

Agenda Item	7.
Report No	COG 18/18

Report on SDS activity in support of skills in Highland Council Area



November 2018

Skills Development Scotland (SDS)

SDS is the national skills agency and across Scotland, we support individual to build their career management, work-based learning and employability skill, throughout their career journey, from school, into further learning opportunities and in the workplace.

We use skills intelligence to help to inform career decisions of people at all stages of their careers, so that they are well placed to take up opportunities arising in the economy.

We target delivery of support to those who need it most, ensuring all individuals are enabled to achieve their full potential. We work with employers and employer groups on national sectoral, regional, local and individual basis, working alongside them to recognise and articulate their current and future skills needs and to engage the skills system to ensure it deliver provision that meets needs.

Career Information Advice and Guidance (CIAG)

Our CIAG service focus on equipping the current and future workforce with Career Management Skills (CMS) they will require to achieve their potential throughout their working life.

There are five careers centres in the Highland area, geographically spread to provide service across the large local authority area. We currently employ approximately 43 staff in a variety of CIAG roles and service delivery.

SDS delivered 27,649 CIAG engagements with 12,952 individuals in the Highland Council area between April 2017 and June 2018.

- Services in schools – CMS and Career Education Standard
 - May 18 - Held CPD event for school SMT's around Career Education Standards – looked at current practice and developments. Feedback was excellent. Contributions from Education Scotland, SDS and HC. Follow up event being planned for March 19
 - School Partnership Agreements in place with every Secondary School. Strategic element looks at how school/SDS can work together to support the embedding of CES in schools. Also looks to improve understanding and collaboration in supporting pupils to develop their Career Management Skills. CMS based around 4 themes; Self, Strengths, Horizons & Networks.
- Post school service
 - New post schools service offer “Next Steps” in place since May17. Primary focus on unemployed 16-19 year olds (and up to 26 yrs if Care Experienced in line with our Corporate Parenting Plan).
- Education Scotland review of SDS CIAG service in Highlands highlights:
 - 4 grades of Excellent & 2 of Very Good

- 4 areas identified as practice worthy of dissemination
- As well as career guidance interventions to individuals (including all age), SDS in Highland work with partners to raise awareness of local career opportunities and have helped to organise and deliver events to promote opportunities, including Scottish Apprenticeship Week (SAW) and Careers Fairs, and...
 - Provided an 'Access to child care event' in SDS centre – in collaboration with The Highland Council (THC) & CALA
 - An Apprenticeship event in Inverness – in collaboration with Inverness DYW, UHI & THC
 - SAW Apprenticeship events in all Lochaber, Skye and Wester Ross schools in collaboration with West Highland DYW
 - SAW Apprenticeship events in North schools in collaboration with North Highland DYW
 - Collaboration with schools and partners for career events / business breakfasts / CV workshops etc in a variety of Secondary Schools within Highland
- Employability Fund (EF)

Delivered 248 EF starts in Highland Council area to support people towards employment between April 2017 and June 2018. Places at various stages of the employability pipeline.

My World of Work (MyWOW)

MyWOW, is Scotland's career web service that's designed to empower users to make informed, confident decisions about their future. The online service is built to complement the [Career Management Skills framework](#), supporting the work we do in our centres and in schools. Users can explore who they are and what jobs they're best suited to. They can discover the opportunities they could tap into – from job profiles, vacancies and courses, to growth industries – and find out how to get there

It's an award-winning service which has been praised as a key resource for young people by Education Scotland. Indeed, it's been so successful that other countries have asked to copy our model.

By working in partnership with industry and education, and drawing on expertise within SDS, we've been able to develop the service in response to user needs and we've recently created additional resources for parents and our partners.

There were 7,308 Highland based registrations on MyWOW between April 2017 and June 2018.

Visit My Work of Work Website [here](#)

SDS Digital Hub Church Street, Inverness

SDS Digital Hub has been designed to engage and inspire young people to consider careers in Science, Technology, Engineering and Maths. Its has a focus on young people in P7-S3 and all activities are designed to provide a short, sharp burst of STEM inspiration and signpost to connected activities locally.

Since opening in August 2016, it has delivered workshop sessions to over 7,500 pupils in Highland area, offered STEM related CPD to over 800 teachers and 323 parents. As part of evaluation of sessions:

Pupils responses

- 97% think is now more likely that they will study science subjects in school
- 95% think their understanding about jobs in science and technology has increased
- 91% would like to do more workshops like the one that was delivered

Teacher responses

- 100% would like the school to take part in more activities like this
- 80% stated that their motivation and enthusiasm in teaching STEM subjects has increased
- 92% are now more likely to encourage pupils about careers in STEM

Going forward, the SDS Digital hub will; look to create a full-day learning module on robotics for S2; expand on LEGO® Education activities and provide leadership in contextualised work-based learning. E.g. *work-relevant mathematics*

SDS is also working alongside the Highlands Science Skills Academy (including engaging Highland School teachers) to help develop and deliver Newton Modules (Robotics and Mathematics and Energy and Engineering).

Support for employers

We identify opportunities in Scotland's key growth sectors and provide direct local skills support to business of all sizes through Employer support services and Employer webservice.

Our Skillsforce webservice

Our Skillsforce helps employers to find and access national and local support. It includes free advice, skills planning, HR support and funding. There's also information to help businesses engage with education. Building closer links with schools helps make sure young people are entering the workplace with the right skills.

Our Skillsforce helps companies build a skilled and motivated workforce, and prepare for the future with a succession plan. Its also helps employers plan for change – from recruitment, training and development to managing change and restructuring.

Visit Our Skillsforce website [here](#)

Skills for Growth (SfG)

SfG is a free service for businesses of between 5 to 250 employees. It provides two days free consultancy from SDS and Remarkable Scotland (formerly Investors in People Scotland). This intervention will work with employers to; help them understand their staff skills, now and the future.

It also helps employers to create a detailed action plan with recommendations on how to achieve growth ambitions and how to prioritise what's important and guide them to the right training and funding support. More information on SfG can be found on the Our Skills Force website

We provided skills advice to 98 employers in Highland between April 2017 to June 2018

Supporting Inward investment and business development

SDS works closely with our partners in the Highland Economic Development Department, Highlands and Islands Enterprise, key stakeholders and private sector to ensure skills needs are identified and a timeous response is in place to address barriers and/or capitalise on opportunities.

We members of Highland Economic Forum and an SDS representatives attend Highland Locality Partnerships to support skills conversations and local skills planning.

Other examples of this engagement include:

- **Liberty**

SDS has been actively engaged with the partnership in place to support the exciting inward investment opportunity at the Liberty Alcan Factory in Lochaber. This has included mapping SDS skills developments offer (including Apprenticeships) to the current and future workforce needs at the plant, working to ensure CIAG services help to promote career opportunities to young people and helping to develop an effective Talent Attraction strategy for the area.

- **Cap Gemini**

SDS has been working closely with Cap Gemini and believe the company can be held as an exemplar employer fully embracing work based learning. The firm now have over 200 successful Modern Apprenticeships(MA) in place which are being supported through UHI/ Inverness College.

Cap Gemini offer Foundation Apprenticeship workplace learning to Highland pupils and are planning to recruit Graduate Apprentices. They have also worked to on CPD to teachers through the SDS digital Hub.

We are delighted that the firm has been nominated as 'MA Employer of the Year' in the upcoming National MA Awards.

Highlands & Islands Talent Attraction Strategy

SDS is also working with HIE, local authorities and key partners to implement the Regional Talent Attraction Strategy and Action Plan to ensure that the region (including Highland Council area) has

access to a skilled workforce to meet replacement demand, business growth and workplace innovation.

Transition Training Fund (TTF)

The £12m Transition Training Fund was set up by the Scottish Government and is managed by Skills Development Scotland to provide support with training grants to help individuals to retrain, upskill or get accreditation or certification that would help in securing a new job in oil and gas, the wider energy sector, or engineering and manufacturing. It may also be able to assist individuals to transition into STEM related teaching.

TTF is available to anyone who has worked in the oil and gas sector or in the oil and gas supply chain as an employee or contractor and is either at risk of redundancy or has been made redundant since January 2015. However, consideration will be given to people made redundant before then, if the job loss was due to the oil and gas downturn.

Individuals can apply for the fund at any time after being made redundant, or facing the threat of redundancy. Applicants must be actively looking for work and be able to show that the training they wish to undertake will help them find a new job.

Support from the fund will only cover training costs – not travel or subsistence. Training costs will be agreed on a case by case basis. Applicants may be offered a contribution, or up to 100% of the costs. Funding may be approved for up to £4,000.

