ANGUS ECONOMIC DIGEST EXECUTIVE SUMMARY 2010

Contents

Maps

Tables

Figures

Foreword

This Executive Summary gives a brief overview of the Angus economy, and is intended to complement the more comprehensive Angus Economic Digest. Both are split into 5 main sections, covering;

- The Place;
- The Economy;
- Employability.
- The People;
- Employment; and

The use of existing reporting mechanisms to try to show an overall picture has limitations, which are fully acknowledged in this document. The main issue is the time lag between the situation 'on the ground' and the production of statistics. This particularly becomes an issue when an economy goes through a drastic change, as has happened globally recently.

Chapter One The Place

Angus is a local authority (LA) in Scotland, covering an area of 218,148 hectares (approximately 842 square miles), which equates to 2.8% of the land area of Scotland. Situated on the north east coast, the Angus glens and the Vale of Strathmore provide a stunning backdrop to seaside towns and the Angus coastline. The main centres of population and commerce are the seven towns of Arbroath, Forfar, Montrose, Carnoustie, Brechin, Monifieth and Kirriemuir. These towns are complemented by thriving rural communities and smaller settlements. The map below shows the layout of the main towns.

Map 1: Angus

The 2001 Census reported that Angus had a population density of 0.5 persons per hectare. This places Angus 12 out of the 32 Scottish LA areas in terms of being least densely populated. The simple definition of a 'rural' area is one with a population density of less than 1 person per hectare.[1] The more sophisticated Six-Fold Urban Rural Classification breaks down rural and urban areas as follows.

1 Scottish Executive (2003), Social Focus on Urban Rural Scotland 2003.

Table 1: Scottish Executive Six-Fold Urban Rural Classification

1. Large Urban Areas	Settlements of over 125,000 people.
2. Other Urban Areas	Settlements of 10,000 to 125,000 people.
3. Accessible Small Towns	Settlements of between 3,000 and 10,000 people and within 30 minutes drive of a settlement of 10,000 or more.
4. Remote Towns	Settlements of between 3,000 and 10,000 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.
5. Accessible Rural	Settlements of less than 3,000 people and within 30 minutes drive of a settlement of 10,000 or more.
6. Remote Rural	Settlements of less than 3,000 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.

Source: Scottish Executive (2003), Urban Rural Classification, 2003-2004, p.11

Categories 1 to 4 are designated as urban, and categories 5 and 6 are rural. The translation of this to Angus is demonstrated below.

Table 2: Scottish Government Six-Fold Urban Rural Classification by LA, 2007-08

	Large Urban Areas	Other Urban Areas	Accessible Small Towns	Remote Small Towns	Accessible Rural	Remote Rural
Aberdeenshire	0.0	26.1	9.8	11.2	36.7	16.0
Angus	**7.7**	**53.2**	**11.8**	**0.0**	**26.7**	**0.7**
Dundee City	99.7	0.0	0.0	0.0	0.3	0.0
Perth & Kinross	1.2	31.2	9.8	10.8	34.8	12.3
Scotland	**38.9**	**30.3**	**8.6**	**4.1**	**11.2**	**7.0**

Source: Scottish Government (2008), Urban Rural Classification, 2007-2008, p.13

It is important to note that although 7.7% of the population of Angus is classified as a 'large urban area' there are no settlements of this size in Angus. One of the criteria used to produce the Scottish Government 6 fold urban rural classifications was settlement size as defined by the General Register Office for Scotland (GROS). The GROS Small Area Population Estimates together with the Royal Mail Postcode Address Files were used to classify postcode units as high or low density. This information was used to select areas of contiguous high density postcodes that make up a settlement.[2] As settlements were defined in this way, some areas of Dundee are included in Angus, accounting for the discrepancy.

In terms of the population for each of the settlements and localities, the most up to date information is the GROS 2008 mid year population estimates. These can be seen below.

2 Details of the methodology can be found at www.gro-scotland.gov.uk/statistics/geography/scosett/index.html

Table 3: Mid-2008 Population Estimates for Localities

Rank	Locality	Settlement	2008 Population Estimate	% of Angus Population
1.	Arbroath	Arbroath	22,110	20.1
2.	Forfar	Forfar	13,430	12.2
3.	Montrose	Montrose, Settlement of	11,050	10.0
4.	Carnoustie	Carnoustie	10,780	9.8
5.	Monifieth	Dundee, Settlement of	8,220	7.5
6.	Brechin	Brechin	7,070	6.4
7.	Kirriemuir	Kirriemuir	5,750	5.2
8.	Birkhill &	Birkhill & Muirhead	2,130	1.9
9.	Letham	Letham	1,520	1.4
10.	Hillside	Hillside	1,140	1.0
11.	Ferryden	Montrose, Settlement of	1,040	0.9
12.	Friockheim	Friockheim	940	0.9
13.	Edzell	Edzell	900	0.8
14.	Newtyle	Newtyle	770	0.7
15.	Wellbank	Wellbank	650	0.6
16.	Dundee (part)	Dundee, Settlement of	550	0.5
17.	Liff (part)	Liff	450	0.4
			88,500	80.3

Source: GROS (2010), Mid-2008 Population Estimates for Localities in Scotland

The largest urban area in Angus is Arbroath, which would fall into category two. In terms of the spatial spread of the total population, the population of Angus breaks down as follows:

Table 4: Total Population, by Multi Member Wards (2008)

Multi Member Ward	Population	%
Monifieth & Sidlaw	16,373	14.84
Arbroath West & Letham	15,677	14.21
Forfar & District	15,239	13.81
Montrose & District	15,013	13.61
Arbroath East & Lunan	14,064	12.75
Carnoustie & District	12,404	11.24
Brechin & Edzell	11,733	10.64
Kirriemuir & Dean	9,807	8.89
Total	110,310	100

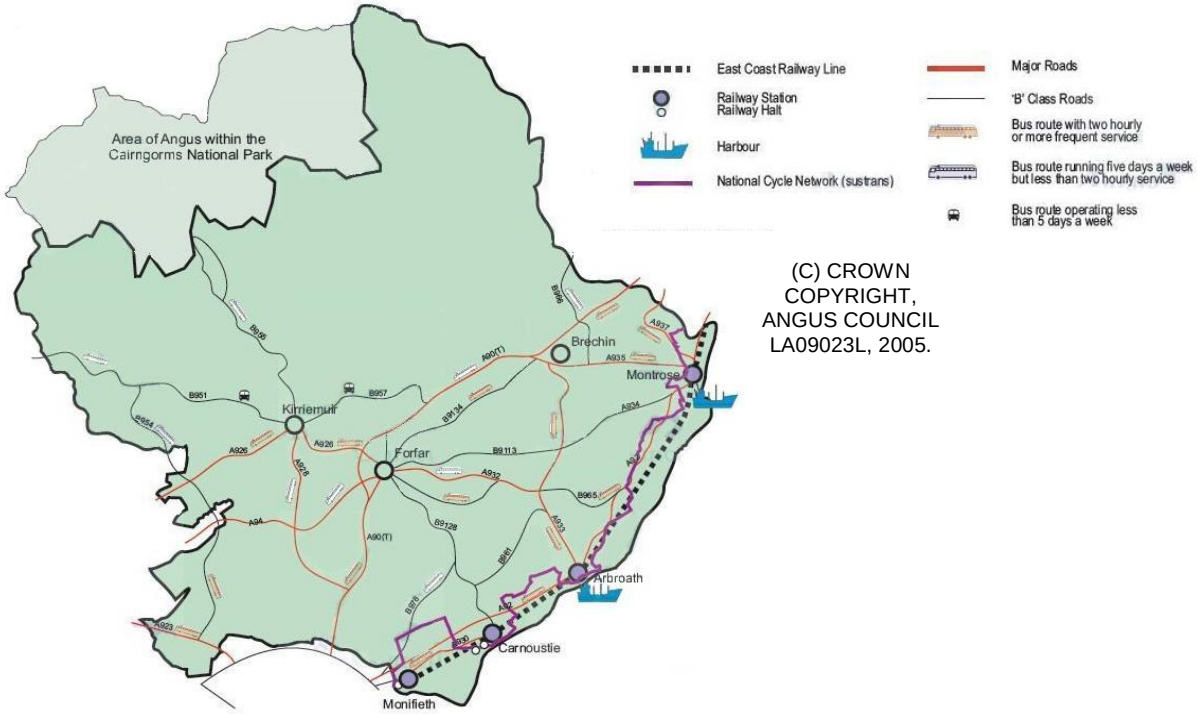
Source: Scottish Neighbourhood Statistics (2008), Total Population

Infrastructure: Transport Infrastructure

The Scottish Government aims to 'promote economic growth, social inclusion and sustainable development through a safe, integrated and efficient transport network'.[3] The economy depends on people getting to their places of employment and education on time and safely, people being able to travel efficiently on business, and goods getting to market quickly.'[4] An effective transport infrastructure is a vital for the promotion of economic growth. The map below demonstrates the layout of transport provision in Angus.

3 Scottish Government (2009), Transport (Available from www.scotland.gov.uk/Topics/Transport)
4 Scottish Executive (2005), Submission to the Scottish Parliament, Enterprise and Culture Committee, 'Business Growth - the next 10 years' p.15.

Map 2: Principal Transport Network in Angus



Source: Angus Council (2009), Angus Local Plan Review, Finalised Plan, p.56

Key elements of transport and communications infrastructure in Angus include the A90 trunk road, the A92 (which was recently upgraded to dual carriageway status between Dundee and Arbroath), other public roads totalling 1,750 km, 37 public car parks, the East Coast Main Railway Line with 4 rail stations and 3 rail halts, Arbroath Bus Station, Arbroath Harbour, and Montrose Port.

The public transport network is mainly bus based, overlaying parts of the strategic and local road network. The bus based network provides good connectivity within and between the towns, but in rural areas, and particularly the Angus Glens, accessibility is limited.

Direct air travel from Angus is not available. However, there are airports in Dundee, Aberdeen, Inverness, Edinburgh and Glasgow. Dundee airport offers flights to Belfast, Birmingham, London City and Jersey. Aberdeen, Glasgow and Edinburgh fly to a wide range of domestic and international locations.

The eastern Angus is served by the East Coast Mainline train service, which connects it directly to Edinburgh, Glasgow, Aberdeen and key destinations in England. However, the railway line to the south of Montrose is reduced to a single track as it crosses two substantial viaducts/cuttings. This is the only section of the East Coast Mainline to remain single track.

There are several weaknesses in the current infrastructure which will need to be addressed for it to operate to its full potential. Only one of the Angus Glens, Glen Isla, has a through road (connecting it to the A93). A further weakness is that there are difficulties for road freight traffic on some roads.

The road network has seen substantial improvements have taken place in recent years. Two of the most significant were completed in 2005. The A92, between Dundee and Arbroath, was upgraded to dual carriageway status at a cost of £53 million (a project jointly funded by Angus and Dundee City Councils). A new bridge over the river Southesk at Montrose was also completed, at a cost of £8.75 million.

The A935 Brechin-Montrose road underwent the first phase of a £9.5 million upgrade in March 2007. The works covered drainage, reconstruction and resurfacing work between Dun and Broomley, and cost approximately £370,000.

Infrastructure: Information and Communications Technology (ICT)

In order for Angus, and especially its rural areas, to be able to fully embrace the opportunities that ICT can offer, current services will need to be standardised and extended.

Broadband provision in Angus was slow to take off, with several exchanges not being upgraded until 2004. All BT exchanges in Angus are now ASDL enabled, however, this does not mean there is equality of provision. Some exchanges are only capable of providing broadband at a speed of 512kbps. There are some locations where broadband is not available due to the length of the phone line between the workstation and the exchange. Average broadband speeds in Scotland are lower than in every English region.[5]

In 2006 most of the exchanges UK wide were updated to be compatible with ADSL MAX. This automatically upgrades the user's package to the fastest speed possible for the address. There were 180 exchanges which were not scheduled for upgrade. Three were in Angus, namely Clova, Fern and Menmuir. The Scottish Government announced in December 2009 that 71 exchanges were to be upgraded in 2010. Two of the exchanges upgraded were Fern and Menmuir.[6]

The Ofcom Communications Market 2008 Report for Scotland shows that 60% of households had a broadband connection in Q1 2009. This is an increase from 53% in Q1 2008. The report also shows that broadband take-up has grown across Scotland. Since the 2006 survey, broadband take-up in Scotland has risen by 11% to be present in 53% of homes. This compares to 58% in England, 52% in Northern Ireland and 45% in Wales. Broadband take-up was higher in Scotland's rural areas (59%) than in urban areas (52%).

The table below shows that the number of businesses which have broadband and undertake some business over the internet are increasing. The percentage of companies that consider e-commerce as important has almost doubled since 2001.

Table 5: Scottish Companies and E-Business Survey, 2001-2007

Companies who:	2001	2002	2003	2004	2005	2006	2007
Have a website	35%	39%	43%	41%	45%	46%	51%
Have and use internet access	50%	67%	72%	70%	73%	83%	79%
- of which have Broadband access	-	6%	17%	39%	61%	79%	89%
Receive orders over the internet *	16%	21%	14%	17%	28%	37%	39%
Place orders over the internet *	32%	33%	32%	40%	44%	56%	55%
Consider e-commerce to be important to their current needs	37%	51%	55%	56%	60%	68%	67%

*Source: Scottish Government (2009), Scottish Economic Statistics 2008 (covers only the Scottish Enterprise area) * Derived from the percentage of businesses operating in Scotland who have Internet access.*

Local Housing Market

The financial crisis has had a huge impact on the housing market, in Scotland, the UK, and further afield. Financial institutions remain reluctant to lend money to each other, businesses, or the public. This lack of fluidity in the financial markets is commonly referred

5 Ofcom (2009), UK Broadband Speeds 2008: Research Report, p.42
6 Scottish Government (2010), Exchange Activate Upgrade Programme.

to as the 'credit crunch'. This has led to a decrease in the number of houses being built, and the number of mortgages being approved. These 2 factors have caused the housing market to be more static than it has been for the past few years, which saw soaring house prices, and new housing projects being completed. In Scotland, new housing supply (new build, refurbishment and conversions) decreased by 18% between 2007/08 and 2008/09, from 27,500 to 22,600 units. This was driven by a decrease in private completions.

