-43**
Fife	12,080	10,460	**1,630**	11,160	9,920	**1,240**	**-24**
Perth & Kinross	7,850	5,450	**2,400**	6,000	5,340	**660**	**-73**

Source: National Records of Scotland (2019), Total Migration to or from Scotland

The table below shows that in migration is more important to Angus proportionately than is the national average, although other local authorities in the Tay Cities area have a higher proportion.

Table 4.13: In-Migration as Proportion of Total Population Size 2016

	In migration	Proportion of total population
Angus	3,890	3.4
Dundee City	6,920	4.7
Perth and Kinross	6,000	4.0
Fife	11,160	3.0
Scotland	80,600	1.5

Source: National Records of Scotland (2019), Total Migration to or from Scotland

The table below shows migration in 2007/8 and 2017/18 by destination and origin (where people came from and where they went to) for the Tay Cities areas. For all areas net migration has declined. UK Government policy and the impact of Brexit means that international migration to Scotland is projected to decline, inhibiting Scotland's population growth.

Table 4.14: Migration 2007/08 – 2017/18 by location of destination and origin

	Scotland		Angus		Dundee City		Fife		Perth & Kinross	
	2007/08	2017/18	**2007/08**	**2017/18**	2007/08	2017/18	2007/08	2017/18	2007/08	2017/18
In Migration	98,500	80,600	**4,280**	**3,890**	7,300	6,920	12,080	11,160	7,850	600
From within Scotland			**2,930**	**3,050**	3,780	4,240	6,400	6,560	3,910	4,110
From rest of the UK	53,300	47,700	**830**	**620**	1,450	1,370	3,480	3,030	1,600	1,210
from overseas	45,200	32,900	**520**	**220**	2,070	1,320	2,210	1,570	2,340	680
Out migration	72,100	59,700	**3,630**	**3,690**	6,690	6,570	10,460	9,920	5,450	5,340
From within Scotland			**2,550**	**2,840**	4,170	4,700	5,670	6,120	3,410	3,890
From rest of the UK	41,800	37,700	**670**	**590**	1,400	1,120	2,970	2,500	1,070	920
From overseas	30,300	22,000	**410**	**270**	1,120	750	1,830	1,300	960	530
Net migration	26,400	20,900	**650**	**200**	610	350	1,630	1,240	2,400	660
From within Scotland			**380**	**210**	-390	-460	730	450	490	220
From rest of the UK	11,500	10,000	**170**	**40**	50	250	510	530	530	290
From overseas	14,900	10,900	**110**	**-50**	950	570	380	270	1,380	150

Source: National Records of Scotland (2019), Total Migration to or from Scotland

Table 4.15 below shows migration in 2007/8 and 2017/18 by destination and origin for Angus and Scotland. In Angus in migration was down 9.1%, out migration was up 1.7% and net migration was down 69.2%. The figures for Scotland were in migration was down 18.2%, out migration was down17.2%, and net migration was down 20.8%.

	In migration	Out migration	Net migration
Angus	-9.1%	+1.7%	-69.2%
Scotland	-18.2%	-17.2%	-20.8%

Table 4.15: Migration by destination and origin, 2007/8 – 2017/18

	Scotland				Angus			
	2007/08	2017/18	Difference	**% change**	2007/08	2017/18	Difference	**% change**
In Migration	98,500	80,600	17,900	**-18.2**	4,280	3,890	-390	**-9.1**
From within Scotland					2,930	3,050	120	**4.1**
From rest of the UK	53,300	47,700	5,600	**-10.5**	830	620	-210	**-25.3**
from overseas	45,200	32,900	12,300	**-27.2**	520	220	-300	**-57.7**
Out migration	72,100	59,700	12,400	**-17.2**	3,630	3,690	60	**1.7**
From within Scotland					2,550	2,840	290	**11.4**
From rest of the UK	41,800	37,700	4,100	**-9.8**	670	590	-80	**-11.9**
From overseas	30,300	22,000	8,300	**-27.4**	410	270	-140	**-34.1**
Net migration	26,400	20,900	5,500	**-20.8**	650	200	-450	**-69.2**
From within Scotland					380	210	-170	**-44.7**
From rest of the UK	11,500	10,000	1,500	**-13.0**	170	40	-130	**-76.5**
From overseas	14,900	10,900	4,000	**-26.8**	110	-50	-160	**-145.5**

Source: National Records of Scotland (2019), Total Migration to or from Scotland

The significant decreases in migration to Angus and Perth & Kinross could suggest that the sectoral structure of their economies, with a high share of sectors such as agriculture and tourism, which rely on a migrant labour force, has led to the reduction.