TTF has supported 625 applications in the Highland Council Area - up to June 2018

Visit the Transition Training Fund website [here](#)

Scotland's Employer Recruitment Incentive (SERI)

SERI targets support at unemployed young people with the greatest barriers to employment to enable them to obtain and remain in sustainable employment (including Modern Apprentices). It offers employers up to £4,000 when their company commits to a new job or new Modern Apprentice. The funding is available as a contribution toward the additional costs of recruiting and sustaining a young person during their first 52 weeks of sustainable employment. If the company pays the young person the living wage there will be an additional payment of £500.

As a national minimum, it will be expected that 25% of places allocated to Local Authorities will support young people who are a care leaver or carer, an ex-offender or disabled.

The incentive is fully funded by the Scottish Government and is managed and delivered by Local Authorities. Skills Development Scotland administers the programme on behalf of the Scottish Government.

The programme is open for starts from 1st April 2018 and will run up to 31st January 2019.

Highland Council were allocated 13 SERI places in 2017-18

Developing the Young Workforce (DYW)

SDS is a member of the 3 Highland DYW Groups. We assist in the discussion at board level and help to plan and participate school/employer engagement events. Our task is also to ensure DYW groups understand the SDS offer to schools, individuals and employers.

SDS provide an annual set of reports to all national DYW groups which set out the MA activity in their area. This report is an excellent source of information on the age, level and frameworks that are being delivered in the area. The reports also provide information on the employers who are offering MAs to young people (aged 16-19 yrs) at Scottish Vocational Qualification (SVQ) Level 3 +.

In Highland area, SDS has isolated the postcodes for North, West and Central Highland DYW groups to provide disaggregated MA reports to help them identify activity in their area and to plan employer engagement on MAs.

Marketplace

Marketplace is an online digital platform which aims to improve engagement between employers and education. By providing a digital meeting place, education and business can transact in a targeted and meaningful activity. Education will have access to a range of employer opportunities through this channel which will add to the current curriculum delivered and to this end, it supports the aims of Developing the Young Workforce.

Marketplace has been developed by the Skills Development Scotland Digital Services team to be a national product on offer to every DYW regional employer group. Employers can register for Marketplace at the SDS Our Skillsforce website and access to education is through the SDS My World of Work website so it effectively provides a bridge to connect traffic on established national digital services.

Highland Council Hi-hope site will be aligned to Marketplace in future.

More information on Marketplace can be found [here](#)

Partnership Action for continuing Employment

PACE was set up by the Scottish Government. It includes, SDS, HIE, DWP (through Jobcentre Plus), local authorities, Citizens Advice, colleges and training providers. Local PACE teams deliver the service across the Highland area and can respond quickly when situations arise and can also come in and assist businesses to try and minimise the risk of redundancy before it happens.

For employers, this means support for businesses of any size, no matter how many employees are involved. It's free of charge, and helps take away some of the strain of dealing with redundancy.

For employees it means free, impartial advice on dealing with the practical and emotional sides of redundancy. PACE advisers help people recognise their skills, explore their options and prepare for their next move

The Highland PACE teams supported 22 employers and 497 individuals facing a redundancy situation between June 2017 to June 2018.

More information about Highland PACE Partnership can be found [here](#)

Support for individuals

Individual Training Accounts (ITAs)

ITAs aim to support employability by focusing funds on those actively seeking employment and those who are currently in low paid work and looking to progress. They are available to help people develop the skills they need for work, giving learners who meet the eligibility criteria up to £200 towards a single training course or training episode per year. It's not a loan and the money doesn't need to be paid back.

Learners can search for an ITA course on My World of Work and apply online for funding, making the application process quick and simple.

All ITA courses must be in one of the curriculum areas aligned to the Scottish Government's Labour Market Strategy which includes: Adult Literacy & Numeracy Tuition, Agriculture, Business, Construction, Early Years and Childcare, Fitness, Health & Beauty, Health & Safety, Hospitality, STEM, Language, Security, Social Care and Transport.

Big Plus

Many people in Scotland have problems with reading, writing or using numbers. Improving literacy and numeracy skills can make a big difference to people's lives and the sort of jobs they can do.

The Big Plus is Scotland's national adult literacy and numeracy campaign and it's managed by Skills Development Scotland, with advice provided by Education Scotland, to support people to improve their skills through support mainly provided by local authorities.

People can access The Big Plus by calling free phone help line, 0800 917 8000 and will be offered advice and put people in touch with tutors in their local area. The support the tutors offer is completely free, and based on what the individual wants to achieve.

Third Sector Fund (TSF)

The National Third Sector Fund offers employability support to unemployed people across Scotland. The main age range of participants is 16-29 although the fund can also support any individuals of working age. It's delivered by third sector organisations and targets individuals assessed at stage one of the employability skills pipeline. Some individuals may still get offered support at stage two and three.

Highland Council TSF providers:

- **Action for Children** Grahame Cooper - 01463 717227

- **Barnardo's** Linda Mezals - linda.mezals@barnardos.org.uk
- **Venture Trust** All referrals via - <http://www.venturetrust.org.uk/programmes/>
- **Springboard** Lorna Ferguson - lornas@springboarduk.org.uk
- **Lead Scotland** Sarah Burton - 07768917509
- **Barnardo's SWT** Rebecca MacKenzie - rebecca.mackenzie@barnardos.org.uk

SDS was allocated funding to operate the National Third Sector Fund from the [Employability Strategic Intervention](#), which was one of the first to be approved as part of Scotland's 2014-2020 European Structural and Investment Fund programmes.

Information on ITS, Big plus and Third Sector Fund can be found [here](#)

Apprenticeship Family

SDS administers Scottish Apprenticeships on behalf of Scottish Government, which incorporates Foundation Apprenticeships (FAs), Modern Apprenticeships (MAs) and Graduate Apprenticeships (GAs). Scottish Apprenticeships will be expanded in line with the Scottish Government's Youth Employment Strategy, to reach 30,000 apprenticeship starts annually by 2020.

This will be achieved by:

- developing and delivering new apprenticeship models that expand the scale and reach of work-based learning options
- strategically expanding existing Modern Apprenticeship provision
- focusing on key sectors, in line with employer demand
- improving the availability of high quality, valued, work-based learning opportunities, putting them on a par with existing academic routes to learning

Foundation Apprenticeships

Foundation Apprenticeships are a work-based learning opportunity for senior-phase secondary school pupils. Lasting two years, pupils typically begin their Foundation Apprenticeship in S5. Young people spend time out of school at college or with a local employer, and complete the Foundation Apprenticeship alongside their other subjects like National 5s and Highers.

Foundation Apprenticeships are currently available in 12 subjects including civil engineering, software development and financial services. Foundation Apprenticeships are linked to growth sectors of the Scottish economy, so young people are getting industry experience which will help them kick-start a successful career in their chosen field.

Supporting FA Development and Delivery. The FA programme currently fully funds 2 dedicated SDS FA/GA Staff for the North Region who work with UHI and all its partners, as well as Private Training Providers, Schools and Local Authority Staff in the North Region.

FAs also fund 7 staff that work for either UHI or its partner Colleges in the Highlands, with a further 27 staff part funded in the UHI partner network in the Highlands.

Workshops. The SDS FA/GA Team in the North has delivered workshops in 16 schools across the highlands with S4s and S3s, to promote FAs and gather Expressions of Interest to participate as part of their curriculum. These events were warmly welcomed by the SMT of all the schools and it is the

ambition of the FA Team to to work with all SMT and all Teachers in highlands in the next 6 months to support their understanding of the FA and The Apprenticeship Family.

- **Pupil Feedback.** Over 60 pupils that are current FA Participants have been interviewed to capture their feedback on the FA, which has been overwhelmingly positive, with a consistent message that working with the employer is the most rewarding aspect of the qualification.
- **Employer Feedback.** The FA Team works with a number of employers across the highlands, and feedback on the FA through regular meetings with employers such as Morrisons Engineering, BT, CapGemini, Liberty, and Highland Council staff, with an aim to ensure Highland pupils get a quality experience from their FA.
- **Contractual Compliance.** Weekly and monthly meetings are carried out with all FA delivery partners, with constant work ongoing to ensure that Highland pupils are getting the best experience from the FA and those contracted to deliver are supported to deliver the best experience possible.
- **Awareness Raising.** SDS has produced, and all highland schools have been offered, a vast array of marketing materials to inform pupils and parents via twitter/FB campaigns, videos, Youtube clips, case studies, news paper articles, animations and letters to parents, as well as every pupil presented to being each given a FA booklet to bring home to their families.
- **Apprenticeship Convention and other Events.** There have been numerous events, the SAW Week, the upcoming Apprenticeship Convention, Employer engagement events, some delivered by other agencies but funded by SDS, as well as Radio and TV campaigns with MFR, etc, supporting the employers and pupils in the Highlands to understand The Apprenticeship Family.