In 2008/09, there were 21,400 completions in Scotland, a decrease of 17% on the previous year, when there were 25,700. Starts in 2008/09 also fell, with a 26% drop from 26,900 in 2007/08 to just 20,000 in 2008/09. The recession has hit the private house building industry particularly hard, with a 24% reduction in completions and over 30% reduction in starts since last year. Private starts for 2008/09 were 14,200, falling below levels seen in the early 1990s to those of 1987/88. In contrast, housing association completions show a 12% increase to 4,600, the third highest number since this was first measured in 1992/93.[7]

Angus contains four Housing Market Areas (HMAs), namely Arbroath, Montrose & Brechin, Carnoustie, Monifieth & the Sidlaws, and Forfar, Kirriemuir & the Angus Glens. The geographical extent of a HMA can be defined as, 'the area within which people will search for housing and within which they are willing to move while maintaining their existing economic and social relationships (i.e. not taking into account the limited amount of long distance movement associated with such factors as job changes)'.[8]

The Angus Council Local Housing Strategy Review 2007/2008 suggested that the credit crunch has had an impact on several areas of the housing market. There has been a slowing down of the housing market with falling house prices. In Angus, average house prices fell from £140,000 in November 2007 to £124,990 in May 2008 and have continued to fall since then. As a consequence, private developers are building fewer houses and reducing their staff numbers. This situation is likely to have a big impact on affordable housing and on housing supply as a whole.[9]

The following table gives an indication of the levels of housing stock, levels of housing stock held by the LA, and average rent for a council house, in Angus and its neighbouring LAs, in comparison to the national average. It shows the change since 2005/6.

Table 6: Housing Stock and Council Rent Levels

2005/6	Scotland	Aberdeen shire	Angus	Dundee City	Perth & Kinross
No of dwellings on CT register	2,417,759	104,226	52,346	72,165	66,252
No of LA dwellings	363,796	13,963	8,396	15,638	8,200
As a % of all dwellings the CT register	15%	13%	16%	22%	12%
Estimated average weekly rent	£44.78	£42.56	£38.68	£46.55	£39.66
2008/9					
No of dwellings on CT register	2,462,571	106,850	53,402	73,068	67,896
No of LA dwellings	322,865	13,059	7,872	13,961	7,584
As a % of all dwellings on CT register	13%	12%	15%	19%	11%
Estimated average weekly rent	£50.51	£49.06	£44.02	£52.33	£46.00

Source: Scottish Government (2008), Housing trends in Scotland.

7 Scottish Government (2009), Housing statistics for Scotland 2009: Key Trends Summary
8 Communities Scotland (2003), Housing Market Areas in Scotland: definition and review, p. vi
9 Angus Council (2008), Local Housing Strategy Review 2007- 2008, p. 14

Local Housing Stock.

The table below shows the breakdown of the types and size of dwellings most common in, Angus, its neighbouring LAs, and Scotland. A 'dwelling' refers to the accommodation itself, for example a house or a flat. A 'household' refers to the people living together in that dwelling. The number of households will be smaller than the number of dwellings, as some dwellings are vacant or second homes.

In general, the density of housing increases as the level of deprivation increases. The most deprived areas have the highest density of housing, with an average of 15 dwellings per hectare. The median number of rooms per dwelling is lower in more deprived areas.

Table 7: Characteristics of Dwellings by LA, 2008

LA	Dwelling type (% of total dwellings)					No of rooms per dwelling (% of total dwellings)				Median number of rooms per dwelling	Dwellings per hectare
	Flats	Terraced	Semi-detached	Detached	Un known	1 - 3 rooms	4 - 6 rooms	7 + rooms	Un known		
Scotland	38	21	20	21	1	42	50	6	1	4	0.32
Aberdeenshire	12	12	30	46	0	28	55	16	0	4	0.17
Angus	26	22	20	32	0	43	48	9	0	4	0.25
Dundee City	54	18	18	10	0	57	39	4	0	3	12.21
Perth & Kinross	26	15	21	37	0	40	49	11	0	4	0.13

Source: GROS (2009), Estimates of Households and Dwellings in Scotland, 2008

The number of households in Scotland continues to increase, mainly due to changes in household structure, with more people living alone. The rate of growth has slowed in the past year. Between 2007 and 2008, the number of households increased less than in any of the preceding 5 years. The number of households in Scotland has been increasing steadily, by between 11,000 and 23,000 each year since 1991. Over the last year, there has been an increase of 17,500 households (0.8%). The rate of increase in Angus was 5%, greater than the Scottish average of 4.6%.[10]

Table 8: Household estimates for Scotland by LA, 1991/2008

LA	1991	2001	2008	Change 2007/2008		Change 2003/2008	
				Number	%	Number	%
Scotland	2,042,809	2,195,033	2,331,250	17,472	0.8%	101,715	4.6%
Aberdeenshire	80,473	90,902	101,516	1,325	1.3%	7,789	8.3%
Angus	43,806	46,948	49,974	409	0.8%	2,383	5.0%
Dundee City	67,028	66,851	68,381	103	0.2%	996	1.5%
Perth & Kinross	51,692	58,370	64,354	1,121	1.8%	4,469	7.5%

Source: GROS (2009), Estimates of Households and Dwellings in Scotland, 2008.

There has been a 6% increase in the number of adults living alone in Scotland in the last 5 years. In Scotland 38% of dwellings are entitled to a CT discount as there is only 1 adult living there (either alone or with children). There are more 1 adult households in urban areas (42% in large urban areas, compared to 29% in remote rural areas) and in deprived areas (28% in the least deprived areas, compared to 52% in the most deprived areas). Across Scotland as a whole 2.8% of dwellings are vacant and 1.4% are second homes, though

10 GROS (2009), Estimates of Households and Dwellings in Scotland, 2008.

there is wide variation. Remote rural areas have the lowest percentage of dwellings which are occupied (88%), with higher percentages of vacant dwellings (4% of all dwellings in these areas) and second homes (7%). The most deprived areas have the highest percentage of dwellings which are vacant (6%). The table below shows the situation in Angus and its neighbouring LAs.

Table 9: Occupied and Vacant Dwellings, 2008

	Total dwellings	Occupied dwellings	Vacant dwellings[11]	Second homes	Dwellings with a single adult discount	Dwellings with 'occupied exemptions'[12]
Scotland	2,460,883	96%	2.8%	1.4%	38%	2.5%
Aberdeenshire	106,850	96%	3.1%	1.2%	29%	0.8%
Angus	53,402	95%	4.5%	0.8%	36%	0.9%
Dundee City	73,068	93%	6.6%	0.9%	43%	6.1%
Perth & Kinross	67,896	95%	2.2%	2.5%	34%	1.4%

Source: GROS (2009), Estimates of Households and Dwellings in Scotland, 2008.

According to research carried out by the Bank of Scotland, the number of vacant homes in Scotland fell by 5% between 2003 and 2007. There was also a slight fall in the number of areas with a high level of empty homes, the number of LAs where at least 5% of properties are vacant dropped from 14 in 2003 to 12 in 2007. The level is significant because areas with a high number of empty homes tend to suffer from deprivation.

Twelve LAs have a proportion of vacant homes that is at least 5% of the dwelling stock. Vacant homes accounted for 4.1% of all dwellings in Scotland. Angus is one of these.[13] Across Britain, areas which had more than 5% of their dwelling stock vacant, were more likely to have an unemployment rate above the regional and national average. The majority also had average weekly earnings below the regional average.[14]

House prices are lower in areas with an above average number of empty homes. Eighty per cent of LAs with more than 5% of their dwelling stock empty have house prices below the regional average. Ten out of the 12 LAs with the highest proportions of vacant homes have levels of average earnings that are below the Scottish average; 5% below on average.[15] The table below shows the situation in 2008.

Table 10: Scottish LAs with Vacant Dwelling Stock (2008)

LA	Vacant Dwellings	Total Dwellings	Vacant Dwellings as % of total	Ranking (out of 32)
Dundee City	4,794	73,068	6.6	2
Angus	2,392	53,402	4.5	6
Aberdeenshire	3,308	106,850	3.1	10
Perth & Kinross	1,503	67,896	2.2	24
Scotland	69,933	2,460,883	2.8	

Source: GROS (2009), Estimates of Households and Dwellings in Scotland, 2008

11 Includes unoccupied dwellings exempt from Council Tax, and dwellings subject to a long-term empty property discount.
12 Includes dwellings that are occupied but exempt from Council Tax. This comprises dwellings only occupied by students, armed forces accommodation, dwellings which are the sole residence only of people aged under 18 or severely mentally impaired persons, trial flats used by registered housing associations, and prisons.
13 The difference between this figure and the one reported in the table above is due to different sources and time lag between the two publications. However, the 0.5% difference is minimal, and allows for useful comment to be made.
14 Lloyds Banking Group (2008), 'Over 1,000,000 vacant properties in Scotland', (November 2008), p.5. Available from: www.lloydsbankinggroup.com/media/pdfs/ 01_11_08EmptyHomesScot.pdf
15 Lloyds Banking Group (2008), 'Over 1,000,000 vacant properties in Scotland', (November 2008), p.5.

House Prices and Turnover

The average house price in the UK stood at £205,598 in March 2010. The average house prices for the different countries were;

- £212,266 in England;
- £165,106 in Scotland; and
- £174,172 in Northern Ireland;
- £150,648 in Wales.

UK house prices were 9.7% higher than in March 2009 and 0.7% higher than in February 2010. UK house prices rose by 2.8% in Q1 2010. This compares with a rise of 2.9% for Q4 2009. Annual average house prices rose in England (10.1%), Scotland (7.2%) and Wales (8.1%) but fell in Northern Ireland (-6.9%).[16]

There were 147 transactions in Angus in May 2010. This is 47% higher than the previous month and 65% higher than a year ago. It is 26% below the average for the same month over the last 3 years. The average house price in Angus is 3% higher than a year ago at around £142,576. This compares to a Scottish average house price of £151,100.[17]

House prices in Angus are lower than the Scottish average. This is shown in the table below. In 2006, out of the 32 LAs in Scotland, Angus was ranked number 17 in terms of the average price, with number 1 being the area with the highest average house price. By 2008, its ranking had risen to 12 out of 32; however this fell back to 15 in 2009.

The number of house sales in Angus has dropped from 592 for Q2 2006, to 308 in Q1 2010. However all areas below have recorded an increase in house prices over the year to Q1 2010, which might point towards the first signs of a recovery in the housing market.

Table 11: LA Rankings – House Prices Scotland (January - March 2010)

Area	Ranking (out of 32)	Average Price (£)	Change in last quarter	Change in last year	No. of Sales
Scotland		147,854	-5.0%	5.4%	14,662
Aberdeenshire	4	182,586	-6.6%	1.4%	823
Perth and Kinross	7	166,395	-6.6%	12%	413
Angus	14	138,864	-4.3%	5.4%	308
Dundee City	23	123,650	-7.6%	1.2%	392

Source: Registers of Scotland Executive Agency (2009), Latest House Price Statistical Releases.[18]

Council Tax

CT bandings reflect the Regional Assessor's opinion of the property's open market value as at 01 April 1991, but taking account of its physical state and its locality as at 1 April 1993. CT levels have been historically lower in Angus than in most of the rest of Scotland. This trend has continued to 2009/10. CT increases in Scotland have been frozen since 2007/8. The table below demonstrates the situation in Angus in 2005/6 and 2008/9.

16 The Department of Communities and Local Government Mix Adjusted House Price Index, May 2010
17 Scottish Government (2010), Local Authority Housing Bulletin
18 Differences in the average Angus value between the figures taken from Zoopla and the Registers of Scotland can be attributed to a time lag between the two measurements being recorded, and therefore, are not directly comparable, but rather snapshots of the housing market at a particular time.

Table 12: CT Breakdown of Properties in Angus

Band Range	Band	2005/6		2008/9	
		Total No of Properties	% of Angus homes	Total No of Properties	% of Angus homes
Up to and including £27,000	A	15,468	30	15,214	28.8
Above £27,000 up to £35,000	B	12,241	23.7	12,341	23.3
Above £35,000 up to £45,000	C	6,534	12.7	6,686	12.6
Above £45,000 up to £58,000	D	7,401	14.3	7,705	14.6
Above £58,000 up to £80,000	E	6,374	12.3	6,797	12.8
Above £80,000 up to £106,000	F	2,283	4.4	2,671	5.0
Above £106,000 up to £212,000	G	1,167	2.3	1,348	2.5
Above £212,000	H	146	0.3	156	0.3
		51,614	100	52,918	100

Source: Angus Council (2006), Annual Accounts – 2005/2006, Council Tax Income Statement, p.25.
Angus Council (2009), Annual Accounts – 2008/2009, Council Tax Income Account Notes, p.44.

In April 2010, in relation to CT Benefit, Angus rated 18 out of the 32 LAs in terms of the highest number of claimants, with 10,160 people in receipt.[19]

Crime.

Levels of crime in Angus are lower than the national average. In 2007/08, within Tayside, crime rates varied from 505 per 10,000 in Angus, 485 in Perth and Kinross, and to 1,018 in Dundee compared to 749 for Scotland as a whole.[20] By 2008/09, these figures were 537 per 10,000 in Angus, 473 in Perth & Kinross, 934 in Dundee City, compared to 730 for Scotland as a whole. This means that there was a rise in the number of crimes recorded per 10,000 of population in Angus, but a fall for the other areas.

Chapter Two | *The People*

Population

The total population of Angus is approximately 110,000. Of that number, 51.6% are female and 48.4% are male.[21] The table below shows the age breakdown of the population.

Table 13: Population by Age, 2009

	Angus		Scotland	
	No. (000s)	%	No. (000s)	%
Total population	**110**	**100%**	**5,194**	**100%**
Below working age	20	18%	912	18%
Of working age	64	58%	3,249	63%
Above working age	26	24%	1,033	20%

Source: Scottish Government Analytical Service Division (2010), Angus Economic Briefing.

The population of Angus, based on 2008 projections, is projected to increase to 2033. The projections predict a rise in the population of 8,080 (7.3%).

19 Department of Work and Pensions (2010), Housing Benefit and Council Tax Benefit Quarterly Summary Statistics.
20 Scottish Government (2009), Statistics On Crimes And Offences Recorded And Cleared Up By The Eight Scottish Police Forces In 2008/9, p.22
21 GROS (2008), Summary Statistics for Council Areas – Angus (as at 30 June 2008).