The table below shows contract and seasonal migrant labour use in Scottish agriculture in 2017. It is clear how important farms located in Perth and Kinross (33%) and Angus (31%) were as employers of migrant labour. Over 93% of the 2017 seasonal migrant workforce was employed by large and very large farm businesses (over 4 FTEs), with around 83% being used on soft fruit farms.[25]

Table 4.16: Contract and seasonal migrant labour use in Scottish agriculture

	Scotland	Contract labour			Migrant Workers (ie non UK nationals)		
	Holdings	Holdings	Work Days	% work days	Holdings	Work Days	% work days
Scotland	55,090	6,098	284,651		267	659,138	
Perth & Kinross	2,488	370	25,388	9	38	217,733	33
Angus	**1,341**	**214**	**13,042**	**5**	**59**	**201,176**	**31**
Aberdeenshire	7,601	947	37,290	13	45	75,573	11
Fife	1,579	220	29,647	10	23	55,539	8

Source: Scottish Government (2018), Farm Workers in Scottish Agriculture: Case Studies in the International Seasonal Migrant Labour Market, p.15

25 Scottish Government (2018), Farm Workers in Scottish Agriculture: Case Studies in the International Seasonal Migrant Labour Market, p.15

It has been reported that Angus Growers had 85 tonnes of fruit unharvested or downgraded at a cost of £625,000 in 2017, at least in part due to a lack of seasonal workers.[26]

Labour Market Participation

Labour market participation is the rate of those in the working population (age group 16 – 64) who are currently employment or seeking employment. This is also known as being economically active. People who are not interested in working or some sort of paid employment are not included in the participation rate and are classed as economically inactive. This can include those above retirement age, carers, those looking after family, those afflicted by short and long term sickness, students etc.

Participation rates are influenced by a range of factors such as age, gender, availability of jobs and wages, work incentives, whether households are supporting dependent children, costs of childcare and other financial considerations. Many of these factors are affected by government policies on State Pension Age eligibility, work programmes and incentives for those with child-care responsibilities, changes to the school-leaving age, adult skills and training programmes, and policies towards those with disabilities. Inactive groups can represent a source of potential labour supply, some of which may act as a source of spare capacity in the economy to add to the actual labour supply.[27]

The table below shows the number and rate of residents in the different local authority areas who are in employment in 2010, 2015 and 2019. The information is shown graphically from 2005 – 2019 in figure 4.6 below.