Modern Apprenticeships

Modern Apprenticeships help employers to develop their workforce by training new staff, and upskilling existing employees. For individuals, an MA is a job which lets them earn a wage and gain an industry-recognised qualification

There are over 80 [Modern Apprenticeship frameworks](#) – from healthcare and financial services to construction and IT. These have been developed by sector skills councils, in consultation with their industry.

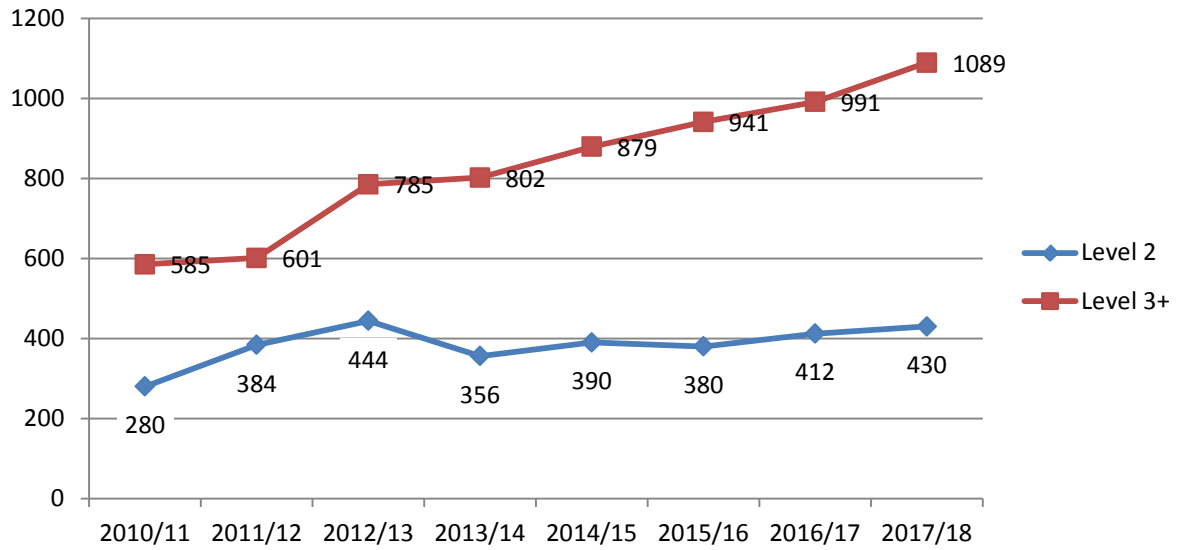
This means that MAs can build valuable work experience from day one and gain an accredited qualification which is recognised by industry. They'll develop skills and expertise for their current and future jobs. Modern Apprenticeships are available at four different levels, some equivalent to a degree.

We're working with our partners to ensure industry can make Modern Apprenticeships more accessible. We're finding ways to increase participation and promote gender equality across National Training Programmes.

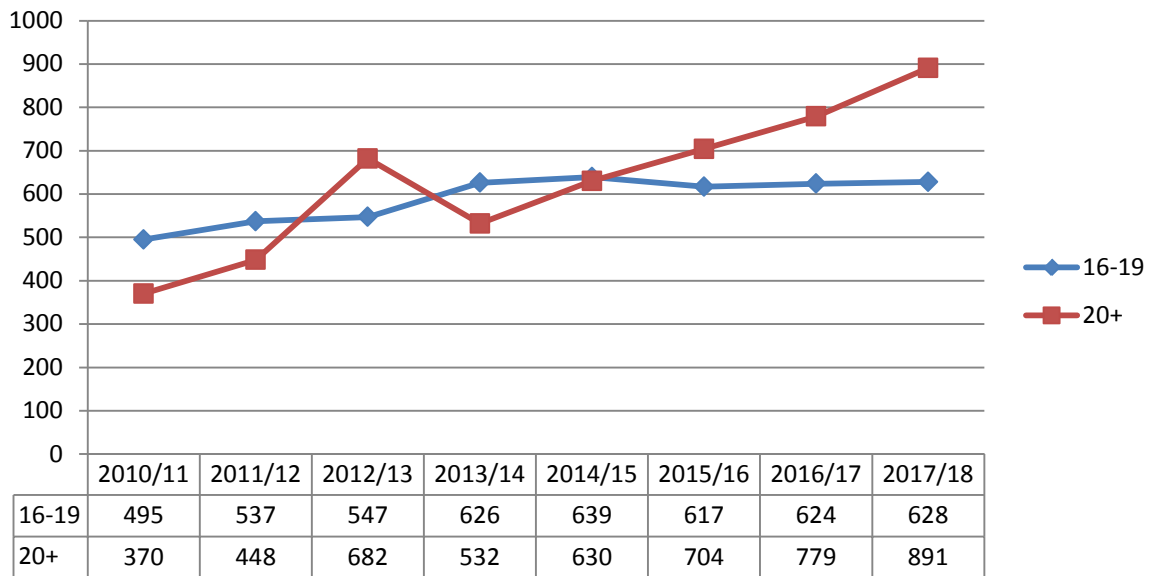
[Download the equalities action plan for Modern Apprenticeships in Scotland](#)

The following graphs provide details on MA activity in Highland Council area 2010 – 2018:

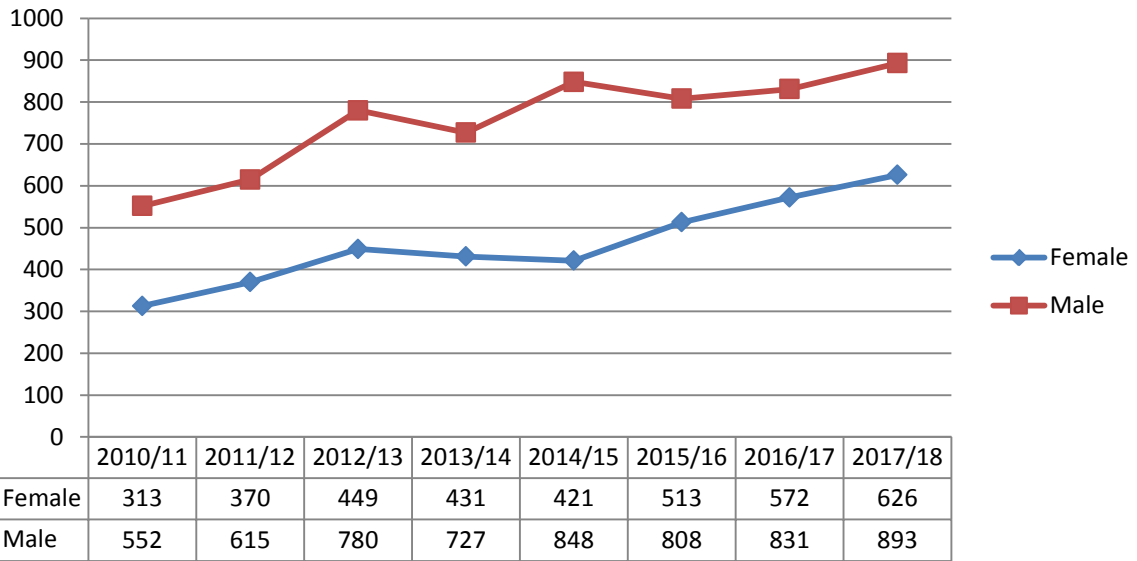
Highland Starts by Level



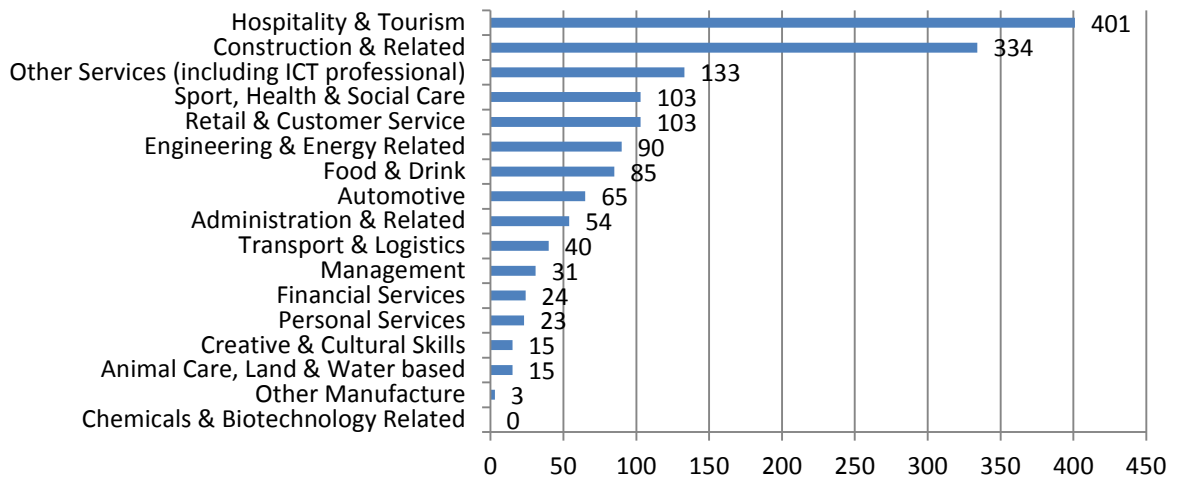
Highland Starts by Age

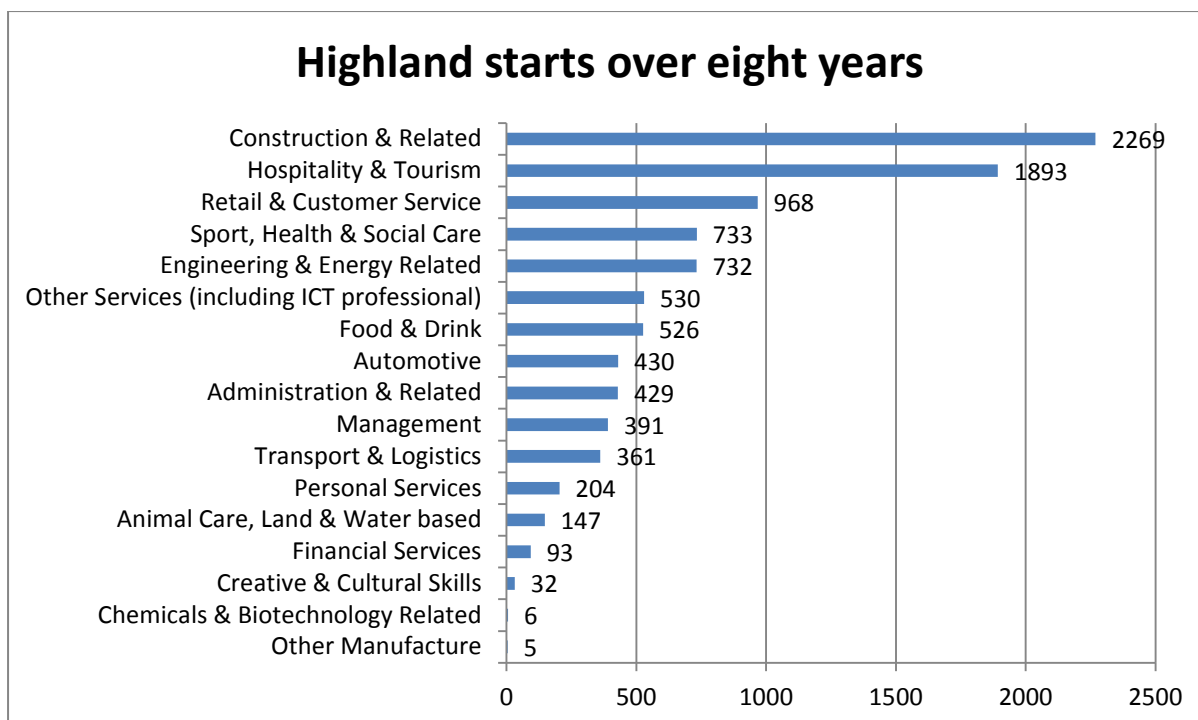


Highland Starts by Gender



Highland starts 2017/18





Graduate Apprenticeships (GAs)

GAs provide work-based learning opportunities up to Master's degree level for employees. They have been created in partnership with industry and the further and higher education sector. GAs combine academic knowledge with skills development to enable participants to become more effective and productive in the workplace

By investing in their staff through the apprenticeships, employers can develop their workforce and support staff to develop their skills to industry and professional standards.

GAs provide a new way into degree-level study for individuals who are currently employed, or who want to go straight into work. Individuals who participate in the scheme are able to access the same learning opportunities as those who go down the traditional route of direct entry into college or university.

The apprenticeships are part funded by participating employers, which means they are only available to their employees.

There are 12 industry designed GA frameworks (inc business management, financial services, cyber security, IT Management for business, IT software development, Data Science and Engineering).

UHI helped to develop the Civil Engineering GA framework and currently working with SDS to pilot a GA in Early Years and Childcare.

Apprenticeships.scot

More information on all types of apprenticeships for individuals and employers are available through the National Apprenticeships, scot website [here](#)

Skills Planning

Regional Skills Assessments (RSAs)

RSAs are produced annually and provide a robust evidence base of skills demand across Scotland in order to guide and inform future investment. They are developed by Skills Development Scotland (SDS) in partnership with Highlands and Islands Enterprise, Scottish Enterprise, the Scottish Funding Council (SFC) and the Scottish Local Authorities Economic Development Group (SLAED).

The Enterprise and Skills Review around Skills Alignment includes a five step planning model, the first step of which is Skills Demand Assessment. To support this, the RSAs now focus mainly on **demand side evidence**. They highlight economic and labour market data, offering trends and forecasts at both regional and local authority level.

SDS provides RSA in the following formats; Regional, City Deals and Growth Deals:

- An RSA Summary report covering the region's economy, employment, total requirement and supply of people both present and future.
- An infographic summarising current and future skills demand.

For the Local Authorities:

- An infographic summarising current and future skills demand.

Highland City Deal RSA report is available [here](#)

Highland City Deal RSA 2-page infographic is available [here](#)

SDS also provides disaggregated RSA reports to assist skills planning in the 3 College areas, North Highland, West Highland and Inverness and Central Highland. These reports are attached as Appendix 1, 2 & 3 respectively

Skills Investment Plans

Skills Development Scotland has worked to develop and implement a series of Skills Investment Plans (SIPs) which aim to more closely align demand for skills with supply. There are two distinct products within this: sectoral SIPs; and Regional SIPs (RSIPs). Sectoral SIPs, describe – and respond to – the skills challenges facing Scotland's key sectors whereas RSIPs reflect the diverse skills needs across Scotland's regions.

Highlands & Islands Skills Investment Plan (HISIP)

The HISIP was launched in 2014 at the Convention of the Highlands and Islands (CoHI). It was developed following a thorough review of evidence around skills challenges in the Highlands & Islands, and extensive consultation and validation with key partners from across the region. Development of the SIP was led by SDS in collaboration with colleagues in Highlands & Islands Enterprise (HIE) and the Scottish Funding Council (SFC) and other key partners in the region, including education providers and employers.

The purpose of the HISIP was to introduce a regional approach to skills planning within the Highlands & Islands, with the regional SIP creating a mechanism through which partners from all its constituent local authorities could work collectively to meet a set of shared objectives. The HISIP geographical footprint is covered by several local authorities: Argyll and Bute Council; Highland Council; Moray Council; Shetland Islands Council; Orkney Islands Council; and Western Isles Council (CnES). North Ayrshire Council is also included as both the islands of Arran and Cumbrae fall within the HISIP region.

The HISIP set out a number of key theme which were identified through the desk research and stakeholder/employer interviews. These were:

- Meeting the current skills needs of employers;
- Planning for the future;
- Strengthening the employers voice in the skills system;
- People attraction and place attractiveness; and
- Creating a region for young people

A framework for action – the HISIP Action Plan set out a clear set of activity underneath each of the five themes above and identified a lead partner along with timescales for delivery. Since its launch, significant progress has been made in implementing the HISIP but it is recognised that there is now a need to update the Action Plan to ensure its continued currency, relevance and effectiveness within the region in response to future challenges such as; ageing demographics, automation and digital advances in the workplace, Brexit implications and talent attraction.

The HISIP Programme Board have commissioned work to develop the Action Plan to provide:

- A 10-year vision for the Region;
- A collective response to skills investment in the region during 2018-2021, and beyond;
- Actions, activities, outputs, outcomes within each theme;
- Suggested lead/support partners for delivery, timescales and resourcing;
- SMART targets to ensure progress can be monitored;
- Recommendations as to the governance, implementation and reporting arrangements;

Highland Council will be consulted as part of the exercise to develop the HISIP Action Plan and the regional SIP will be cognisant and supportive of local skills issues.

Sectoral Skills Investment Plans (SIPs)

SIPs describe the skills challenges and opportunities across Scotland's key sectors. They give a picture of the economic and labour market situation, trends in skills and qualification supply and employers' perspectives on the big skills issues affecting sector growth.