Table 14: Projected Population Changes (2008 based projections)

Year	Angus	Angus as a % of Scotland's population	Scotland
2009	110,694	2.13	5,189,094
2013	112,420	2.13	5,271,006
2017	113,952	2.13	5,342,064
2021	115,484	2.13	5,411,102
2025	116,885	2.14	5,470,259
2029	118,012	2.14	5,514,995
2033	118,774	2.14	5,544,410

Source: GROS (2010), 2008 based Population Projections

Projected population changes for Angus and Scotland can be seen below.

Table 15: Projected Population Increases in Angus and Scotland

Year	Angus	% increase	Scotland	% increase
2009	110,694	--	5,189,094	--
2013	112,420	1.6	5,271,006	1.6
2017	113,952	1.4	5,342,064	1.3
2021	115,484	1.3	5,411,102	1.3
2025	116,885	1.2	5,470,259	1.1
2029	118,012	1.0	5,514,995	0.8
2033	118,774	0.6	5,544,410	0.5

Source: GROS (2010), 2008 based Population Projections

More significant are the projected changes to the age structure. The rank in the table below refers the projected increase in the population figure overall. The LA with the highest rank (1) has the highest level of population increase, while the lowest rank (32) has the largest rate of population decrease projected. Every LA will have more elderly people.

Table 16: Projected Percentage Change in Population, 2008 - 2033

	Rank	All ages	Children (0-15)	Working Ages[1]	Pensionable Ages[1]
Scotland	--	7.3	-1.5	2.2	31.4
Perth & Kinross	2	26.9	24.4	22.8	39.4
Aberdeenshire	5	22.3	10.6	12.8	64.9
Angus	13	7.7	0.4	-0.7	34.4
Dundee City	26	-5.1	-7.8	-8.6	7.6

1 Includes the change in women's state pension age between 2010 - 2020 and the subsequent change of both male and female state pension age to 66 by 2026 Source: GROS (2010), 2008 based Population Projections

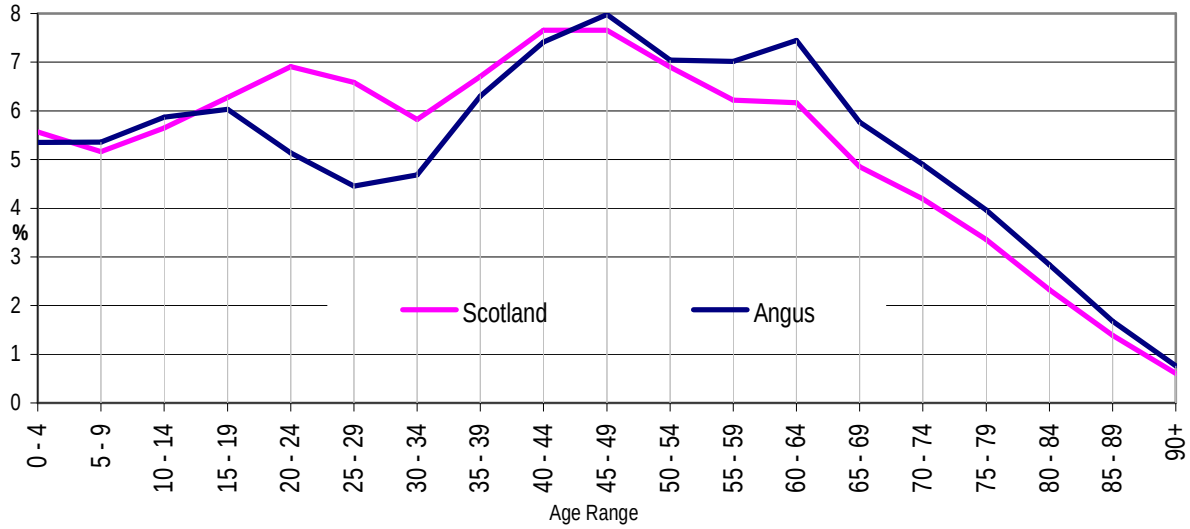
To the 2033, it is thought that Angus will see a greater increase in population than the projected national increase. The projected increase in numbers in Angus and Perth and Kinross is attributable to in-migration, despite fewer births than deaths.[22]

The projected increase of the population in Angus looks likely to be coupled with an increase in numbers of those who are above working age. The impact of this is likely to be significant. It will present challenges for social work and health organisations, as well as for economic development agencies, who will face consequences in terms a shrinking and aging of labour force. In addition to this, while life expectancy has increased steadily over the past 10 years, healthy life expectancy has not increased at the same rate, placing an additional burden on

22 GROS (2010), 2008 based Population Projections

existing welfare and health care services.[23] The graph below demonstrates that Angus already has lower levels of working age people than Scotland.

Figure 1: Age Structure of the Population



Source: GROS (2010), Mid-2009 Population Estimates Scotland

The number of people of working age in Scotland is projected to increase from 3.24 million in 2008 to 3.36 million in 2018 (+4%). It is then projected to fall to 3.31 million in 2033 (an increase of 2% compared to 2008). It is also expected that between 2008 and 2018 the number of children aged under 16 will increase by 1% from 0.91 to 0.92 million. It is then projected to decrease to 0.90 million in 2033 (a 1.5% decrease compared to 2008).

The number of people of pensionable age is projected to rise from 1.02 million in 2008 to 1.07 million in 2018 (6%). It is then projected to rise rapidly, reaching 1.34 million by 2033 (a 31% increase compared to 2008). The number of people aged 75 and over is projected to increase by 23% from 0.39 million in 2008 to 0.48 million in 2018. It is then projected to continue rising, reaching 0.72 million by 2033 - an increase of 84% over the 25 year period.

A useful measure of the age structure of a population is the population dependency ratio - the ratio of persons aged under 16 or over pensionable age to those of working age. In 2008, the dependency ratio for Scotland was 0.6, meaning that there were 60 people aged under 16 or of pensionable age per 100 people of working age. Based on 2008 projections, the dependency ratio is expected to rise to 68 per 100 in 2033.

The expectation of life at birth in Scotland has improved. It has increased from 69.3 years for males and 75.5 years for females born in 1981/83 to 74.8 years and 79.7 years respectively for those born in 2005/07, an increase of 5.5 and 4.2 years respectively.[24]

The following table shows that life expectancy in all LAs has increased since 1996/98. The increase in Angus has not kept pace with the national average, and Angus has dropped from 6 in the rankings to 9. The LA with the highest age of life expectancy is ranked number 1.

23 GROS (2006), Strategy For A Scotland With An Ageing Population, Policy Briefing Paper On Demography, p.1
24 GROS (2007), Life Expectancy for Administrative Areas within Scotland, 2005-2007

Table 17: Life Expectancy at Birth 2006/08, with comparisons to 1996/98 (Persons)

	1996/98		2006/08		Difference in years	% change
	Years	Rank	Years	Rank		
Scotland	75.3	-	77.5	-	2.2	2.9
Aberdeenshire	77.7	2	79.3	4	1.6	2.1
Angus	77	6	78.7	9	1.8	2.3
Dundee City	74.6	25	76.8	25	2.2	3
Perth & Kinross	76.9	7	79.6	3	2.7	3.5

Source: GROS (2009), Life Expectancy for Administrative Areas within Scotland, 2006/2008

The table shows how many more years a person can be expected to live once they are 65. The difference in years between men and women in Angus is 1.9, which is positive in comparison with the national average. However when it comes to the difference in the rankings between males and females the discrepancy in Angus is 11 rankings, compared to a discrepancy of 3 in Aberdeenshire, 3 in Perth and Kinross, and 1 in Dundee.

Table 18: Life Expectancy (with rank) at age 65 in Scotland, 2006/08

	Persons		Males		Females		Difference – males & females	
	Years	Rank	Years	Rank	Years	Rank	Years	Rank
Scotland	17.7	-	16.3	-	18.9	-	2.6	-
Aberdeenshire	18.6	6	17.6	4	19.5	7	1.9	3
Angus	18.5	7	17.4	5	19.3	16	1.9	11
Dundee City	18.2	14	16.9	15	19.4	14	2.5	1
Perth & Kinross	18.9	4	17.6	3	19.9	6	2.3	3

Source: GROS (2009), Life Expectancy for Administrative Areas within Scotland, 2006/2008

The following table details life expectancy at birth. Life expectancy for males and females in Angus is consistently higher than the national average.

Table 19: Life expectancy at birth in Scotland 2006/2008, (Persons, Males and Females)

	Persons			Males			Females		
	1995/7	2005/07	2006/08	1995/7	2005/07	2006/08	1995/7	2005/07	2006/08
Scotland	75.2	77.4	77.5	72.3	74.8	75	77.9	79.7	79.9
Aberdeenshire	77.7	79.4	79.3	75.1	77.5	77.5	80.2	81.3	81.1
Angus	76.5	78.2	78.7	74.1	76	76.8	78.8	80.5	80.6
Dundee City	74.6	76.6	76.8	71.5	73.8	73.7	77.4	79.4	79.7
Perth & Kinross	76.5	79.1	79.6	73.9	76.9	77.5	79	81.2	81.5

Source: GROS (2007 & 2009), Life Expectancy for Administrative Areas within Scotland, 2005-2007 & 2006-2008

Expected years of life in good health are 69.4 for males and 72.7 for females (the Scotland average is 66.3 and 70.2 respectively).[25]

Migration and Ethnicity

The table below shows that the projected increase in population in Angus and Scotland is attributable to in-migration, as the natural change rate is negative. The long term assumption for net migration to Scotland is 8,500 each year.

25 Scottish Public Health Observatory Team (2008), Health and Wellbeing Profile - Angus 2008

Table 20: Components of Population Change, 1999/2009

	Estimated population 30.06.99	Births	Deaths	Natural change	Estimated net civilian migration & other changes[26]	Estimated population 30.06.09	Population change	
							Number	%
Scotland	5,071,950	547,885	567,042	-19,157	141,207	5,194,000	122,050	2.4
Aberdeenshire	227,240	24,819	21,302	3,517	12,753	243,510	16,270	7.2
Angus	109,560	10,984	13,086	-2,102	2,792	110,250	690	0.6
Dundee City	147,970	15,674	17,641	-1,967	-2,613	143,390	-4,580	-3.1
Perth & Kinross	135,200	13,384	15,817	-2,433	13,143	145,910	10,710	7.9

Source: GROS (2010), Mid-2009 Population Estimates Scotland, Components of Population Change by Administrative Area: 1999-2009

Table 21: Tayside Recent Migration Summary, Mid 2006 – Mid 2007

		Scotland		Angus		Dundee City		Perth & Kinross	
		Total	Rate per 1,000	Total	Rate per 1,000	Total	Rate per 1,000	Total	Rate per 1,000
In	Total	91,769	18	4,205	38	6,442	45	7,285	51
	Within Scotland	N/A	N/A	2,981	27	3,626	26	3,767	27
	Rest of UK	53,968	10	863	8	1,298	9	1,810	13
	Overseas	37,800	7	361	3	1,518	11	1,708	12
Out	Total	64,957	13	3,557	32	6,508	46	5,101	36
	Within Scotland	N/A	N/A	2,569	23	4,202	30	3,273	23
	Rest of UK	43,957	9	695	6	1,568	11	1,167	8
	Overseas	21,000	4	293	3	738	5	661	5
Net	Total	26,811	5	648	6	-66	0	2,184	15
	Within Scotland	0	0	412	4	-576	-4	494	3
	Rest of UK	10,011	2	168	2	-270	-2	643	5
	Overseas	16,800	3	68	1	780	5	1,047	7

Source: GROS (2009), Tayside Area Migration Report (version 1.2), p.4

The table show that net migration has increased, and there is a significant amount of both in and out migration in Tayside compared to the Scottish average, although the levels for Angus are not as high as for Dundee City or Perth and Kinross.

The number of National Insurance (NI) registrations in respect of non-UK Nationals since 2002/3 has increased dramatically in Angus, and will have an effect on the numbers of working age people in the county. The impact of the 2004 accession of countries in Eastern Europe to the EU is clear. These migrants can legally seek and take up employment before being allocated a NI number (NINo) but employers must ensure that a NINo is applied for as soon as possible. A NINo is generally required by any overseas national looking to work or claim benefits or tax credits in the UK, including the self employed and students working part time. However the self employed do not need to register if they do not plan to claim.

The majority of NINo registrations have been given to migrants from the Accession states. This pattern is more marked in Angus that elsewhere, at more than double the national average. At the same time, Angus has the most significant rate of increase in migrant registrations since 2002/3 of the LAs compared. More than half of migrants to Angus come from Poland. However, this only represents 2.1% of Polish migrants to Scotland. Almost 25% of Ukrainian migrants to Scotland were registered in Angus in 2007/8.[27]

26 Includes changes in the number of prisoners and armed forces stationed in Scotland.
27 Angus Council (2008), Planning and Transport Division, Migration, p. 3

Table 22: Overseas Nationals entering Angus and allocated a NINo in 2007/8

Poland	51.2%	Lithuania	3.5%	France	1.2%	China	1.2%	Pakistan	1.2%
Bulgaria	8.1%	Latvia	3.5%	Germany	1.2%	RSA	1.2%	Philippines	1.2%
Czech Rep	5.8%	Ukraine	3.5%	Hungary	1.2%	USA	1.2%	Moldova	1.2%
Slovak Rep	4.7%	Romania	2.3%	Russian Federation	1.2%	India	1.2%	Australia	1.2%

Source: Angus Council (2008), Planning and Transport Division, Migration, p. 3

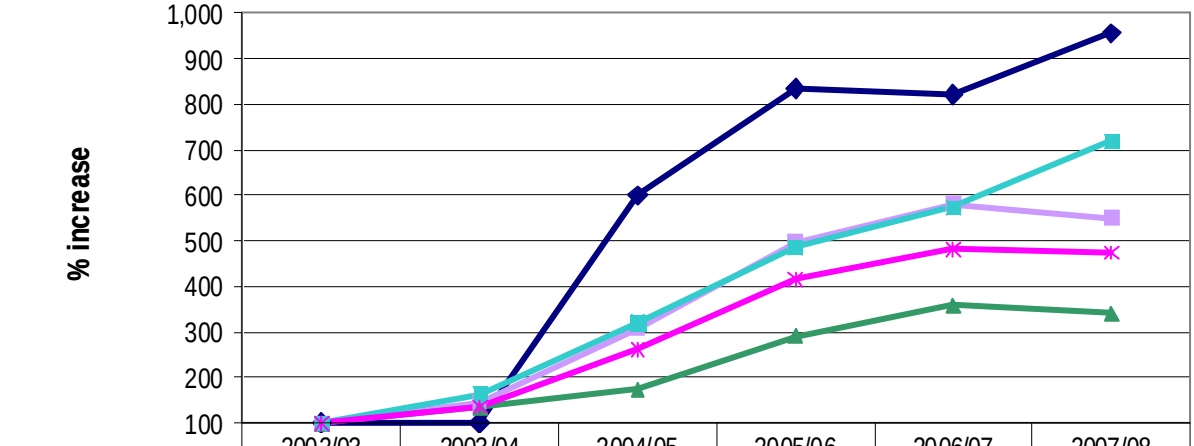
The figures above are underestimated as they do not include the self employed, illegal migrants and those where employers do not ensure NINos are obtained. The figures provide a measure of in-migration for adult overseas nationals registering for a NINo, but do not reflect emigration (i.e. migrants who leave the UK) or the overall migrant population.