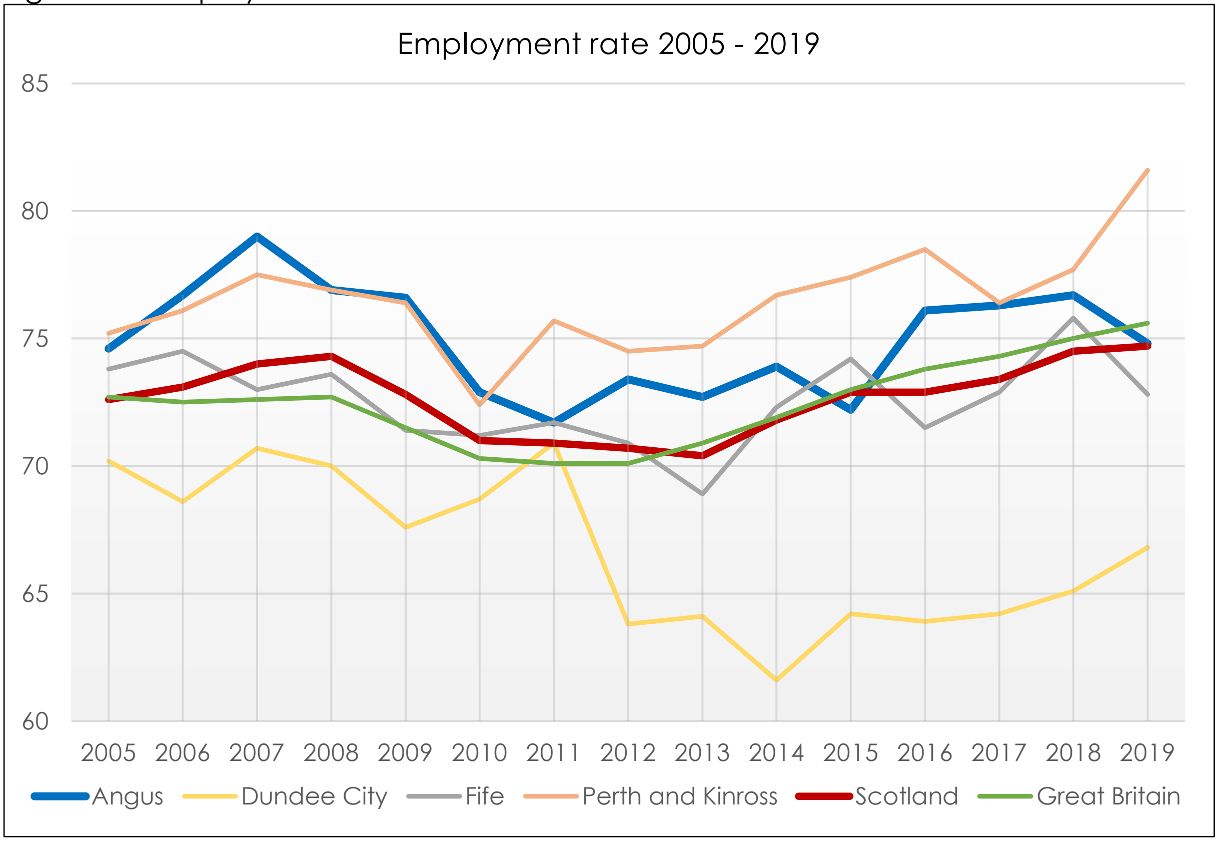
Table 4.17: Resident Employment 2010, 2015, 2019

	Jul 2009-Jun 2010		Jul 2014-Jun 2015		Jul 2018-Jun 2019	
	Total	Rate	Total	Rate	Total	Rate
Angus	**52,000**	**72.9**	**50,800**	**72.2**	**51,800**	**74.8**
Dundee City	65,800	68.7	61,900	64.2	64,000	66.8
Fife	164,400	71.2	168,100	74.2	166,600	72.8
Perth & Kinross	64,100	72.4	69,700	77.4	72,700	81.6
Scotland	2,417,000	71.0	2,492,000	72.9	2,570,000	74.7
Great Britain	27,442,400	70.3	28,917,600	73.0	30,326,600	75.6

Source: Nomis, Employment rate - aged 16-64

26 SPICe (2018), Migrant Labour in Scottish Agriculture.
27 ONS (2015), Participation Rates in the UK

Figure 4.6: Employment rate 2005 - 2019



Source: Nomis (2019), ONS Annual Population Survey.

Unemployment is an important element of the economic activity rate. Unemployment and economic growth are dependent on one another in many ways, and unemployment can slow economic growth. Unemployment is dependent on economic activity, when economic activity is high there is increased production and a healthy demand for individuals to help produce higher amounts of services and goods. Unemployment is countercyclical, meaning that it increases with low economic growth and decreases when the economy begins to grow.[28]

ILO unemployment refers to the ILO (International Labour Organisation) definition of unemployment - the internationally agreed definition, used by the Statistical Office of the European Union (Eurostat), the Organisation for Economic Co-operation and Development (OECD), and many other countries, including the UK.[29]

ILO unemployed people are:

- without a job, want a job, have actively sought work in the last 4 weeks and are available to start work in the next 2 weeks, or
- out of work, have found a job and are waiting to start in the next 2 weeks.

28 Reference.com, 'How Does Unemployment Influence and Affect Economic Growth?' [accessed on 21/01/20 from https://bit.ly/3avF2CF)
29 FutureSkills Scotland, Labour Market Glossary