On behalf of the Scottish Government, we worked with Industry Leadership Groups and other key industry players to develop these plans. They were created through a process of labour market and skills supply research and analysis, industry consultation and action planning with industry and partners across Scotland's education and skills system.

Each SIP is tailored to the needs of the sector. We also ensure that SDS services for individuals and employers line up with the SIP recommendations. With the plans now in place, we'll continue working with industry and partners to carry out the actions and monitor progress.

More details on 10 sector SIPs (including the recent Early Years and Childcare SIP) and the Highlands and Islands SIP are to be found [here](#)

Gaelic Labour Market Research

A recent key piece of research was commissioned by SDS in partnership with Highlands and Islands Enterprise and Bord na Gàidhlig to develop Gaelic related labour market information.

A Steering Group was set up to develop the research and following publication of the report a National Gaelic Skills Group is being formed to take forward the key findings of the research.

Some of the key areas highlighted in the report are:

- Increased prominence and focus on Gaelic language through media outlets, Gaelic arts, public body Gaelic language plans and an increasing recognition of the potential economic value of the language.
- The favourable policy context and focus on Gaelic language within sectors such as Tourism and Creative Industries.
- Increased Gaelic Medium Education provision, particularly in the central belt.

Research findings and a data base of Gaelic related skills is available [here](#)

Caithness and Sutherland Local Skill Plan

Following the development of a local skills plan for Caithness and North Sutherland, the CNSRP are now working together to develop a detailed delivery plan.

The Local Skills plan is a high level strategic document recognising the key issues to be addressed and identifying the high-level actions required to be delivered. The delivery plan will have a focus on the skills requirements and opportunities presented within the Caithness and North Sutherland Regeneration Partnership Programme (2017-2020), including offshore wind, tidal, UK Vertical launch, nuclear services, business services and the North Coast 500. The plan should be available in February 2019.

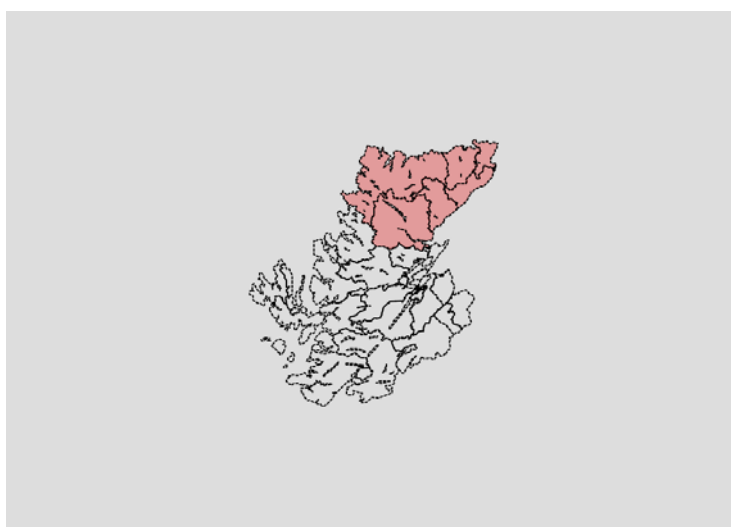
1 Introduction

- 1.1 The report presents sub-regional analysis for the North Highland area. The geographic area is co-terminous with the DYW area. **It is the March 2018 update report**, retaining the same format as the 2017 report but using the latest available data.
- 1.2 The report is designed to provide locally relevant data to help inform Skills Investment Planning. The reports respond to the request for sub-Highland local authority geographic area. The Regional Skills Assessments developed are available at regional and local authority area, but not at spatial levels below this. For some local authorities in Scotland covering a large geographic area, notably Highland and Argyll and Bute, there are wide variations in the economic and labour market performance that are helpful to disaggregate.
- 1.3 There are, however, data limitations within sub local authority level geographies. It is by no means possible to assemble all the data that was compiled for the RSAs. Nonetheless, certain useful indicators are available. The ones brought together for this report are:
- Business count data via UK Business Counts;
 - Employment data via the Business Register Employment Survey;
 - Claimant data, via the Department for Work and Pensions; and
 - Deprivation indicators, via the Scottish Index of Multiple Deprivation.

Please note: there are specific definitions of each indicator. These are highlighted in each section. These are important since some of the data has limitations.

The Geographic Area

- 1.4 The area is defined by the following postcodes:
- KW1,2,3,5,6,7,8,9,10,11,12,13,14
 - IV25, 27 & 28
- 1.5 This translates to the following best-fit Scottish Intermediate Data Zones:



- Caithness North East
- Caithness North West
- Caithness South
- Sutherland East
- Sutherland South
- Sutherland North and West
- Thurso East
- Thurso West
- Wick North
- Wick South

2 Demand Side Data and Trends

Introduction

- 2.1 This section covers data that provides insight on the demand for jobs, covering trends in the business and jobs base of the North Highland area. This is an evidence base drawing on the available data, rather than using detailed local intelligence.

The Business Base

- 2.2 UK business count data provides information on VAT and PAYE registered businesses, drawn from the Interdepartmental Business Register. The data therefore excludes businesses without employees operating beneath the VAT threshold of £83,000 per annum, a group which can comprise more than half of all businesses, particularly in rural economies. The latest data is for 2017, and a business here is the 'enterprise' count i.e. the smallest combination of legal units which has a certain degree of autonomy within an Enterprise Group.
- 2.3 In 2017, there were 2,300 businesses in the North Highland area. This is a 14% increase in the number of businesses since 2010, an additional 285 enterprises. This is strong growth, and a faster rate of growth than the Highland area and the Highlands and Islands region since 2010, although not as fast a rate of growth as for Scotland. The rate of new business growth however slowed between 2015 and 2016, and the business base contracted by 1.4% between 2016 and 2017, at a time of continued growth in Scotland.
- 2.4 Within North Highland there has been strong growth since 2010 in both Sutherland (+14%) and Caithness (+15%). Within Caithness, the fastest growth (+29%) has been in Thurso in response to Dounreay decommissioning and diversification, with the growth slower in rural Caithness. The business base continued to grow in Caithness between 2015 and 2016, albeit at a slower rate, whilst there was a small fall in the number of Sutherland businesses. Between 2016 and 2017 however, the business base contracted in both Caithness and Sutherland.

Total number of businesses, and change in the number of businesses 2010-2017

	2010	2016	2017	Change 2010-2017	
				Number	Per Cent
Lochaber and West Highland	2,015	2,335	2,300	285	+14%
Highland Local Authority	9,595	10,835	10,750	1,155	+12%
Highlands and Islands	19,390	21,535	21,945	2,180	+11%
Scotland	144,565	171,900	174,625	30,060	+21%
Source: UK Business Count Data					

- 2.5 Agriculture, forestry and fishing business still comprise more than one in every three businesses (34%), although as the subsequent section on employment shows, this is the not principal employment sector. Many of the agricultural businesses in particular are self-employed farm worker businesses. As a consequence, most other sectors are under-represented compared to the Highland and Scotland average. At 47% of the total, rural Caithness (excluding Wick and Thurso) has a particularly high proportion of the business base in the agriculture, forestry and fishing sector.

2.6 Other important sectors in terms of business numbers are construction (245, 11%) and the professional, scientific and technical service sector (260, 11%), although this is still well below the Scotland average of 19%. Caithness has a higher representation of professional, scientific and technical sector businesses (14%) than Sutherland (8%).

2.7 Although there are 165 accommodation and food service businesses, at 7%, this is less represented than for Highland as a whole, where 10% of all businesses are in the accommodation and food service sector, a good proxy for tourism. This is due to the small proportion in Caithness (5%) whereas Sutherland (9%) is broadly in line with the regional average. The production sector is also important to North Highland, and still comprises 5% of all businesses, 120 in total.

2.8 Several sectors contracted slightly between 2016 and 2017, including agriculture, forestry and fishing, construction, mining and utilities, retail and professional services, with a small increase in accommodation and food service businesses.