From the graph below it can be seen that there has been a decline in numbers of those registering in Aberdeenshire, Dundee City and Scotland, although this pattern has not been followed in Angus or Perth & Kinross.

At this time, it is not known whether the rate of in-migration is sustainable. The Office for National Statistics (ONS) has reported that more foreign nationals left during the same 12 months than compared with the previous year. The number of Eastern Europeans leaving the UK doubled in the year up to September 2008.

In the UK, over the year to last September, 720,000 NINos were issued to foreign nationals - down 7% on the previous year. The ONS said the 'key factor' in the fall in NI registrations was the decline in applications from the Accession states.[28] It reported that 265,000 of the NINos went to these nationals in the year to September - a fall of 71,000 on the previous year. Over the same period, the government recorded 180,000 Eastern Europeans joining the Worker Registration Scheme, down from 223,000 registrations between 2006 and 2008.

Figure 2: Migrant Registrations - % Increase since 2002/3



	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Angus	100	100	600	833	822	956
Aberdeenshire	100	147	309	497	581	550
Dundee City	100	135	175	292	359	341
Perth & Kinross	100	164	321	485	573	718
Scotland	100	136	263	416	482	474

Source: DWP (2009), 100% extract from the National Insurance Recording System (NIRS)

28 BBC (20 May 2009), 'More Eastern Europeans leaving UK'

A study into the local migrant labour population undertaken by Scottish Economic Research on behalf of Angus Council, Perth and Kinross Council, Communities Scotland and Scottish Enterprise Tayside, revealed that many of the jobs undertaken by migrant workers were in rural areas, and were primarily in elementary/low skilled occupations in the agricultural, tourism/hospitality and food processing sectors.

This is significant for the Angus economy. Migrants tend to be younger than the general population with between 46% (rest of the UK) and 68% (overseas) of in-migrants aged 16 to 34 compared with 24% of the resident population. Only 5% of people coming to Scotland from the rest of the UK were 65 and over, as were an assumed 1% of overseas migrants.[29]

Some migrant workers are remaining in Scotland and Angus. In Scotland since 2004, the number of births has increased by 3,824. Scots-born mothers accounted for 1,515 (or 40% of the increase), and other UK-born mothers for a further 184 (or 5% of the increase). Polish-born mothers contributed 903 extra births (or 24% of the increase) and mothers born in the other 9 accession countries a further 233 extra births (6% of the increase). There were an extra 156 babies (4% of the total increase) born to mothers from the remaining EU countries and 833 (22% of the total increase) to mothers from the rest of the world.

Benefit recipients.

Key working-age benefits are Jobseeker's Allowance (JSA), Incapacity Benefit (IB), Severe Disablement Allowance (SDA), Income Support (IS), and Disability Living Allowance (DLA). From October 2008, Employment and Support Allowance (ESA) replaced IB and IS for new customers. The principle of ESA is that everyone should have the opportunity to work and people with an illness/disability should get the support they need, if they are able to work.

In August 2008 14.2% of the UK working age population received income from one of the main social security benefits available to people who are unemployed, disabled, or who have sufficiently low income (an increase of 0.2% from 2003). Changes in the number of people receiving benefits depend on demographic and other non-economic trends, on the benefit system, and on the state of the macroeconomy. The figure for Angus was 13.7%.[30]

The number of people claiming out of work benefits in Scotland was approximately 489,550 in November 2009 - an increase of 47,940 since November 2007. The number of people claiming working age benefits in Scotland was 572,400 in November 2009 - an increase of 52,900 since November 2007. There has also been an increase in the number of claimants in Angus. The ranks represent the LA in comparison to all Scottish LAs in November 2009, with rank 1 having the highest level of claimants, and rank 32 having the lowest.

Table 23: Working age benefits

Rank	LA	Nov-07		Nov-08		Nov-09	
(Out of 32)		No	%	No	%	No	%
	Scotland	519,500	16.1	536,830	16.6	572,400	17.7
5	Dundee City	18,520	20.8	18,990	21.3	20,060	22.5
19	Angus	8,700	13.4	8,990	13.9	9,580	14.8
29	Perth & Kinross	9,320	11	9,660	11.2	10,200	11.8
32	Aberdeenshire	13,330	9.0	13,480	9.0	14,350	9.6

Source: DWP, Work and Pensions Longitudinal Study, & Nomis, Claimant Count Unemployment

29 GROS (2008), Mid 2007 population estimate, p.4
30 DWP, In-House Report 124 - Evaluating Labour Market Policies Aimed At Reducing The Number Of Benefit Recipients & DWP Information Directorate, Work and Pensions Longitudinal Study.

The DWP divides claimants of key working-age benefits into statistical client groups, unemployed, sick/disabled, lone parent or other, based mainly on the benefit they receive. The following tables demonstrate the situation in Angus, its neighbouring LAs.

Table 24: Working Age Claimants of Key Benefits, November 2009

	Total		Job Seeker		Incapacity benefits		Lone Parent		Carer		Other income related		Disabled		Bereaved	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Aberdeenshire	14,350	9.6	2,100	1.4	7,890	5.3	1,010	0.7	1,210	0.8	310	0.2	1,370	0.9	460	0.3
Angus	9,580	14.8	2,060	3.2	4,710	7.3	900	1.4	720	1.1	300	0.5	700	1.1	190	0.3
Dundee City	20,060	22.5	4,750	5.3	10,360	11.6	2,060	2.3	1,130	1.3	580	0.7	980	1.1	190	0.2
Perth & Kinross	10,200	11.8	1,910	2.2	5,250	6.1	830	1.0	780	0.9	290	0.3	900	1.0	230	0.3

Source: Nomis (2010), DWP Benefit Claimants - Working Age Client Group.
% based on the population aged 16-59/64.

Table 25: Benefit Claimants (Working Age)

	Angus		Scotland	
	Nov 2008	Nov 2009	Nov 2008	Nov 2009
Number of claimants	(000s)	(000s)	(000s)	(000s)
Income Support	3.1	2.9	209.8	188.7
Incapacity Benefit/ESA	4.1	4.3	261.9	265.4
% Change	2008-2009		2008-2009	
Income Support	-8.6%		-10.1%	
Incapacity Benefit/ESA	4.9%		1.4%	

Source: Scottish Government Analytical Service Division (2010), Angus Economic Briefing.
ESA was introduced in Oct 2008 and affects some claimants previously claiming IB.

There has been a decline in the number of recipients of IS in Angus and Scotland, though the rate of decline in Angus has been slower. There has been an increase in people claiming ESA for both areas.

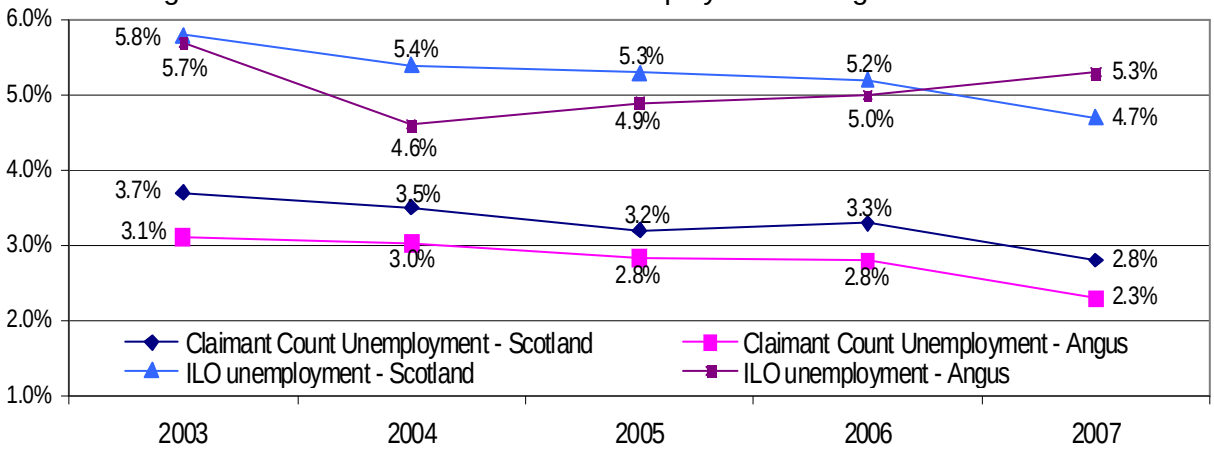
There is a difference between unemployment, as officially measured by the Labour Force Survey using the International Labour Organisation (ILO) definition, and the claimant count based on the number of people claiming JSA. Unemployment (officially measured using the ILO definition[31]) is much higher than the number of people in the claimant count, that is those claiming JSA. This difference is especially prevalent among women.

The two measures move differently over time, though usually in the same direction. However, when employment is high the gap between unemployment and the claimant count tends to widen, as some jobless people who were not previously looking for work start to do so. By actively looking for work they may become classified as unemployed under the ILO definition. However they do not feature in the claimant count unless they begin to claim benefits.[32] In contrast the gap tends to narrow during periods of increasing unemployment.[33]

31 The ILO definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job that they are waiting to start in the next fortnight.
32 ONS, (2002), Measuring the Jobless: What are unemployment and claimant count?
33 A. Machin (2004), ONS, Labour Market Trends: Comparisons Between Unemployment and the Claimant Count, p.59

Another major factor affecting the gap is changes in the number of people becoming unemployed who are not eligible for JSA, for example, because of their partner's earnings. The difference between the two rates can be seen in the following graph.

Figure 3: Claimant Count and ILO Unemployment – Angus & Scotland



Source: Scottish Government Analytical Service Division (2009), Angus Economic Briefing/Annual Labour Force Survey.

JSA is payable to people of working age who are available for, and actively seeking, work of at least 40 hours a week. The table below illustrates the position in Angus and Scotland.

Table 26: JSA Claimants by Age and Duration (June 2006 and 2010)

	Angus June 2006		Angus June 2010		Scotland June 2006		Scotland June 2010	
	Level (000s)	Rate	Level (000s)	Rate	Level (000s)	Rate	Level (000s)	Rate
All People	1.8	3.2%	2.1	3.2%	90.1	3.3%	133.5	4.8%
Males	1.3	4.5%	1.5	4.3%	67.6	4.9%	97.4	6.7%
Females	0.5	1.9%	0.6	1.9%	22.5	1.7%	36.1	2.7%
	Level (000s)	Rate	Level (000s)	Rate	Level (000s)	Rate	Level (000s)	Rate
Age: 18-24	0.53	29.9%	0.60	29.2%	25.6	29.4%	37.8	28.8%
Age: 25-49	0.88	50.1%	1.09	53.6%	46.3	53.3%	73.3	55.8%
Age: 50+	0.35	19.9%	0.35	17.2%	15.0	17.3%	20.2	15.4%
Duration: 6 Months +	0.66	36.0%	0.66	32.1%	31.2	34.6%	49.8	37.3%
Duration: 1 year +	0.32	17.3%	0.24	11.4%	13.5	14.9%	21.1	15.8%

Source: Scottish Government Analytical Service Division (2006 & 2010), Angus Economic Briefing

Levels of unemployment in Angus are below the Scottish average, although there is high unemployment in those aged between 18 and 24, and among the over 50s.

Rising unemployment has an impact on the number of children who are living in workless households, and are dependent on out of work benefits. The percentage of children living in low income households has increased in all but 9 of the 32 LA areas in Scotland, with only 1 LA showing a reduction (Stirling). Angus was one of the 9 LAs whose rate remained static between 2005/6 and 2007/8. Given the impact of the recession on unemployment, it is expected that future figures will reflect a further worsening of the situation.

The table below illustrates the number and proportion of children living in households that are dependent on out of work benefits or Child Tax Credit (CTC) (more than the family element). It can be seen that between 2005/6 and 2007/8, there was an increase of 1%

nationally, however the proportion in Angus remained the same, although the actual number of children reduced by 50.

Table 27: Number and Proportion of Children Living in Households that are Dependent on Out Of Work Benefits or Child Tax Credit (CTC) (more than the family element)

Local Authority	No of children living in households dependent on out of work benefits or CTC			Mid year estimate of population aged 0-19 years inclusive			Percentage of children living in low income households		
	2005/06	2006/07	2007/08	2005	2006	2007	2005/06	2006/07	2007/08
Aberdeen shire	17,350	18,100	17,520	57,917	58,131	58,228	30%	31%	30%
Angus	11,060	11,310	11,010	25,132	25,147	25,089	44%	45%	44%
Dundee City	17,330	17,250	17,320	32,730	32,142	31,780	53%	54%	54%
Perth & Kinross	12,180	12,560	12,430	31,667	31,640	31,722	38%	40%	39%
Scotland	528,240	534,910	531,420	1,192,364	1,184,789	1,180,907	44%	45%	45%

Source: Scottish Government (2010), Local Authority Level Proxy Poverty Data

People over the state pension age may also be entitled to a variety of benefits. The pensioner client group covers claimants over State Pension age (currently 60 for females and 65 for males), to at least one of the following benefits: State Pension, Pension Credit, Attendance Allowance (AA), Widow's Benefit, DLA, IB, and SDA.

In November 2008, in the UK, there were 12.4 million claimants, an increase of 214,000 since November 2007. Of these, 20% were in receipt of pension credit. Almost half (49%) of these claimants were also claiming AA or DLA. Those claiming only the state pension equated to 66%. There were 12.2 million claimants of state pension, a rise of 220,000 on the previous year. There were 2.73 million claimants of pension credit (3.34 million including partners), a fall of 3,000 on a year earlier. Of these, 901,000 claimed guarantee credit only, 1.23 million claimed guarantee and savings credit, and 598,000 were claiming savings credit only. [34] As the number of people in this age group increases, the burden on the state will become more onerous.