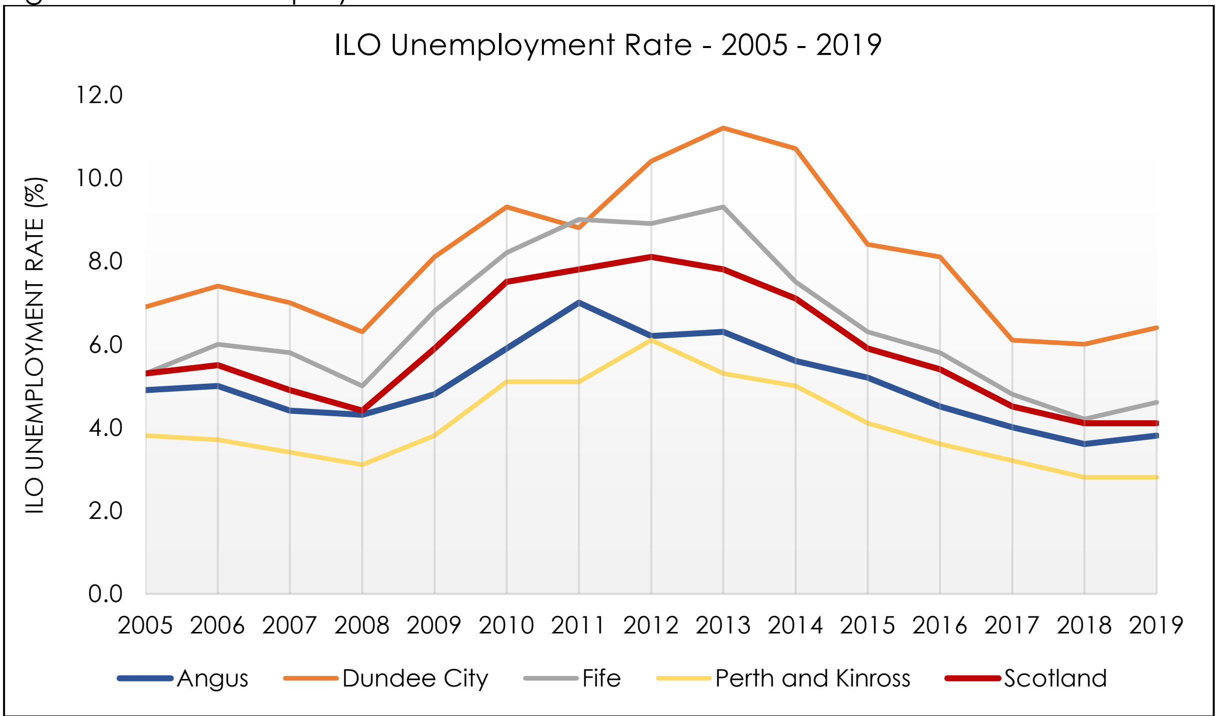
The table and graph below give a snapshot of the picture locally, and over a period of time.

Table 4.18: ILO unemployment 2010, 2015 & 2019

	Jul 2009-Jun 2010		Jul 2014-Jun 2015		Jul 2018-Jun 2019	
	Total	Rate	Total	Rate	Total	Rate
Angus	3,300	5.9	2,900	5.2	2,200	3.8
Dundee City	6,800	9.3	5,900	8.4	4,500	6.4
Fife	15,100	8.2	11,700	6.3	8,300	4.6
Perth & Kinross	3,500	5.1	3,100	4.1	2,300	2.8
Scotland	200,500	7.5	161,800	5.9	112,700	4.1

Source: Annual Population Survey, Model based unemployment.

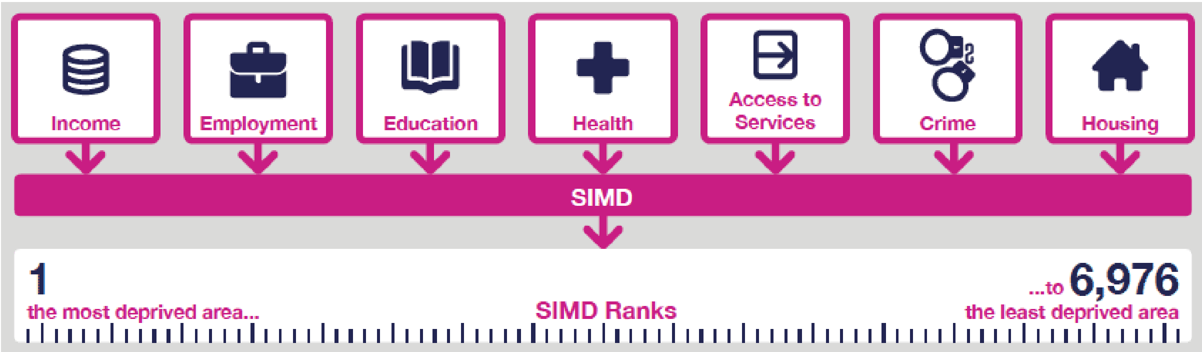
Figure 4.7: ILO unemployment rate 2005 - 2019



Source: Annual Population Survey, Model based unemployment.