Share of business base by industrial sector, 2016

Industry Group	North Highland		Highland	Scotland
	Number	%	%	%
Agriculture, forestry & fishing*	780	33.9	20.3	9.8
Mining, quarrying & utilities	20	0.9	0.8	0.7
Production	120	5.2	4.9	5.2
Construction	245	10.7	13.4	11.3
Motor trades	55	2.4	2.6	2.6
Wholesale	45	2.0	2.2	3.1
Retail	180	7.8	6.8	7.7
Transport & storage (inc postal)	50	2.2	3.0	3.2
Accommodation & food services	165	7.2	10.0	7.8
Information & communication	25	1.1	2.2	5.9
Financial & insurance	5	0.2	0.6	1.7
Property	35	1.5	2.9	3.1
Professional, scientific & technical	260	11.3	13.1	18.6
Business administration & support services	140	6.1	6.8	7.1
Public administration & defence	0	0.0	0.1	0.0
Education	10	0.4	0.9	1.1
Health	60	2.6	3.3	3.9
Arts, entertainment, recreation & other serv.	105	4.6	6.0	7.1
Total	2,300	100.0	100.0	100.0

Source: UK Business Counts

The Employment Base

2.9 Total employment in VAT-registered businesses in North Highland in 2015 (latest data) was 15,500. The total therefore excludes those not registered for VAT or PAYE, and also those employed in farm agriculture, drawn from the Business Register and Employment Survey (BRES). BRES collects information on employees and employment (employees plus working owners). BRES therefore includes self-employed workers (within the employment estimates) as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. Self-employed people who are not registered for these, along with HM Forces and government-supported trainees are not included.

- 2.10 At 15,500 in 2016, and rounded to the nearest 500, there was no change in the number of employees in employment compared to 2009. This compares to an 8% increase across the Highland Council area.
- 2.11 Employment levels in the North Highland area have therefore only just recovered to 2009 levels, and there was no overall increase in jobs between 2015 and 2016. This illustrates the challenge for creating jobs in Caithness and Sutherland. The unchanged job numbers contrast to 8% growth between 2015 and 2016 in the Highland local authority area, the region and in Scotland.

Total Employment, and Employment Change 2009-2016

	Excludes PAYE business only jobs		Number in employment		Change* 2009-2016	
	2009	2015	2015	2016	Number	Per Cent
North Highland	15,500	15,000	15,500	15,500	0	0.0
Highland Local Authority	102,500	108,500	109,000	111,000	8,500	8.3
Highlands and Islands	208,000	212,500	214,000	216,000	8,000	3.8
Scotland	2,407,000	2,446,000	2,462,500	2,482,500	75,500	3.1

Source: Business Register Employment Survey

** Recent changes in ONS data rounding to the nearest 500 means comparison between 2009 and 2016 are therefore not strictly on the same basis (and also since 2009 data excludes PAYE only businesses) – although given that this is true for all the geographic areas the 2009-2016 change is presented. Some 2015 data included in the last report have also now been revised by ONS*

- 2.12 Health, accommodation and food services (the proxy for tourism) and mining/quarrying/utilities are the three largest employment sectors. There were 2,750 employed in the health sector, almost one in five of all jobs. There were 1,750 employed in the tourism sector in 2016 (11% of the total), and this is likely to under-estimate the full number since many will work in non-VAT registered businesses in the sector. The proportion of jobs in tourism in North Highland is above that for Scotland (8%), but no longer greater than for Highland as a whole. The proportion of all jobs that are in tourism is much higher in Sutherland (13%) than in Caithness (9%), as is the case with the business base.
- 2.13 At 1,625, and 11%, the mining/quarrying/utilities sector is clearly important to the North Highland economy, despite the ongoing decommissioning of Dounreay. Employment in the sector is more than four times as concentrated as in Highland and more than three times that for Scotland as a whole. Again there are marked differences within North Highland: around one in six jobs in Caithness in 2016 were in mining/quarrying/utilities (16%) compared to just 2% in Sutherland.
- 2.14 At 7.3%, and 1,125 jobs, the share of jobs in the professional, scientific and technical sector is above both the averages for Highland (5.6%) and Scotland (6.5%). These are important jobs for the North Highland economy, typically higher value added and better paid. More than 82% of all those professional, scientific and technical jobs are in Caithness.

Share of employment by industrial sector, 2016

Industry Group	North Highland		Highland	Scotland
	Number	%	%	%
Agriculture, forestry & fishing*	300	1.9	1.2	1.4
Mining, quarrying & utilities	1,625	10.5	2.5	2.8
Production	550	3.5	5.9	7.3
Construction	950	6.1	6.1	5.3
Motor trades	210	1.4	2.2	1.8
Wholesale	400	2.6	2.7	3.1
Retail	1,375	8.9	10.2	9.6
Transport & storage (inc postal)	550	3.5	4.7	4.2
Accommodation & food services	1,750	11.3	12.2	8.1
Information & communication	190	1.2	2.0	2.5
Financial & insurance	140	0.9	0.9	3.5
Property	190	1.2	1.3	1.2
Professional, scientific & technical	1,125	7.3	5.6	6.5
Business administration & support services	500	3.2	4.7	7.4
Public administration & defence	750	4.8	5.4	6.2
Education	1,250	8.1	7.4	7.9
Health	2,750	17.7	19.8	16.7
Arts, entertainment, recreation & other services	800	5.2	5.1	4.2
Total	15,500	100	100	100

Source: Business Register Employment Survey

*These figures exclude farm agriculture (SIC subclass 01000)

- 2.15 There have been considerable changes in employment by industrial sector between 2009 and 2016. As the following table indicates, employment in production has more than halved (as a result of more than 60% fewer production jobs in Caithness), and there have also been big reductions in information and communication (-37%, although from a smaller base), business administration and support services (-29%) and in public administration and defence (-25%). All are sectors which have grown or contracted only slightly at the Scotland level. Along with a loss of education sector jobs, there is a need to for the North Highland area to replace public sector jobs with growth from the private sector.
- 2.16 There has been compensatory jobs growth in some sectors. Tourism has grown since 2009, an increase of 8% in the number employed, yet the number of jobs decreased between 2015 and 2016 (more than 100 jobs were lost in the year, equivalent to 6%). The growth rate in tourism since 2009 is still ahead of the Highland and Scotland increases, yet both Caithness (where rural Caithness had seen a 60% increase in tourism jobs 2009-2015) and Sutherland saw the number of jobs fall between 2015 and 2016.
- 2.17 There has also been an increase in health sector jobs, the largest employment sector. The arts, entertainment, recreation and other services sector has also grown by some 60%, almost entirely in Caithness as the Caithness economy replaces production sector jobs with those in tourism and the creative industries, although over the last year there have been increases in employment in arts, entertainment, recreation and other services in Sutherland too. Since 2009, jobs have also been increasing in a number of traditional employment sectors, including agriculture, forestry and fishing (+36%) and mining, quarrying and utilities (+30%).

Change in employment by industrial sector, 2009-16

Industry Group	North Highland			Highland	Scotland
	2009 Number	2016 Number	% change	% change	% change
Agriculture, forestry & fishing*	220	300	36	35	6
Mining, quarrying & utilities	1,250	1,625	30	27	10
Production	1,250	550	-56	-1	-6
Construction	900	950	6	7	-3
Motor trades	190	210	11	15	14
Wholesale	275	400	45	11	1
Retail	1,500	1,375	-8	0	-2
Transport & storage (inc postal)	600	550	-8	5	3
Accommodation & food services	1,625	1,750	8	3	5
Information & communication	300	190	-37	7	13
Financial & insurance	170	140	-18	-25	-8
Property	160	190	19	35	20
Professional, scientific & technical	1,000	1,125	13	24	11
Business administration & support	700	500	-29	-15	3
Public administration & defence	1,000	750	-25	-4	1
Education	1,500	1,250	-17	-16	-4
Health	2,500	2,750	10	19	6
Arts, entertainment, recreation & other	500	800	60	62	24
Total	15,500	15,500	0	8	3

Source: Business Register Employment Survey

*These figures exclude farm agriculture (SIC subclass 01000)

2.18 Fewer of those in work are employed full time in North Highland¹. In all, 61% are in full time employment, well below the Scotland average of 67%, and also below the Highland Council and Highlands and Islands region averages. The split of full and part time employment is given below. Lost full time jobs are being replaced predominantly by those that are part time.

Employment by Status, 2015

	Full Time	Part Time	Full Time Per Cent	Part Time Per Cent
North Highland	9,500	6,000	61%	39%
Highland Local Authority	67,500	40,900	62%	38%
Highlands and Islands	133,300	79,100	63%	37%
Scotland	1,638,700	804,700	67%	33%

Source: Business Register Employment Survey

¹ The 2017 report contained an error, stating 68% were in full time and 32% part time, when in fact this should have stated 62% full time and 38% part time.

3 Labour Supply

Introduction

- 3.1 This section covers available data at sub-local authority level that helps provide a picture of labour supply.
- 3.2 There are significant limitations in labour market information based on individuals, since this is typically drawn from the Annual Population Survey which is not available (or reliable) at sub-Local Authority geographies. The section therefore covers unemployment and deprivation.
- 3.3 The 2017 sub-Local Authority area reports presented analyses of Job Seeker’s Allowance (JSA) claimant data, given that this allowed time-series analysis over 10 years, and comparator between areas. However, this is no longer the official measure of those out of work and claiming benefit support, given the introduction and now wider roll out of Universal Credit.
- 3.4 Universal Credit data remains an experimental data series. It counts the number of people claiming JSA plus those who claim Universal Credit and are required to seek work and be available for work. It replaces the number of people claiming JSA as the headline indicator of the number of people claiming benefits principally for the reason of being unemployed.
- 3.5 Analysis of Jobseeker’s Allowance only is at Appendix A, which adds 2018 data to the data presented in the previous report (and so now covers 2007-2018).