Chapter Three | *The Economy*

Local Economic Indicators

A range of indicators can be used to measure the performance of an economy. These include Gross Domestic Product (GDP) - a measure of the value added to materials and other inputs in the production of goods and services, before allowing for depreciation or capital consumption. Net receipts from interest, profits and dividends abroad are excluded.

Gross Value Added (GVA) is a measure of the contribution to GDP made by an individual producer, industry or sector. It is the difference between the value of goods and services produced (output) and the cost of raw materials and other inputs that are used in production, that is, the value added by any unit engaged in production.[35]

When GDP is rising the economy is said to be growing. When output falls or when the growth of output is below the long term trend rate, the economy is said to be contracting. A period of contraction can be termed a recession. There is no official definition of recession,

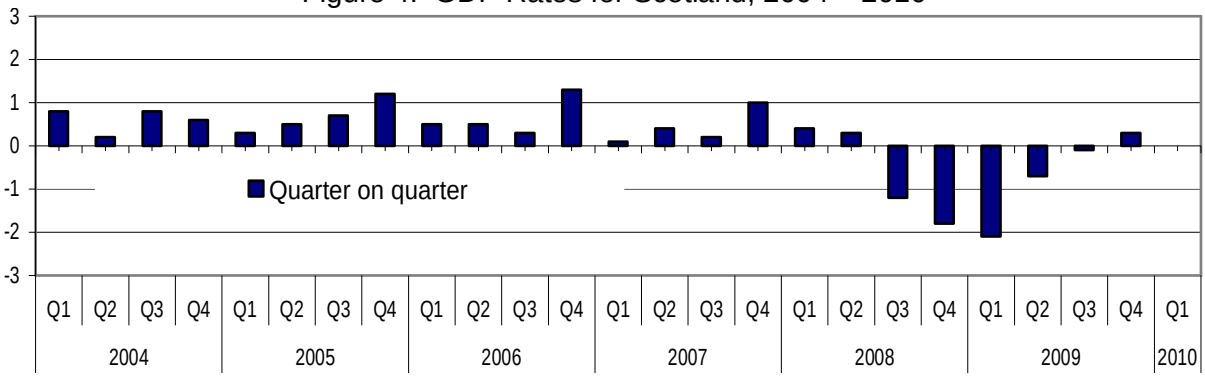
34 DWP (2009), Quarterly Statistical Summary
35 ONS (2009), Economic and Labour Market Review, Volume 3, No. 5, 'Regional Gross Value Added', p. 43

but there is general recognition that the term refers to a period of decline. Most analysts use 2 consecutive quarters of decline in a country's GDP. Although this definition is useful, it has drawbacks. A focus on GDP alone is narrow, and it is often better to consider a wider set of measures to determine whether an economy is in recession.[36]

A wider definition of a recession is, 'a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators.'[37] This definition focuses on a comprehensive set of measures, including not only GDP, but also employment, income, sales, and industrial production, to analyse the trends in economic activity.

Despite this, 2 consecutive quarters of decline in real GDP is commonly taken to be a recession. The changes in GDP rates in Scotland between 2004 and 2009 can be seen below. There were been 5 quarters of negative GDP, which illustrate the period when the Scottish economy was in recession. The return to growth in Q4 2009 ended this.

Figure 4: GDP Rates for Scotland, 2004 – 2010



Source: Scottish Government (2010), Gross Domestic Product for Scotland, Quarter 1 2010

In Scotland, GDP fell by 4.8% annually, but grew by 0.2% in Q4 2009, after a fall of 0.2% in Q3 2009. GDP remained the same for Q1 2010. The UK figures show that GDP on a comparable basis fell by 3.3% in the year to end-March 2010 and grew by 0.3% in Q1 2010.

The UK was the last G7[38] country to come out of recession, following 0.3% growth in Q4 2009 after 6 consecutive quarters of falling output. This contrasts with the US, which recovered strongly with growth of 0.6% in Q3 2009 and 1.4% in Q4 2009. The sharpest recoveries have been in the emerging and developing economies, particularly in Asia. These economies were not affected to the same extent by the international financial crisis.[39]

GVA per head of population for the UK was £20,000 in 2007. In 2004, it was £16,800.[40] The table below shows that between 2000 and 2007, GVA and GVA per head in Scotland grew faster than the UK average.

Table 28: GVA and GVA per head for Scotland and the UK, 2000 & 2007

GVA (£ million)	Scotland	UK
2000	67,200	842,500
2007	98,900	1,216,900
Average annual % growth 2000-2007	5.7	5.4

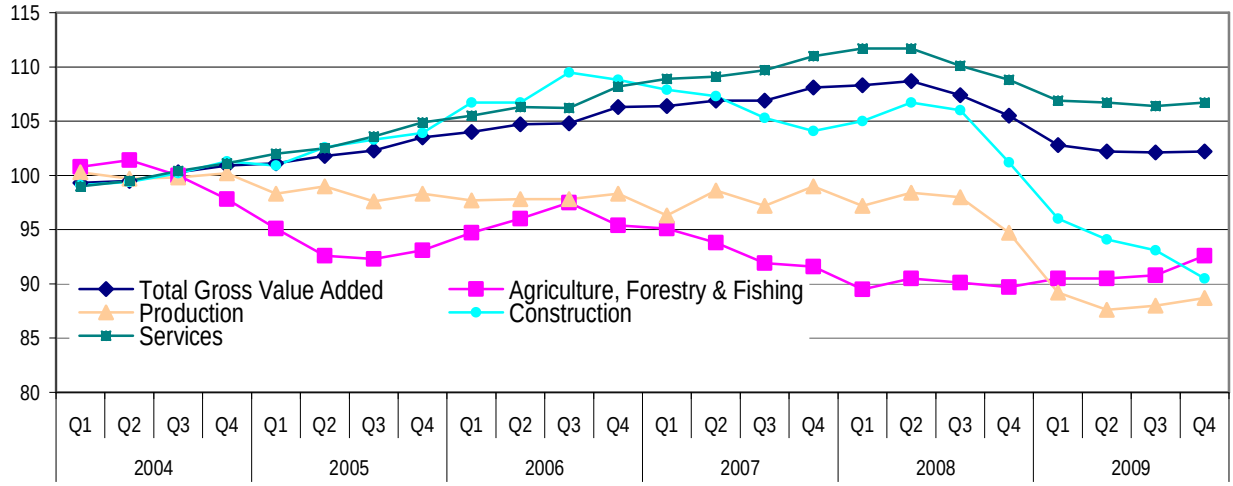
36 International Monetary Fund (2009), 'What is a Recession?', Finance and Development Magazine
37 The American National Bureau of Economic Research, 'Business Cycle Expansions and Contractions'.
38 The G7 is an economic and political grouping consisting of Canada, France, Germany, Italy, Japan, the UK, and the USA.
39 Scottish Government (2010), The Scottish Economic Recovery Plan: Accelerating Recovery, p.11
40 ONS (2008), Regional, sub-regional and local GVA

GVA per head (£)	Scotland	UK
2000	13,300	14,300
2007	19,200	20,000
Average annual % growth 2000-2007	5.4	4.9

Source: ONS (2009), 'Regional Economic Indicators, with a focus on industries in the UK regions', Economic & Labour Market Review, Volume 3, No. 11

The figure below shows historic changes to GVA, by sector, in Scotland. It can be seen that between 2004 and 2009, there have been increases in total GVA in the service sector, and declines in agriculture, forestry & fishing, construction, and production. However, it can also been seen that until Q3 2008, the construction sector had enjoyed a period of growth. Q3 2008 represents in the biggest change in the Scottish GVA between 2004 and 2009.

Figure 5: Historic changes to Scottish GVA, by Sector, 2004 - 2009



Source: Scottish Government (2010), Gross Domestic Product for Scotland, Quarter 4, 2009

The tables below detail the GVA and GDHI levels for Angus in comparison to other areas. It shows that GVA per head of population in Angus was lower than all its neighbouring local authorities, and significantly lower than the national average. In terms of GVA by industry in 1999, 2002, 2005 - 2007, it can be seen that Angus that there were many fluctuations in GVA, although the GVA per employee was rising consistently, it was not always in keeping with the national average. However, in 2007, the levels for the construction and services sectors were above the national average, and the manufacturing sector had improved slightly on the year before (although it had declined significantly from its 1999 level).

Table 29: GVA at basic prices per employee (£) by Industry in 1999, 2002, 2005 – 2007

	Angus	Angus as a % of Scotland	Angus	Angus as a % of Scotland	Angus	Angus as a % of Scotland	Angus	Angus as a % of Scotland	Angus	Angus as a % of Scotland
	1999		2002		2005		2006		2007	
Construction	21,505	80	36,267	111	44,007	108	36,444	76	57,571	115
Manufacturing	34,929	96	28,683	66	44,325	82	48,590	79	49,701	81
Services*	18,304	87	20,219	79	25,305	94	26,883	90	30,234	103

* 'Services' excludes: Financial Intermediation, Public Administration and Health & Social Work
Source: Scottish Government Analytical Service Division (2006 & 2009), Angus Economic Briefing.

Some information is only available at a NUTS 3 level [41], which sees the information for Angus combined with Dundee. While this blurs the picture to some degree, it still allows for a comparison to be made with other areas.

Table 30: Headline GVA at current basic prices, by NUTS 3 regions, 1995 and 2006

	£ million		£ per head		per head index (UK = 100)	
	1995	2006	1995	2006	1995	2006
Scotland	55,922	93,361	10,957	18,246	100	96
Aberdeen City & Aberdeenshire	7,109	10,879	15,942	24,550	144	130
Angus and Dundee City	2,725	4,132	10,321	16,431	93	87
Perth & Kinross and Stirling	2,254	4,020	10,453	17,632	95	93

Source: ONS, Regional Accounts (Available from: www.statistics.gov.uk/downloads/theme_economy /PROGRESS _NUTS3.xls). Estimates of regional GVA in this table are on a workplace basis, where the income of commuters is allocated to the region in which they work. Components may not sum to total due to rounding.

Business formation and survival rates in Angus are lower than the national average. These figures only reflect companies who have registered as a Value Added Tax (VAT) enterprise, companies which have a turnover greater than the current VAT threshold. The threshold for the financial year 2006/07 was £61,000. It is currently £67,000.[42]

Table 31: Stock of VAT registered enterprises and registrations & de-registrations, 2006[43]

	Total			Per 10,000 population			Registrations by sector as a % of all registrations			
Local Authority	Stocks	Registrations	Deregistrations	Stocks	Registrations	Deregistrations	Agriculture, forestry, fishing, energy & water	Manufacturing	Construction	Services
UK	1,917,615	182,205	143,070	394	37	29	2.2%	5.1%	12.6%	80.1%
Scotland	134,295	11,825	9,230	322	28	22	4.9%	4.5%	12.7%	77.9%
Aberdeenshire	10,355	785	580	549	41	31	12.1%	5.1%	12.7%	69.4%
Angus	3,025	240	175	340	27	20	6.3%	6.3%	10.4%	75.0%
Dundee City	2,460	225	190	208	19	16	0.0%	2.2%	11.1%	86.7%
Perth & Kinross	5,225	345	325	461	30	28	7.2%	5.8%	11.6%	75.4%

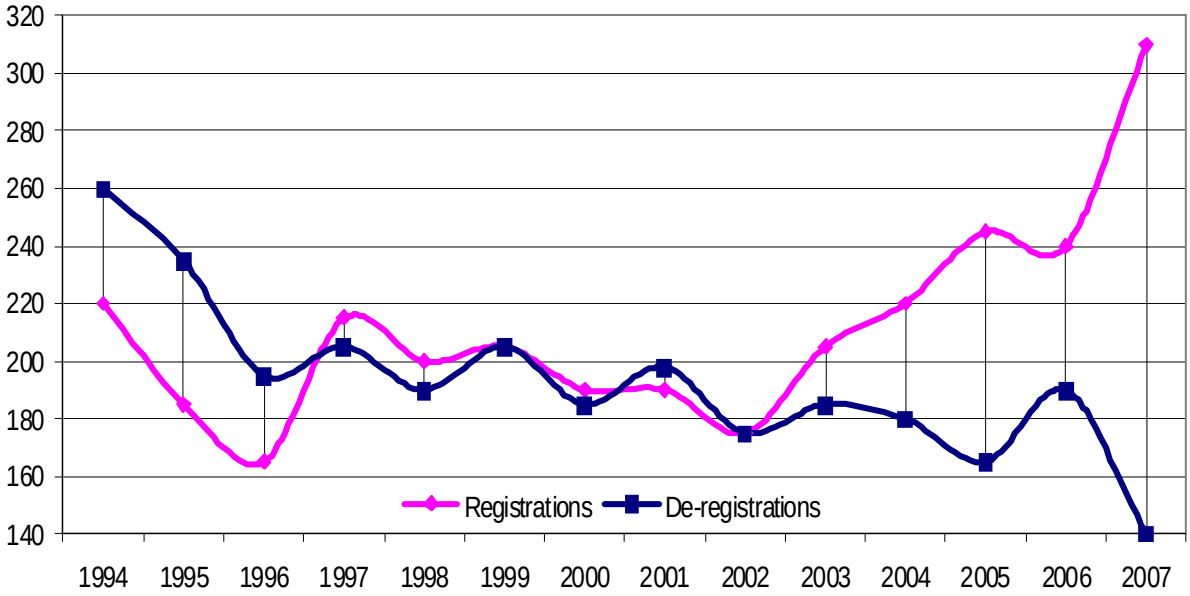
Source: Department for Business Enterprise and Regulatory Reform (2007). The population figure is at mid 2006.

41 Nomenclature of Units for Territorial Statistics (NUTS). NUTS was created by the European Office for Statistics (Eurostat) as a single hierarchical classification of spatial units used across the EU. At the top of the hierarchy are the individual member states of the EU: below that are levels 1 to 3.

42 ONS (2009), Business: Activity, Size and Location – 2009

43 The stock of VAT registered enterprises is the number of enterprises registered for VAT at the start of the year. This is an indicator of the size of the business population. VAT registrations are the number of enterprises registering for VAT each year. This is an indicator of business start-ups.