<u>Deprivation - update? New SIMD out on 30/01/2020</u>

In Scotland, deprivation is measured through the use of the Scottish Index of Multiple Deprivation, which uses information based on small datazones. The latest index was published in January 2020, updating the previous 2016 edition. It uses 7 domains, and ranks the 6,976 Scottish datazones from 1 to 6,976, with 1 being the most deprived and 6,976 being the least deprived. There are 155 datazones in Angus.



The table below shows the ten most deprived datazones in Angus. It shows their rank and which vigintile (5% banding) they fall into. Nine of the ten most deprived datazones in Angus are either in Arbroath or Brechin.

Table 4.19: The ten most deprived DZs

Data zone	Data zone name	2016 Rank	2016 Vigintile		
S01007186	Arbroath Harbour - 03 2016 rank 631	631	5-10%		
S01007199	Arbroath Warddykes - 03 655	655	5-10%		
S01007197	Arbroath Warddykes - 01 1084	1,084	15-20%		
S01007194	Arbroath Cliffburn - 05 1096	1,096	15-20%		
S01007178	Arbroath Kirkton - 06 1136	1,136	15-20%		
S01007232	Brechin East - 03 1140	1,140	15-20%		
S01007185	Arbroath Harbour - 02 1201	1,201	15-20%		
S01007198	Arbroath Warddykes - 02 1245	1,245	15-20%		
S01007195	Arbroath Cliffburn - 06 1337	1,337	15-20%		
S01007260	Forfar West - 01 1344	1,344	15-20%		

Source: Scottish Government (2017) Scottish Index of Multiple Deprivation.

Data Zone	Intermediate Zone	SIMD 2016 rank	SIMD 2020 Rank	
S01007186	Arbroath Harbour	631	272	-360
S01007199	Arbroath Warddykes	655	301	-354
S01007185	Arbroath Harbour	1201	896	-305
S01007178	Arbroath Kirkton	1136	933	-203
S01007194	Arbroath Cliffburn	1096	948	-148

S01007195	Arbroath Cliffburn	1337	1005	-332
S01007232	Brechin East	1140	1031	-109
S01007197	Arbroath Warddykes	1084	1092	+8
S01007230	Brechin East		1138	

The table below shows the proportion of data zones in each local authority which are among the most deprived. This local share is calculated by dividing the number of deprived data zones in the area by all data zones in this area. Local shares are used to compare areas.

Table 4.20: Local share of most deprived data zones

	Number of Data Zones		Local Share of SIMD16_rank	National Share
	Total Data Zones	15% most deprived		
Angus	155	2	1.29%	0.19%
Dundee City	188	55	29.26%	5.26%
Fife	494	69	13.97%	6.60%
Perth and Kinross	186	9	4.84%	0.86%

Source: Scottish Government (2017) Scottish Index of Multiple Deprivation.