Unemployment

- 3.6 Claimant count analysis, incorporating Universal Credit, indicates that the number out of work and seeking work has fallen by almost one quarter in North Highland over the last five years. This is greater than the fall across Highland as a whole, although not as large a decrease as the region (-29%) and for Scotland (-42%), although some caution regarding the data needs to be exercised. The roll out of Universal Credit is ongoing, and it may be that the numbers will increase in North Highland for this reason.

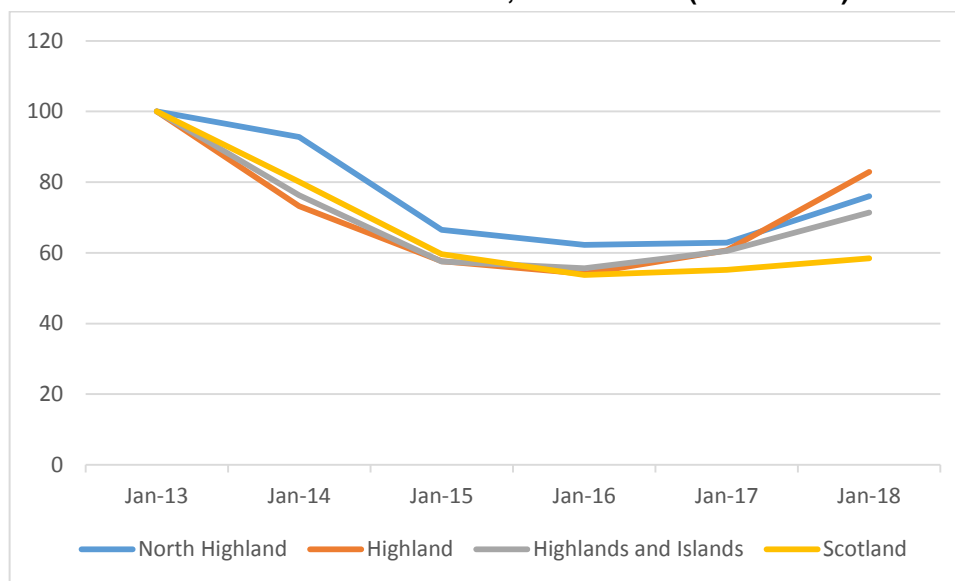
Out of Work Claimant Count, 2013 to 2018

	2013	2018	Change 2013-2018	
			Number	Per Cent
North Highland	835	635	-200	-24%
Highland Local Authority	4,390	3,640	-750	-17%
Highlands and Islands	8,675	6,195	-2,480	-29%
Scotland	141,970	82,915	-59,055	-42%

Source: Department for Work and Pensions, via NOMIS

- 3.7 The change over the last five years is illustrated in the following chart. It is interesting to note that the increase in claimants that has occurred in the last year in North Highland, although not as pronounced as for Highland as a whole. However, recent increases in out of work claimants in the North Highland DYW area have been above both the Highlands and Islands region and Scotland increases.

Out of Work Claimant Counts over time, 2013 to 2018 (Index = 100)



- 3.8 There has been a greater proportionate decrease in the number of out of work claimants aged 16 to 24 years. In North Highland, the number has fallen by 48% over the last five years. This is a greater decrease than for Highland as a whole, and for the region. However, there was an increase between January 2017 to January 2018, where numbers increased from 100 to 120.

Aged 16-24 years, Out of Work Claimant Count, 2013 to 2018

	2013	2018	Change 2013-2018	
			Number	Per Cent
North Highland	230	120	-110	-48%
Highland Local Authority	685	400	-285	-42%
Highlands and Islands	1,425	755	-670	-47%
Scotland	26,105	10,960	-15,145	-58%

Source: Department for Work and Pensions, via NOMIS

- 3.9 Overall, there has been a similar proportionate decrease for males and females. Male claimants comprise 61% of the total number of claimants.

Scottish Index of Multiple Deprivation

- 3.10 There are 1,640 detailed postcode areas within North Highland. Of these, 103, or 6.3%, are within the most 20% deprived in Scotland. These are located in parts of Wick and Thurso. The Scottish Index of Multiple Deprivation is not always a very good measure of rural deprivation, given that rural poverty and incidences of relative deprivation are not always spatially concentrated.

Number and proportion of postcodes in the most deprived 20% in Scotland

	Number of postcodes	postcodes in the most deprived 20%	
		Number	Proportion
North Highland	1,640	103	6.3%

Inverness and Central	4,837	772	16.0%
Lochaber and West Highland	2,705	149	5.5%
Scotland	-	-	20%

Source: Scottish Index of Multiple Deprivation

4 Summary and Conclusions

4.1 This review of available sub-Local Authority indicators allows a number of conclusions to be drawn for the North Highland area. There are clear differences between the North Highland economy and labour market than is the case for Highland as a whole. There are also distinctive differences within the North Highland area.

4.2 The key points are:

- The business base growth evident from 2010 to 2016 stalled and went into reverse in 2017. This contraction of the business base in the last year has affected both Caithness and Sutherland. It is too early to say whether this is part of a trend, however the fall in the number of businesses in 2017 is set against continued, albeit modest, growth at the regional and Scotland levels;
- Until 2016, both Caithness and Sutherland saw business growth faster than the Highland local authority area and the Highlands and Islands regional increases, although it was behind that for Scotland. There had been particularly strong growth in the Thurso business base, well above the Scotland growth rate;
- Agriculture, forestry and fishing remains prominent in the business base, although less so in terms of overall employment due to high numbers of self-employed farm workers. In rural Caithness, almost half of all businesses are in the sector. The construction sector is also prominent in North Highland;
- The tourism business sector is broadly in line with the regional average in Sutherland, although under-represented in Caithness, although the tourism business base contracted slightly in 2017. Professional, scientific and technical sector businesses are more prevalent in the Caithness economy than in Sutherland, historically linked to Dounreay, however this was another of the sectors which contracted in 2017;
- Overall the number of jobs, rounded to the nearest 500, have returned to 2009 levels. However, the jobs growth evident between 2014 to 2015 stalled between 2015 and 2016, at a time of regional and Scotland level jobs growth. This indicates the challenges of growing the North Highland economy;
- Health, accommodation and food services and mining/quarrying/utilities are the three largest employment sectors. Tourism employs more than one in eight in Sutherland, although this proportion decreased between 2015 and 2016. More than one in six jobs in Caithness remain in the mining/quarrying/utilities sector;
- There are more professional, scientific and technical sector jobs as a share of the total in North Highland than the Scotland and Highland average. The vast majority of these higher paid and higher value added jobs are in Caithness;
- The employment base has changed over time and continues to change, with falls in employment in production and the public sector, and increases in the creative

industries and, until recently, tourism. The creative industries in particular saw job increases between 2015 and 2016. Overall however, more of the new jobs are part time, replacing full time jobs, and many are in lower value added sectors;

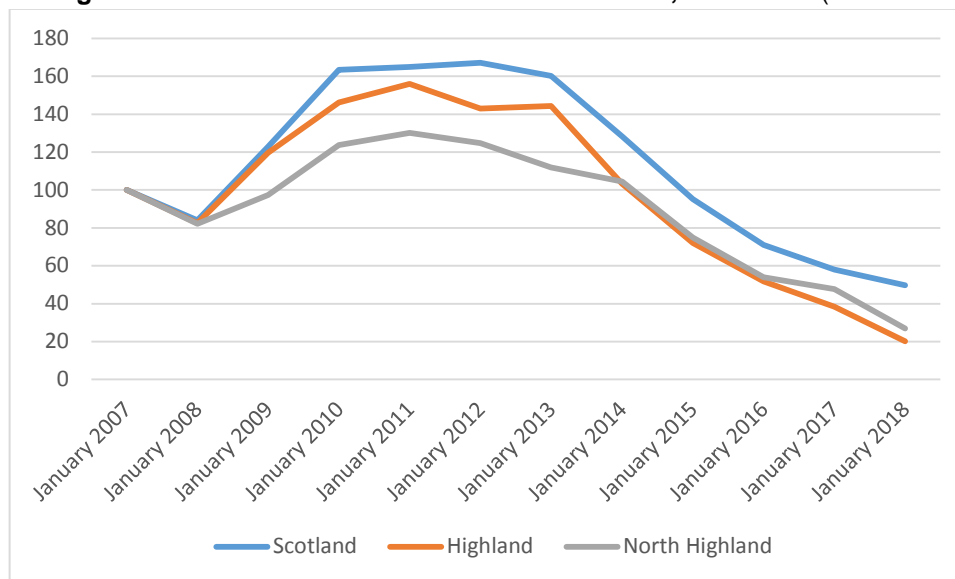
- There was an increase in the number of out of work claimants to January 2018, using the new official measure which includes Universal Credits. Although below the rate of the Highland local authority area increase, the rise was faster than for the region and for Scotland, further illustrating the fragility of the North Highland recovery;

- Although the Scottish Index of Multiple Deprivation is not the truest indicator of deprivation in rural areas which can be less spatially concentrated, more than 6% of the area is amongst the most deprived 20% in Scotland.