Figure 6: VAT Registrations and De-registrations in Angus, 1994 – 2007



Source: Nomis (2009), VAT Registrations/Deregistrations

The Committee of Scottish Clearing Bankers collates quarterly statistics on new business start-ups based in Scotland that have opened accounts with any of the 4 Scottish Clearing Banks. The 4 clearing banks in Scotland are the Bank of Scotland, the Clydesdale Bank, Lloyds TSB Scotland and the Royal Bank of Scotland.

Table 32: Number of new businesses in Scottish Banks

	Y/E 2007	%	Y/E 2008	%	Q1 2009	%	Q2 2009	%	Q3 2009	%	Q4 2009	%	Y/E 2009	%
Aberdeen shire	1,615	6.4	1,261	6.3	250	6.0	260	5.9	239	6.2	182	5.5	931	5.9
Angus	521	2.1	465	2.3	81	1.9	109	2.5	84	2.2	72	2.2	346	2.2
Dundee City	552	2.2	506	2.5	95	2.3	116	2.6	87	2.3	73	2.2	371	2.4
Perth & Kinross	681	2.7	655	3.3	137	3.3	153	3.5	120	3.1	108	3.3	518	3.3
Scotland	25,041		20,028		4,166		4,383		3,861		3,316		15,726	

Source: The Committee of Scottish Clearing Bankers (2009), Quarterly Statistics for New Business.
% is of the Scottish total.

Commentators have suggested a number of reasons for Scotland's low VAT registration rate, including lower household income, levels of wealth and home ownership; an ageing population; smaller existing business base; under-representation of business services in the economy; and a higher proportion of UK public sector employment.[44] It would seem that Angus follows this pattern.

44 Scottish Executive (2005), Submission to the Scottish Parliament, Enterprise and Culture Committee, 'Business Growth - the next 10 years', p.15.

Enterprise size.

Small and medium sized enterprises (SMEs) in Angus employ a significantly greater proportion of all workers compared to Scotland as a whole. The Scottish Government's Analytical Service Division define a small enterprise as having fewer than 50 employees throughout the UK, with a medium sized enterprise having between 50 and 249 employees throughout the UK, and a large enterprise having 250 or more employees throughout the UK. The tables below show how this relates to Angus and Scotland, and also provide breakdown on how this compares to the neighbouring LAs, and how it breaks down across the sectoral structure.

The following tables show that in Angus between 2006 and 2008, there has been an increase in the number employed by SMEs, while the number employed by large companies has remained static. There has been an increase in the proportion of staff employed by SMEs, while the proportion of those employed by large companies has decreased. Nationally, there has been an increase over all three size brackets, and the proportion levels have remained static.

Perhaps more significant is that the figures reveal that there has been no increase in the total employment figures for Angus. This is not the case for Scotland, which has seen employment growth of 57,000.

Table 33: Employment by Size of Enterprise, March 2006 & 2008

Total employment	Angus				Scotland			
	2006	2008	2006	2008	2006	2008	2006	2008
	No. (000s)		%		No. (000s)		%	
	27	**27**	100%	100%	**1,751**	**1,808**	100%	100%
Small	14	15	54%	55%	609	634	35%	35%
Medium	4	5	16%	17%	244	253	14%	14%
Large	8	8	30%	28%	898	920	51%	51%

Source: Scottish Government Analytical Service Division (2006 & 2009), Angus Economic Briefing.

Table 34: Number and Proportion of Enterprises, by Size of Enterprise, March 2006 & 2008

	Angus				Scotland			
	2006	2008	2006	2008	2006	2008	2006	2008
	Number		%		Number		%	
All enterprises	3,630	3,800	100%	100%	147,490	154,640	100%	100%
Small	3,390	3,560	93%	94%	141,760	148,770	96%	96%
Medium	100	90	3%	2%	3,480	3,580	2%	2%
Large	150	160	4%	4%	2,260	2,290	2%	1%

Source: Scottish Government Analytical Service Division (2006 & 2009), Angus Economic Briefing.

Sectoral Structure of the Angus Economy

Angus was traditionally heavily dependent on farming, food production & processing (including fishing industries), and textile industries. The development of technology and the energy sector in the north east has enabled diversification into the fields of engineering, oil, gas and pharmaceuticals. The table below shows the number of registered enterprise in Angus, and their distribution across different sectors, and compares this to the national average. The cells marked in red indicate the sectors in which Angus is below the national average, and the cells marked in blue indicate areas where it is over represented.

Table 35: Number of registered enterprises* in Angus by sector March 2009

Sector	Angus		Scotland
	No of Enterprises	% of total enterprises	% of total enterprises
A, B, C, E Primary Industries	735	19.5	12.6
D Manufacturing	240	6.4	6.0
F Construction	430	11.4	11.1
G Wholesale, retail & repairs	675	17.9	17.3
H Hotels & restaurants	285	7.5	8.3
I Transport, storage & communication	135	3.6	3.9
J Financial intermediation	30	0.8	1.1
K Business activities, real estate, renting	805	21.3	26.8
M, N Education, health & social work	185	4.9	4.9
O Other community, social & personal services	260	6.9	8.0
Total	3,775		

*Source: Scottish Government (2009), Scottish Corporate Sector Statistics. *Excludes central/ local government.*

As it can be seen in the table below, in 2008, employment in Angus was dependent on the service sector, which accounted for 71% of jobs. Angus also has a relatively high share of employment in manufacturing (14%). This is above the Scottish average of 8%. There is also a reliance on primary industries, in particular agriculture, forestry& fishing (which represented 7% of employees) compared with 2% for Scotland as a whole.

Table 36: Number and proportion of Employee jobs by industry, 2008

	Angus		Scotland	
	No. (000s)	%	No. (000s)	%
All industries	**36.9**	**100%**	**2,420.4**	**100%**
Agriculture, forestry & fishing	2.5	7%	36.5	2%
Production & construction total	8.1	22%	407.4	17%
Mining & Energy	0.5	1%	57.3	2%
Manufacturing	5.3	14%	199.0	8%
Construction	2.4	7%	151.1	6%
Services total	26.3	71%	1,976.6	82%
Retail & wholesale & accommodation & food	8.6	23%	535.2	22%
Transport & communications	1.4	4%	162.0	7%
Finance & business	3.7	10%	444.9	18%
'Other' Services¥	12.7	34%	834.4	34%

Source: Scottish Government Analytical Service Division (2010), Angus Economic Briefing.
¥ Other services includes Public Admin, Education, Health and 'Other' Services

The table above reflected the position in 2008, but does not take into account central or local government. It shows that Angus is below the Scottish average in the following sectors; hotels and restaurants, transport, storage & communications, financial intermediation, business activities, real estate & renting, and 'other' community, social & personal services.

Research conducted by DTZ Pieda suggests that Angus has an over-dependence on some slow growing/declining sectors while having a relative lack of growth industries (such as business services and electronics) with the economy showing relatively low signs of overall

dynamism.[45] Service sector jobs in Angus increased by 2.3% between 1999 and 2005, and by 0.4% in 2006/07. The figures for Scotland were 19.8% and 1.5% respectively.[46]

The table below demonstrates employment levels and rates across the difference sectors, and compares Angus to the national rate. Again the cells marked in red indicate the sectors in which Angus is below the national average, and the cells marked in blue indicate areas where it is over represented. The only difference in the 2 comparisons is that Angus has more staff employed in 'other' community, social & personal services than the national average, despite having fewer enterprises registered. The tables exclude central and local government (as defined by the legal status of the enterprise); however, the small number of enterprises that provide support services to public administration are for these tables included with the sector 'other' community social and personal services. This may contribute to the discrepancy here, as it was previously mentioned that employment in Angus is over dependent on the service sector.

Table 37: Total Employment* by Sector

	Angus		Scotland
	Total Scottish Employment	% of total	% of total
A, B, C, E Primary Industries	3,150	11.1	5.6
D Manufacturing	4,830	17.1	11.7
F Construction	2,300	8.1	7.4
G Wholesale, retail & repairs	6,230	22.0	19.8
H Hotels & restaurants	2,350	8.3	8.5
I Transport, storage & communication	1,230	4.3	6.3
J Financial intermediation	330	1.2	5.3
K Business activities, real estate, renting	3,100	11.0	18.2
M, N Education, health & social work	3,100	11.0	11.7
O Other community, social & personal services	1,670	5.9	5.5
Total	28,280		

*Source: Scottish Government (2009), Scottish Corporate Sector Statistics. *Excludes central/local government.*

The table below shows the levels of change in the sectoral structure of Scotland and Angus since 1999. However, the 1999/2005, and 2006/2007 are not comparable due to changes in methodologies used when compiling the figures. However, they are still useful.

In the period 1999-2005, the number of employee jobs in Angus fell by 5.1% while in Scotland there was an increase of 10.7%. In 2006-07, the number of jobs in Angus increased by 1.1%, while the figure for Scotland was 1.3%. This suggests that Angus is narrowing the gap. In the period since 1995 the number of jobs created in Angus has risen at double the Scottish average, however the proportion of these jobs has not followed the national trend.

It can be seen that Angus was only above the Scottish average in the agriculture, forestry and fishing, transport & communications, and 'other' services sectors in 2006/2007. In this table, 'other' services does include public administration, education, health and other services. Again the cells marked in red indicate the sectors in which Angus is below the national average, and the cells marked in blue indicate areas where it is over represented.

45 Ekos Ltd (2003), Economic Development Strategy for Angus.
46 Scottish Government Analytical Service Division (2009), Angus Economic Briefing.

Table 38: Percentage Change in Employee Jobs

	Angus		Scotland	
	1999/2005	2006/2007	1999/2005	2006/2007
All industries	**-5.1%**	**1.1%**	**10.7%**	**1.3%**
Agriculture, forestry & fishing	18.8%	35.0%	-3.5%	1.0%
Production & construction	-27.1%	-4.9%	-18.7%	0.0%
Energy & Water	-71.4%	0.0%	-10.7%	10.7%
Manufacturing	-28.4%	-1.9%	-27.1%	-1.4%
Construction	-12.0%	-12.0%	-1.5%	-0.6%
Services	2.3%	0.4%	19.8%	1.5%
Retail & wholesale & hotels	5.6%	-1.1%	8.4%	-0.4%
Transport & communications	-8.3%	8.3%	8.7%	7.3%
Finance and business	14.3%	-5.9%	32.3%	3.5%
'Other' Services¥	-1.5%	2.9%	24.0%	1.3%

¥ Other services includes Public Administration, Education, Health and Other Services
Source: Scottish Government Analytical Service Division (2009), Angus Economic Briefing.

FutureSkills Scotland predicts that in Scotland's labour market there will be a modest growth in the number of jobs, coupled with considerable demand for new employees to replace those who leave employment. They also envisage that employment growth will be concentrated in public and private service industries and higher skilled and service orientated occupations, with large number of jobs arising in service industries and managerial and professional occupations.[47]

It is also expected that employment will move away from predominately manual occupations, such as skilled trades and elementary occupations, towards professional and higher skilled occupations. Total employment in 3 occupational groups; professional; managers and senior officials; and associate professionals is predicted to be accountable for 4 in 10 of all jobs in Scotland by 2017. These 3 groups, as well as sales & customer services occupations – are expected to dominate employment growth in Scotland between 2007 and 2017.[48]

The projected decline in the number of working age people in the Angus labour market, combined with a growth in jobs suggests that the labour market will tighten, with competition for 'desirable' jobs becoming stronger.

The Local Labour Market.

Labour markets have a local dimension because of the friction of space.[49] Geography limits the employment horizons of individuals. There are, in fact, many labour markets, delineated by occupation, geography, etc. However, these submarkets are likely to be inter-related. This can make local labour markets difficult to identify, not least because people's perceptions of what is local differs. Travel to Work Areas (TTWAs) are the Government's approximation of a self-contained local labour market. TTWAs are defined according to the following criteria:

- a minimum working population of 3,500;
- 75% of those living in the area should also work there;
- 75% of those working in the area should also live there.

47 FutureSkills Scotland (2008), Labour Market Projections 2007 - 2017
48 FutureSkills Scotland (2008), Labour Market Projections 2007 - 2017
49 TERU, University Of Glasgow (2004), Local Economic Development, Dynamics Of Labour Markets, p.1

TTWAs are based upon the commuting patterns of the 'average worker'. The most recent TTWA statistics were compiled in 2007 using statistics from the 2001 Census. This designated 243 areas. The number of TTWAs has steadily decreased, as a result of increased car ownership, mobility, a decline in traditional sectors, where local working was common, more double-earner households who cannot live near both work places, and more complex working patterns. The TTWAs which incorporate parts of Angus are shown below.

Table 39: TTWAs: Key Statistical Characteristics

TTWA name	LA (part)	Number of employed residents	Number of jobs at workplaces	% Self-containment		Surface area (sq km)
				Supply side	Demand side	
Dundee	Dundee, Angus (part), Fife (part)	88,772	92,573	89.5	85.8	499
Forfar & Montrose	Angus (part)	25,847	22,409	70.3	81.1	1,876

Source: Coombes, M, Centre for Urban & Regional Development Studies in Newcastle University, and Bond, S., ONS, Travel-to-Work Areas: The 2007 Review

Every TTWA should meet a minimum level of self-containment with respect to commuting flows. There are two elements to this, which can be seen in the table above;

- Supply side – the % of all an area's working residents who work in the area.
- Demand side – the % of all workers in an area's workplaces who live in the area.

TTWAs must meet the required level of self-containment on both sides. The critical level of self-containment for any area is the lower of its supply or demand side measures. For most cities, the demand-side is higher, as there tends to be a net inflow of commuters. Smaller areas surrounding large cities tend to have rather large net outflows of commuters, mainly to those larger cities, so the supply measure is higher.[50]

While TTWA information is useful, most labour market information is collated at a LA level, therefore the information in the following sections will presented in accordance. When commuting patterns are examined at an LA level, the following results can be seen.