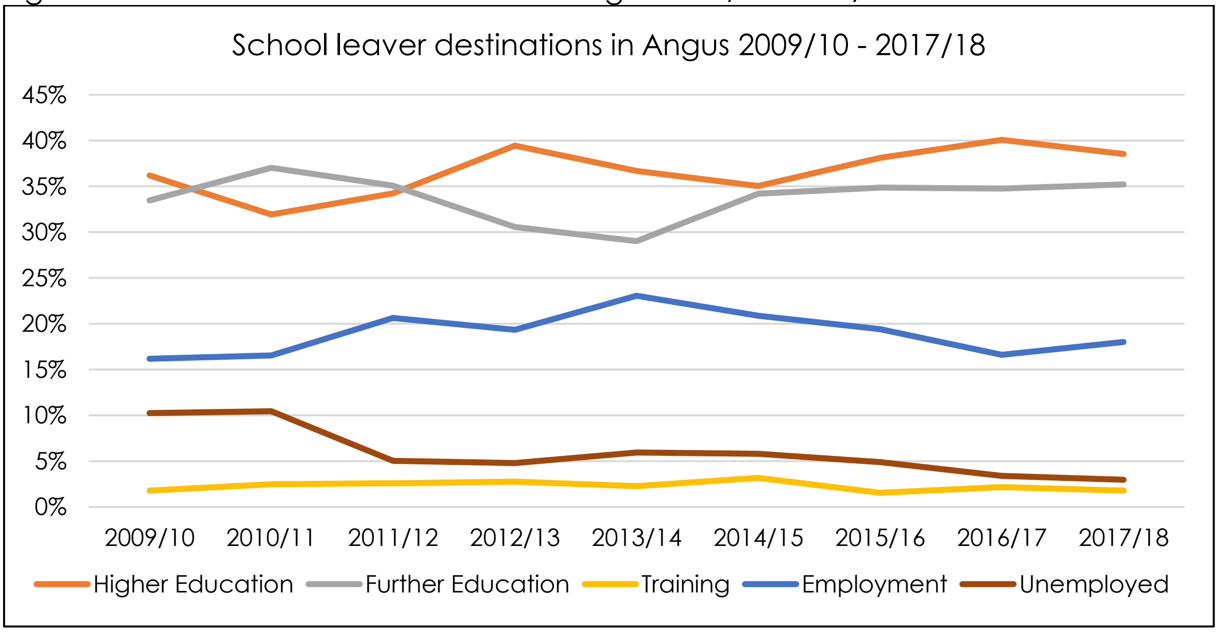
Qualifications and Attainment

Qualification and attainments levels are important indicators for the labour market as they given an indication of the skills available in the workforce. Often school pupils are influenced, directly or otherwise, towards further or higher education opportunities which would fit well into employment opportunities in their local economy. For example, an economy which has a large employer in a certain sector might see courses relating to that sector receiving high take up rates, as individuals try to match their skills to the labour market.

People with higher qualification levels have the potential to earn higher rates of pay and undertake more skilled work. This can impact the average earnings of an area, and the amounts of GDHI available. Qualifications also increase the likeness of an individual being in employment.[30]

The table below shows school leaver destination in Angus between 2009 and 2018. 95% of those leaving school entered a positive destination.

Figure 4.8: School leaver destinations in Angus 2009/10–2017/18

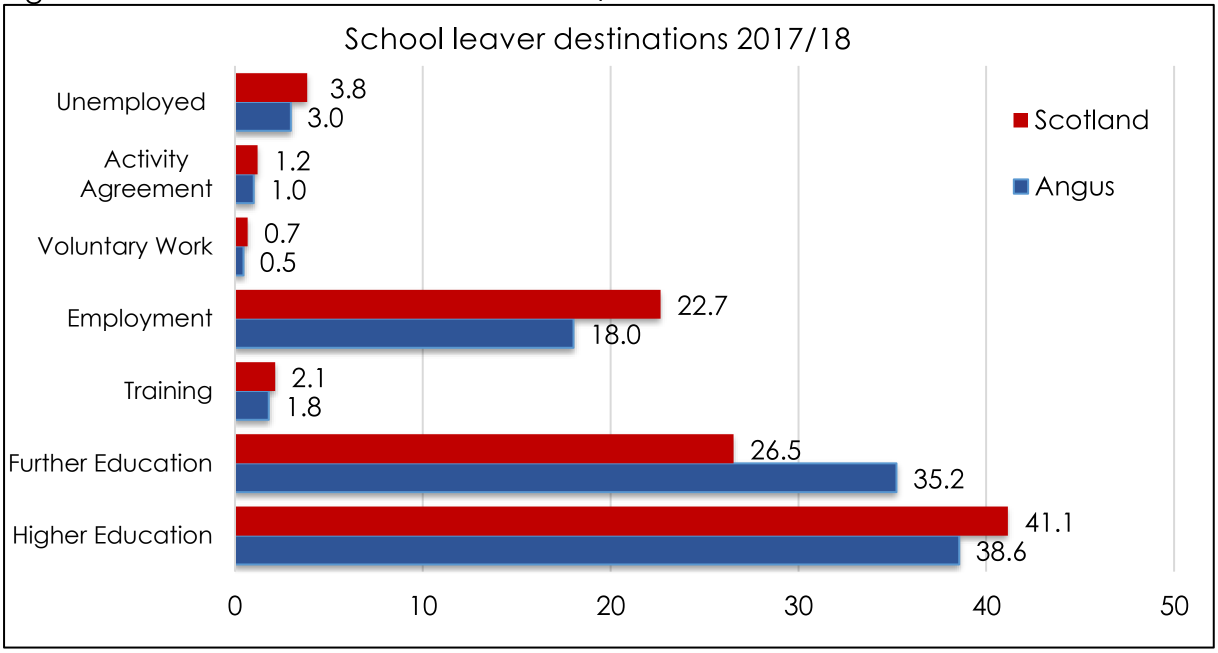


Source: Scottish Government (2019), Attainment and Leaver Destinations, 2017/18

The figure below shows destinations in Angus compared to Scotland. It can be seen that further education take up is significantly higher than the Scottish average. This is traditionally been the case in Angus. There could be a correlation between this and the sectoral structure of the local economy and the kind of skills required to gain employment in it.