Table 40: Commuting patterns by LA, 2008 (residence based)[51]

	People living and working in Scotland							Resident working age population in employment
	Live and work in the LA	as % of resident working age population in employment	Live in the LA but work outwith	as % of resident working age population in employment	Work in the LA but live outwith	Net 'across Scotland' flow INTO LA	as % of resident working age population in employment	
			OUTFLOW		**INFLOW**	**NET INFLOW**		
Scotland	1,678,500	69.4%	690,100	28.5%	-	-	-	2,429,000
Aberdeenshire	68,200	56.0%	49,200	40.4%	8,700	-40,500	-33.2%	121,900
Angus	32,700	63.4%	17,600	34.1%	5,800	-11,800	-22.8%	51,800
Dundee City	54,900	86.9%	7,600	12.1%	24,700	17,100	27.0%	63,300
Perth & Kinross	51,200	78.3%	13,100	20.0%	11,000	-2,100	-3.2%	65,700

Source: Scottish Government (2010), Annual Population Survey

50 Coombes, M, Centre for Urban & Regional Development Studies in Newcastle University, and Bond, S., ONS, Travel-to-Work Areas: The 2007 Review

51 Levels rounded to the nearest thousand. Totals may not equal the sum of individual parts due to rounding.

Labour supply and demand.

In order for the labour market to function to its maximum capacity, there needs to be a balance between labour demand and supply. There are a number of factors which are useful in determining this balance. These are shown below.

Table 41: Factors in Labour Demand and Supply

Labour Demand	Labour Supply
Relative prices of labour to capital.	Number of individuals in the labour force.
Demand for the product/service produced.	Number of hours of labour that each individual chooses to make available.
Productivity level of workers.	Productivity of the output of these hours.
Level of wages (with higher wages being linked to lower demand).	Levels of remuneration available.

Source: TERU (2004), Local Economic Development – Dynamics of the Labour Market.

The population of Scotland is projected to increase slowly to 5.206 million in 2011. The labour force is projected to increase slightly by 0.4% between 2006 and 2031.[52] In line with this, employment in Scotland has steadily grown from 2.3 million in 1982 to 2.6 million in 2007. This trend is expected to continue with total employment expected to increase by 84,000 by 2017. This is a 3% increase in the number of jobs between now and 2017.[53]

Through growth in the economy and the need to replace workers who leave employment, around 100,000 job openings are expected to occur in Scotland each year between 2007 and 2017. Whilst 84,000 new jobs are expected to be created in Scotland between 2007 and 2017, the majority of job openings will be replacement jobs. An additional 922,000 job openings will occur in the same period to replace workers who leave employment. Some of these workers will also return to the labour market during this period.

It must be borne in mind that these figures were compiled at a time when it was not possible to take into account the impact of the global recession on the Scottish economy. Due to a time lag in analysis and compilation of statistical information of this type, it may be some time before an accurate, revised forecast can be compiled.

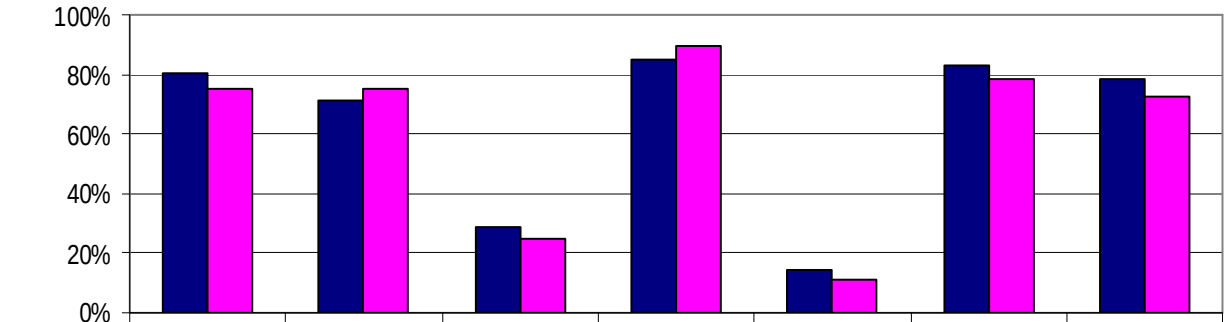
Statistics relating to the employment, unemployment and benefit dependency of the resident population of an area are used to provide indicators of labour supply. Statistics relating to jobs and vacancies at workplaces in an area provide evidence of labour demand. Earning statistics provide indicators relating to both labour supply and demand.[54]

When looking at the labour market it is useful to consider employment rates and the levels of working age economic activity, which is the number of people in employment plus the number of people who are unemployed as a proportion of the total number of working age people.[55] These 2 concepts represent different things - one person can have more than one job. People aged 16 or over are classed as employed by the Labour Force Survey, if they have done at least one hour of work in the reference week surveyed or are temporarily away from a job (e.g. on holiday). Employed people can be classified into 4 categories: employees; self employed; unpaid family workers (doing unpaid work for a family-run

52 GROS (2008), 2006 based Population Projections
53 FutureSkills Scotland (2008), Labour Market Projections 2007 – 2017.
54 National Statistics, Local Area Labour Markets: Statistical Indicators.
55 Scottish Executive, Social Justice Milestone Data, Milestone 15.

business); or those participating in a government supported training programme.[56] Employment rates in Angus are generally above the national average.

Figure 7: Employment Rates in Angus and Scotland, 2008/9



	All	- full time work	- part time work	- employees	- self employed	Males	Females
Angus	80.7%	71.6%	28.4%	85.4%	14.1%	83.0%	78.2%
Scotland	75.4%	75.2%	24.8%	89.4%	10.6%	78.2%	72.4%

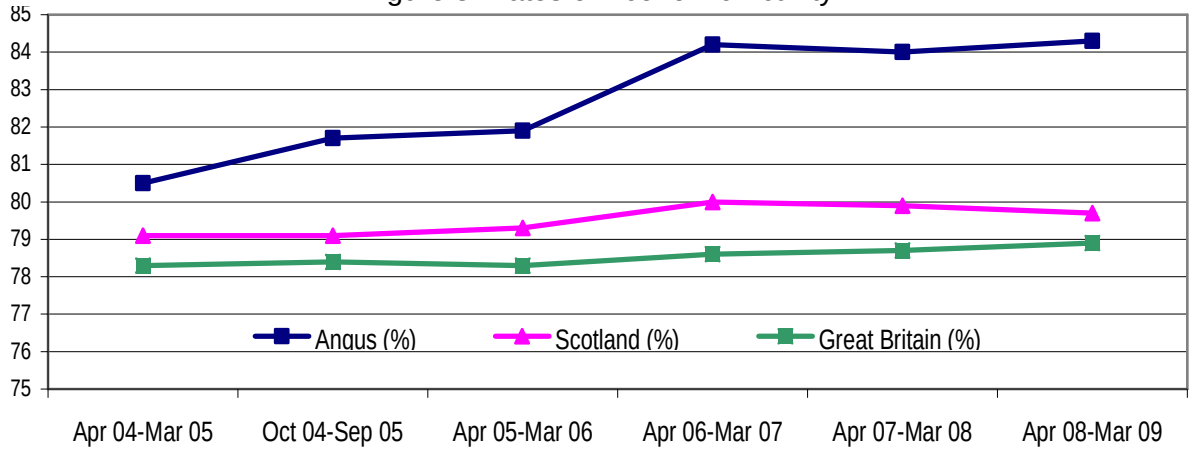
Source: Scottish Government Analytical Service Division (2010), Angus Economic Briefing.

The economically active are classified as people aged 16 and over who are either in employment or unemployed. The economically inactive are people who are neither in employment nor unemployed. The main reasons for being economically inactive are long-term sickness or disability, being a student or looking after family.

Research has shown that a higher proportion of people in rural areas are economically active that in the rest of Scotland. The unemployment rate (the number of people unemployed as a percentage of the number economically active) is lowest in rural areas.[57]

Research has indicated that Angus will suffer from a decline of the economically active population as the imbalance of between young and old grows to 2018.[58] The graph below shows the rates of levels of economically active people in Angus, compared to Scotland. It can be seen that the rate in Angus is higher than the Scottish average.

Figure 8: Rates of Economic Activity



Source: Nomis (2009), Labour Market Profile - Annual Population Survey

56 FutureSkills Scotland, Labour Market Glossary, p.10
57 Scottish Government (2008), Rural Scotland Key Facts, 2008.
58 DTZ Pieda (2005), Montrose Economic Study, p. i

The table below shows the breakdown of the levels by of gender. Scottish Government research shows that for all LA areas male employment rates were higher than female rates.

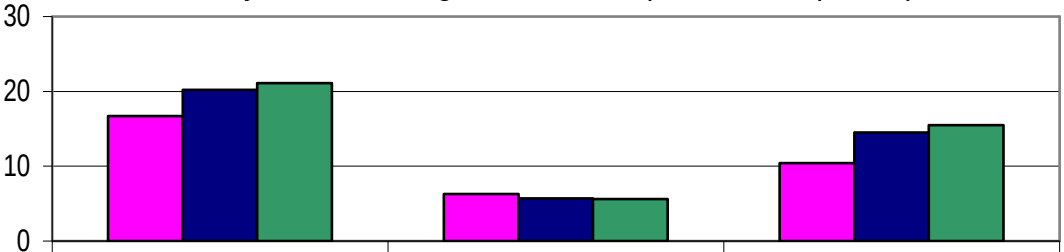
Table 42: Economic Activity Level by Gender in Angus (%)

Economic activity rate	Jan 2004-Dec 2004	Jan 2005-Dec 2005	Jan 2006-Dec 2006	Jan 2007-Dec 2007	Jan 2008-Dec 2008
Working age	79.7	81.2	85.0	83.8	84.4
Males	84.8	85.7	88.7	87.7	86.6
Females	74.2	76.5	81.1	79.7	82.0

Source: Nomis, Labour Market Profile - Annual Population Survey

The number of jobless people who are outside the labour market, commonly classified as economically inactive, is lower in Angus than for Scotland.

Figure 9: Economically Inactive – Angus & Scotland (Oct 2008-Sep 2009)



	Economically inactive	Wanting a job	Not wanting a job
Angus (%)	16.7	6.3	10.4
Scotland (%)	20.2	5.7	14.5
Great Britain (%)	21.1	5.6	15.5

Source: Nomis (2009), Labour Market Profile - Annual Population Survey

There are less people in Angus than Scotland who are economically inactive, but do not want a job. Economic inactivity lies on the supply side of the labour market, as economically inactive people have the potential to move into the labour market. Information on inactivity is important for a number of reasons. Over recent years, there has been increasing recognition of the need to consider the size and composition of the inactive group. This analysis is used in assessing potential labour supply. Broadly speaking, the inactive group can be divided into those who want a job and those who do not. While this is not an exact reflection of whether people will move into economic activity in the near future, it does give some indication of the strength of people's labour market attachment.[59]

The table below demonstrates the number of unfilled job centre vacancies, the number of unfilled job centre vacancies per 10,000 of working age population, and the rate of JSA claimants per unfilled job centre vacancy, for Angus, Scotland and GB.

These figures are based on the number of live unfilled vacancies handled by JobCentrePlus. These are vacancies actively available to jobseekers on the count date, however, coverage relates only to vacancies notified to JobCentrePlus and therefore only represents a market share of vacancies throughout the whole economy.

In October 2009, for each vacancy notified in Angus, there were 3.9 people claiming JSA. By April 2010 this had increased to 8.5. This reinforces the presence of an over supply of potential workers. This is often the case during a period of recession. It is also interesting to

59 ONS (2008), About Economic Inactivity.

note that the figures for October 2009 show that the situation in Angus was less serious than at the Scottish and British level, however, this trend had reversed by April 2010, although figures for all areas had worsened, showing a tightening of the labour market.

Table 43: Job Vacancies – October 2009 & April 2010

	October 2009			April 2010		
	Angus	Scotland	GB	Angus	Scotland	GB
Unfilled JobCentre vacancies (Nos)	515	19,335	270,706	257	17,929	244,241
Unfilled JobCentre vacancies per 10,000	79	60	73	40	55	66
JSA claimants per unfilled JobCentre vacancy	3.9	6.7	5.7	8.5	7.8	6.2

Source: Nomis (2010), Labour Market Profile - Angus

Another factor in determining levels of supply and demand in the labour market is the level of wages available. Higher wages are linked to lower demand, with low wages linked to a potential over supply of workers. Average earnings in Angus are consistently below the Scottish average. Factors to be taken into account are the high levels of seasonal work present in the agricultural and food processing industries, and the high prevalence of work in the traditionally lower paid manufacturing and retail sectors.

Earnings in Angus, by workplace and by residence, for 2009, are shown in the table below, along with a comparison of neighbouring LAs and Scotland. It can be seen that rates of pay for males and females working in Angus are lower than for those residing in Angus. Overall the wages rates for both sexes are higher for those who reside in Angus than for those who work there. This suggests that the difference can be attributed to the nature of employment and the sectoral structure of the labour market.

Table 44: Average Gross Weekly Pay by Workplace and Residence, 2009

Average Gross Weekly Pay for Full Time Workers *by Workplace*, 2009						
	Angus (£)	Dundee City (£)	Aberdeen shire (£)	Perth & Kinross (£)	Scotland (£)	% difference from Scotland
Total Full Time	421.70	465.60	500.00	419.00	473.60	-10.96
Full Time Males	454.70	497.20	555.70	464.10	510.30	-10.90
Full Time Females	401.60	362.20	434.00	421.80	419.90	-4.36
Average Gross Weekly Pay for Full Time Workers *by Residence*, 2009						
	Angus (£)	Dundee City (£)	Aberdeen shire (£)	Perth & Kinross (£)	Scotland (£)	% difference from Scotland
Total Full Time	461.30	419.30	532.60	465.30	472.20	-2.31
Full Time Males	510.20	454.90	584.30	492.60	510.20	0.00
Full Time Females	401.60	362.20	434.00	421.80	419.90	-4.36

Source: ONS, Annual Survey of Hours and Earnings 2009

The fact that educational attainment in Angus is above the Scottish average impacts the arguments regarding why those who reside in Angus, rather than those who work in Angus, enjoy high levels of remuneration. If there is not an appropriate supply of jobs available in the local labour market this will encourage those with training and qualifications to find employment elsewhere. This can have a detrimental impact. The table below reveals that

Angus has a higher share of employees in administrative & secretarial, skilled trades occupations, and process plant & machine operatives. This combined with the projected decrease in manufacturing, could result in a widening imbalance between those with and without qualifications.

Chapter Five *Employability*

The concept of 'employability' captures an individual's ability to gain sustained access to labour market opportunities, to enter the labour market and employment successfully for a reasonable period of time, and also to improve employment prospects and rewards, where that is the individual's wish.[60]

At its simplest level, employability is a function of the match between the demand for labour and the supply of labour. The report of the 1994 Social Justice Commission concluded that, 'In the end, employment goes to the employable'.[61] The concept has 2 main points of origin:

- the changing nature of the employment contract between employers and employees, with 'employability' being offered instead of job security;
- the changing nature of employment policy with increasing emphasis on skills-based solutions to economic competition and work-based solutions to social deprivation.[62]

The Scottish Government argues that if Scotland is to be a rich country and a rich society, then the people of Scotland must have the freedom to design, implement and benefit from an employability and skills system that suits Scotland's evolving needs. This includes the ability to align benefits, tax credits and employment services fully with Scotland's skills, lifelong learning, education, childcare, and health services.[63]

For those in employment, employability concerns may not seem immediately relevant. However, as technologies are being continuously updated there is an increased requirement to continually upskill the workforce. This is coupled with the increasing importance of the 'new economy' which is driven by knowledge and ideas. This means that employees are increasingly required to multi task, and have a high degree of competency in several areas.

Measures for those who are unemployed are important because lack of skills or skills mis-match are significant barriers to re-entry into the workforce. There is a clear overlap between policies in this area, and measures that can be taken to tackle economic exclusion.

Scotland experiences a unique skills and employability paradox. It has fewer lower skilled people and more highly skilled people than anywhere else in the UK outside London. Also, Scotland's qualification profile is improving faster than for the UK as a whole: between 1997 and 2004 the proportion of the working age population in Scotland with at least a level 4 qualification increased from 22% to 29%, compared to an increase across the UK from 21% to 26%. Scotland also has the highest labour market participation rate of any UK country.[64]

In addition to this, Scotland's investment in skills stands comparison with any other part of the UK. Qualification levels over the last 30 years, have been higher than in the rest of the UK. Indeed, the UK Leitch Review of Skills highlighted Scotland as the only nation or region of the UK where the percentage of people with a Higher Education (HE) qualification

60 FutureSkills Scotland, Labour Market Glossary, p.10
61 Commission on Social Justice (1994), Social Justice - Strategies for National Renewal
62 TERU, University Of Glasgow (2004), Local Economic Development: Dynamics Of Labour Markets, p.1
63 Scottish Government (2009), Employability and Skills - Taking forward our National Conversation, p.3
64 Scottish Government (2009), Employability and Skills - Taking forward our National Conversation, p.9

outnumbers the percentage with a basic school leaving qualification. Despite this Scotland's long term economic performance lags that of the UK as a whole.[65]

Between 2007 and 2017, it is projected that around 100,000 new job openings will occur every year in Scotland. Growth in the economy is projected to provide 84,000 of the jobs openings between 2007 and 2017. The bulk of the opportunities, 922,000 job openings, will arise due to the need to replace workers who leave employment, either permanently or semi-permanently. Some of these workers will re-enter the labour market during the projections period. Employment growth will be concentrated in public and private service industries and in higher skilled and service-orientated occupations. Similarly, most of the job openings will arise in service industries and managerial and professional occupations.[66]

However, the impact of the recession on these predictions is likely to have been negative in terms of the increase in the number of people losing and therefore seeking employment. Employment by qualification level is expected to change over the period to 2017. The table below shows that the trend in employment is towards a higher skilled workforce. It is expected that increasing numbers of people with Scottish Vocational Qualification (SVQ) level 4 and above qualifications will be in employment. In contrast, there will be a fall in the proportion of the workforce with no qualifications.

Table 45: Projections of Employment by Highest Qualification, 2007 - 2017

	2007	2012	2017	Change 2007 - 2017
Level 5	188,000	274,000	386,000	106%
Level 4	783,000	866,000	921,000	18%
Level 3	552,000	546,000	521,000	-6%
Level 2	502,000	470,000	422,000	-16%
Level 1	378,000	354,000	326,000	-14%
No Qualifications	225,000	176,000	134,000	-41%
Total	2,628,000	268,8000	2,712,000	3%

Source: FutureSkills Scotland (2007), Labour Market Projections 2007 to 2017, p.30

The proportion of the population who have a qualification under level 4 has declined year on year since 2001 (from 20% in Q4 2001, to 14% in Q4 2008).[67] The table below shows that Angus has a lower level of people in this category than the national average, and rates favourably in comparison with its neighbouring LAs.

Table 46: Proportion of working age adults with SCQF Level 4 qualifications or below, 2004 - 2008

	2004	2005	2006	2007	2008
Scotland	18.8%	17.5%	16.3%	16.1%	14.8%
Aberdeenshire	13.2%	11.7%	13.8%	10.8%	11.9%
Angus	14.3%	15.8%	13.8%	15.3%	11.9%
Dundee City	20.6%	18.0%	18.7%	18.6%	16.8%
Perth and Kinross	13.6%	13.1%	12.6%	14.3%	13.2%

Source: Scottish Government (2008), Local Area Labour Markets in Scotland: Statistics from the Annual Population Survey 2008

65 Scottish Government (2009), Employability and Skills - Taking forward our National Conversation, p.26
66 FutureSkills Scotland (2008), Labour Market Projections 2007 to 2017 , p.19
67 Scottish Government (2008), Local Area Labour Markets in Scotland: Statistics from the Annual Population Survey 2008

It is increasingly important for labour market entrants to have skills and qualifications. The table below demonstrates that while the number of people in Angus who have low level qualifications is below the national average, there are still significant numbers.

Table 47: Qualifications - 2005 & 2008 [68]

	Angus (No's)		Angus (%)		Scotland (%)		Great Britain (%)	
	2005	2008	2005	2008	2005	2008	2005	2008
NVQ4 & above	19,800	22,000	31.1	34.1	30.6	33.8	26.5	29.0
NVQ3 & above	31,600	35,600	49.6	55.0	50.2	52.9	44.4	47.0
NVQ2 & above	43,500	47,200	68.2	72.9	67.8	70.3	62.9	65.2
NVQ1 & above	51,000	53,900	80.0	83.3	78.6	80.2	77.2	78.9
Other Qualifications	4,500	4,600	7.1	7.1	6.7	7.3	8.4	8.7
No Qualifications	8,200	6,200	12.8	9.6	14.7	12.5	14.3	12.4

Source: Nomis (2009), ONS Annual Population Survey.

Almost 9% more school leavers in Angus go into further education (FE) than in Scotland. Almost three quarters (73.5%) of school leavers in Angus go into HE, FE or other training.

Table 48: Percentage of School Leavers from Publicly Funded Secondary Schools in Scottish Education Authorities by Destination, 2008 - 2009

	Higher education	Further education	Training	Employment	Voluntary Work	Unemployed & seeking employment or training	Unemployed & not seeking employment or training	Destination unknown
Aberdeenshire	39.4	26.9	1.3	22.2	0.3	7.5	1.0	1.5
Angus	35.3	35.6	2.6	13.9	0.0	7.8	1.8	3.1
Dundee City	26.6	34.3	7.4	13.0	0.2	15.0	2.5	1.0
Perth & Kinross	32.9	26.9	3.3	24.9	0.7	8.4	1.5	1.4
Scotland	34.9	27.0	5.1	18.4	0.2	11.5	1.6	1.2

Source: Scottish Government (2009), Destinations of Leavers from Scottish Schools: 2008 - 09

Angus has a lower percentage of pupils in school staying on to S5 and S6 level. In Angus 61% of those in S4 stay on to S5, compared to the Scottish average of 65%, and 43% of pupils in S4 stay on to S6, compared to 44% for Scotland.[69] The table below illustrates levels of S6 educational attainment in Angus, compared to its neighbouring LAs and Scotland. It can be seen that Angus is below the national average.

Table 49: S6 Attainment in 2008

		Percentage of S4 roll from 2 years ago achieving			
	S4 to S6 Staying on Rate	1 award at SCQF 6 or better	3 awards at SCQF 6 or better	5 award at SCQF 6 or better	1 award at SCQF 7 or better
Scotland	45.0	43.2	30.0	19.7	12.7
Aberdeenshire	42.8	46.7	34.6	23.5	15.7
Angus	40.6	41.7	28.2	17.7	12.1
Dundee City	37.1	34.6	22.5	14.0	10.7
Perth & Kinross	46	47.1	33.3	23.7	16.8

68 Numbers and % are for those of working age. The % is a proportion of total working age population.
69 Nomis (2009), SQA Examination Results in Scottish Schools

Source: Scottish Government (2009), S6 Attainment by Local Authority: 1999 - 2008

Research by Careers Scotland shows that graduates earn more than people who have the entry qualifications necessary to do a degree course but have not undertaken one. In 2001 - 2003, average annual graduate earnings were around £28,000 (in 2003 prices). This was approximately 50% more that the earnings of people with sub-degree qualifications.[70]

In Angus there is a strong tradition towards FE rather than HE. This could help explain the lower levels of average pay discussed previously. However, statistics on participation in HE in Scotland for 2007-08 show that since 2006-07 the number of students has fallen by 6,935 (2.5%). Entrant numbers fell by 3.5% in 2007-08.[71] However, the number of HE qualifiers from Scottish institutions has continued to rise, by 0.5% (415 qualifiers) in 2007-08, to a record high of 83,335 in 2007-08.[72]

Scottish colleges reported a decrease in qualifiers of 3.7%, down to 21,205, mostly due to a decrease in the numbers of HNC/HNDs awarded (-7.4%). The number of qualifications obtained by students fell by 2.1% from 62,710 in 2006-07 to 61,420 in 2007-08.

The table below shows details of the national and local situation, in terms of student numbers. It can be seen that Angus College has seen the largest drop in student figures between 2006-07 and 2007-08, although its rate of decrease since 1999-2000 is significantly lower than the national average.

Table 50: Students in Colleges in Scotland, 1999-00, 2005-06 & 2007-08

	1999 - 2000	2006 - 2007	2007 - 2008	% change over last year	% change since 1999-2000
Total	72,005	49,460	47,770	-3.4	-34
Angus College	895	795	700	-12	-22
Dundee College	2,890	2,800	2,515	-10	-13

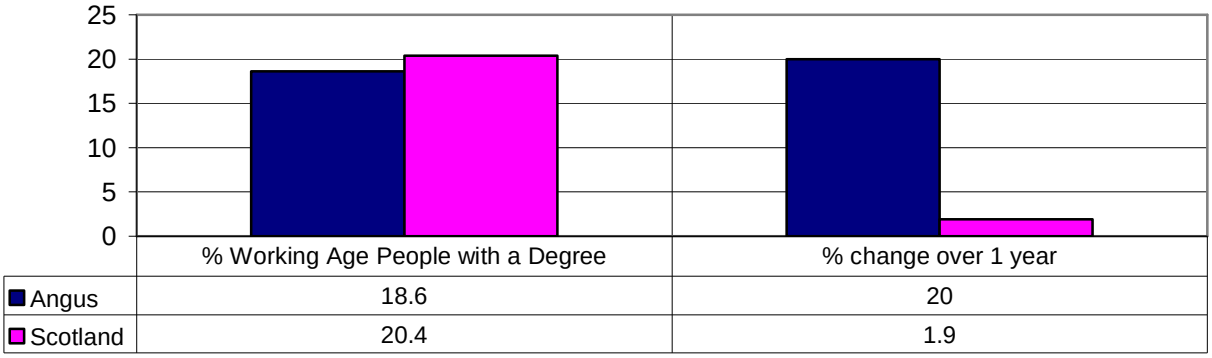
Source: Scottish Government (2009), Participation in Higher Education at Scottish Institutions 2007-08.

Low-skilled jobs in which employees are required to exercise a certain level of discretion are expected fare better than those which require limited judgement. Hairdressing, for example, is traditionally regarded as a fairly low-skill occupation, however, the discretionary aspect of the job removes much of the routine and prevents by automation.[73]

Concerns regarding the availability of jobs for those who do hold group 4 qualifications in Angus is reinforced by the fact the level of working age people in Angus who have a degree is lower than the national average. Although there are no universities in Angus, five universities are within travelling distance. The graph below shows that in Angus there has been a significant increase in the numbers since 2007-08. The table illustrates that Angus does not just lag behind Scotland, as a whole, but also its other neighbouring LAs.

70 ibid.
71 Scottish Government (2009), Participation in Higher Education at Scottish Institutions 2007-08.
72 ONS (2009), Attainment in Higher Education and Destinations of Leavers 2007-08
73 TERU, University Of Glasgow (2004), Local Economic Development, Dynamics Of Labour Markets, p.22

Figure 10: Percentage of Employees with Degree (June 2008 – June 2009)



Source: Scottish Government Analytical Service Division (2009), Angus Economic Briefing.

Table 51: Proportion of those aged 25-59/64 in Employment who are Graduates by LA, 2004 - 2008, (residence based)

	2004	2005	2006	2007	2008
Scotland	21.6%	22.5%	23.8%	24.9%	25.2%
Aberdeenshire	22.1%	23.6%	20.8%	22.0%	21.3%
Angus	16.1%	17.4%	18.3%	18.3%	20.3%
Dundee City	20.8%	19.4%	23.3%	26.2%	26.4%
Perth and Kinross	22.5%	26.7%	28.6%	27.6%	27.5%

Source: Annual Population Survey (Jan to Dec). Notes: 1. Proportions are calculated on unrounded figures

Employability levels may have an impact on the ability of Angus to attract inward investment. The Angus economy and population is based around seven main towns. This works against the theory of 'Agglomeration Economies', which states that large cities or agglomerations can offer a large labour force with a range of skills, and access to other firms, suppliers and services, including the kind of specialists unlikely to be found in smaller settlements.[74]

Angus, as a part of GB, no matter how peripheral, is unable to compete sustainably on a low cost, low quality basis, as it will never be able to compete with countries such as those in Eastern Europe or the Far East, which are less bound by regulations and institutional frameworks, and whose labour markets therefore operate in a freer manner. It also means that it cannot compete in the same way as parts of southern England, for example, as a higher cost, higher growth region, as it cannot offer the same levels of return.

For this reason, it becomes necessary to decide whether to pursue an economic development or economic growth route. Whereas economic development is concerned with raising the general economic capacity of a local area amongst the widest possible group of individuals and business, economic growth is concerned with raising the absolute economic output of an area, which may or may not benefit of the wider business base or population.

Furthermore, the fact that Angus is still more dependent than the norm on primary industries alludes to the fact that the main reason behind the structural imbalance has been a fundamental shift in the economy, not only in Scotland or Britain, but the world. Factors such as technological development and demographic change have meant that Angus has perhaps more to overcome to achieve economic viability than some of its neighbours.

74 Office of the Deputy Prime Minister, Polycentricity Scoping Study.