30 Department for Business, Innovation and Skills (2011), Economic Impact of the FE Sector.

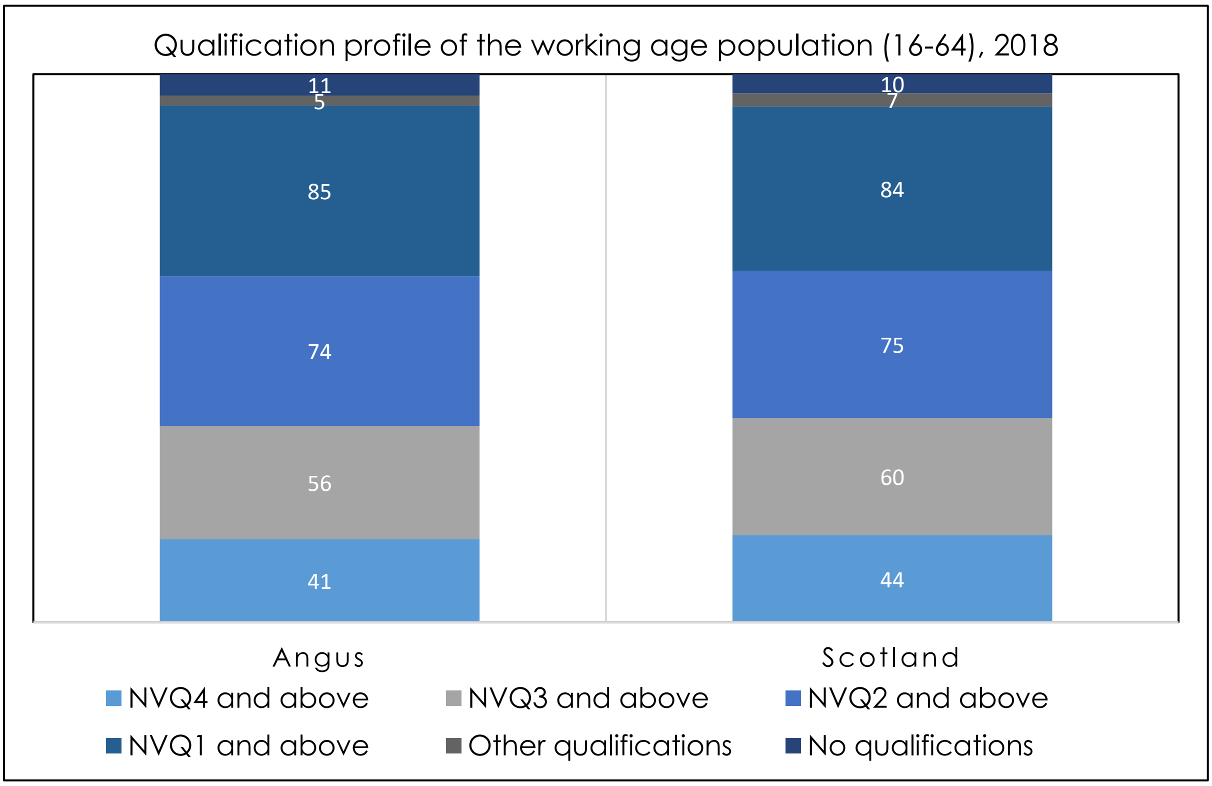
Figure 4.9: School leaver destinations 2017/18



Source: Scottish Government (2019), Attainment and Leaver Destinations, 2017/18

The figure below shows the qualification profile of the working age population in Angus and Scotland. Angus has marginally higher levels of people who have no qualifications. Levels of working age population in Angus with no/low qualifications has fallen from 13.7% in 2012/13 to 12.7% in 2018/19. This is against a Scottish average of 11.6%.

Figure 4.10: Qualification profile of the working age population (16-64) 2018



Source: Nomis (2019), Annual Population Survey