Appendix 1: Jobseeker's Allowance Analysis

- 1.1 Job Seekers Allowance (JSA) claimant count fell year upon year on Scotland from January 2009 to January 2015 as the economy recovered from the recession (when there was a sharp rise in JSA claimants between 2008 and 2009). Since January 2015, JSA claimant rates have started to rise.
- 1.2 The data-set records the number of people claiming Jobseeker's Allowance (JSA) and National Insurance credits at Jobcentre Plus local offices. This is not an official measure of unemployment, but is the only indicative statistic available for areas smaller than Local Authorities. It is important to note that this does not include those who claim Universal Credit and are required to seek work and be available for work.
- 1.3 For North Highland, the rise in JSA claimants through the recession was less pronounced than was the case for Scotland, or the Highland area. More recent decreases in the number of JSA claimants have not been as rapid as the Highland area as whole, however the number of JSA claimants in 2018 were 27% of those in 2007. The switch to Universal Credit as this is rolled out will have influenced the fall in JSA claimants.

Change in JobSeekers Allowance claimant numbers, 2007-2018 (2007 = 100)



- 1.4 A slightly higher proportion of the 2017 claimants are female, at 36% of the total compared to 34% across Scotland.
- 1.5 The number of 18-24 claimants continues to fall in North Highland, as it does across Highland and Scotland. There were just 10 JSA claimants aged 18-24 in the area in January 2017, 6% of the number in January 2007, although changes to the benefits system largely explain this change.

18-24 Year Old Claimants, 2007-2017

	North Highland		Highland	Scotland
	Claimants	Index – 2007 =100		
January 2007	180	100	100	100
January 2008	120	67	75	84
January 2009	180	100	125	126
January 2010	240	133	151	166
January 2011	255	142	156	162
January 2012	255	142	152	171
January 2013	215	119	134	150
January 2014	145	81	80	112
January 2015	115	64	49	76
January 2016	50	28	25	42
January 2017	30	17	12	23
January 2018	10	6	4	17

Source: NOMIS, Department for Work and Pensions

- 1.6 There was an increase in the number of out of work claimants for more than 12 months in January 2018 in North Highland, 140 claimants compared to the 120 the year previously. This increase comes at a time of continued reductions in the number of long-term unemployed in the Highland area and in Scotland. The number of 140 claimants is now the same as in January 2007. The numbers increased sharply in 2012 and 2013 although not immediately at the start of the recession. Numbers have since fallen from their 2013 peak.

Claimants for more than 12 months, 2007-2017

	North Highland		Highland	Scotland
	Claimants	Index – 2007 =100		
January 2007	140	100	100	100
January 2008	105	75	61	67
January 2009	75	54	51	63
January 2010	105	75	99	137
January 2011	125	89	97	153
January 2012	200	143	152	219
January 2013	260	186	218	283
January 2014	230	164	178	239
January 2015	195	139	128	156
January 2016	170	121	106	123
January 2017	120	86	94	111
January 2018	140	100	92	108


Source: NOMIS, Department for Work and Pensions

1 Introduction

- 1.1 The report presents sub-regional analysis for the Lochaber and West Highland area. The geographic area is coterminous with the DYW area. **It is the March 2018 update report**, retaining the same format as the 2017 report but using the latest available data.
- 1.2 The report is designed to provide locally relevant data to help inform Skills Investment Planning. The reports respond to the request for sub-Highland local authority geographic area. The Regional Skills Assessments developed are available at regional and local authority area, but not at spatial levels below this. For some local authorities in Scotland covering a large geographic area, notably Highland and Argyll and Bute, there are wide variations in the economic and labour market performance that are helpful to disaggregate.
- 1.3 There are, however, data limitations within sub local authority level geographies. It is by no means possible to assemble all the data that was compiled for the RSAs. Nonetheless, certain useful indicators are available. The ones brought together for this report are:
- Business count data via UK Business Counts;
 - Employment data via the Business Register Employment Survey;
 - Claimant data, via the Department for Work and Pensions; and
 - Deprivation indicators, via the Scottish Index of Multiple Deprivation.

Please note: there are specific definitions of each indicator. These are highlighted in each section. These are important since some of the data has limitations.

The Geographic Area

- 1.4 The area is defined by the following postcodes:
- Wester Ross IV 21, 22, 23, 26, 27,
 - Skye and Lochalsh IV40,41,43,44,45,46,47,48,49,51,52,53, 54,55,56
 - Lochaber PH 31,32,33,34,35,36,37,38,39,40,41,42,43,49, 50
- 1.5 This translates to the following best-fit Scottish Intermediate Data Zones:
- 
- Lochaber East and North
 - Lochaber West
 - Lochlath
 - Ross and Cromarty South West
 - Fort William North
 - Fort William South
 - Skye North East
 - Skye North West
 - Skye South

2 Demand Side Data and Trends

Introduction

- 2.1 This section covers data that provides insight on the demand for jobs, covering trends in the business and jobs base of the Lochaber and West Highland area. This is an evidence base drawing on the available data, rather than using detailed local intelligence.

The Business Base

- 2.2 UK business count data provides information on VAT and PAYE- registered businesses, drawn from the Interdepartmental Business Register. The data therefore excludes businesses without employees operating beneath the VAT threshold of £83,000 per annum, a group which can comprise more than half of all businesses, particularly in rural economies. The latest data is for 2016, and a business here is the 'enterprise' count i.e. the smallest combination of legal units which has a certain degree of autonomy within an Enterprise Group.
- 2.3 In 2017, there were 2,065 businesses in the Lochaber and West Highland area. This is a 13% increase in the number of businesses since 2010, an additional 230 enterprises. This is a marginally higher rate of growth than the Highlands and Islands region since 2010, although not as fast a rate of growth as for Scotland.
- 2.4 In the year 2016 to 2017, there were an additional 25 businesses in the Lochaber and West Highland area, a continued increase (of 1.2%), although still below the 1.6% across Scotland. Nonetheless, this contrasts to a fall in the number of businesses in the rest of the Highland area in the last year.
- 2.5 Overall, growth has been uneven within the area with stronger growth in Skye than in Fort William. This pattern continued in the year 2016 to 2017, with business growth in north east and north west Skye (although not south) and a decrease in the number of businesses in Fort William.

Total number of businesses, and change in the number of businesses 2010-2017

	2010	2016	2017	Change 2010-2017	
				Number	Per Cent
Lochaber and West Highland	1,835	2,040	2,065	230	+13%
Highland Local Authority	9,595	10,835	10,750	1,155	+12%
Highlands and Islands	19,390	21,535	21,945	2,180	+11%
Scotland	144,565	171,900	174,625	30,060	+21%

Source: UK Business Count Data

- 2.6 Agriculture, forestry and fishing business still comprise close to one in four of all businesses (23%), although as the subsequent section on employment shows, this is the not principal employment sector. Many of the agricultural businesses in particular are self-employed farm worker businesses. The tourism industry is reflected in the high number of businesses in accommodation and food services (325, 16% of the total), twice the representation Scotland-wide. There are also significant numbers of construction businesses (250, 12%), although the number decreased slightly between 2016 and 2017.

2.7 Other sectors where there is strong relative concentration are the retail sector (8%) and transport and storage (4%). There is significant under-representation in the professional, scientific and technical service sector, which at 8% of the total is less than half the 19% average for Scotland, although 10 of the additional 25 businesses in Lochaber and West Highland 2017 were in this sector (+20 businesses), a positive for the area. Business, administration and support services, information and communications and finance and insurance are also under-represented.

Share of business base by industrial sector, 2016

Industry Group	Lochaber & W Highland		Highland	Scotland
	Number	%	%	%
Agriculture, forestry & fishing*	480	23.2	20.3	9.8
Mining, quarrying & utilities	25	1.2	0.8	0.7
Production	100	4.8	4.9	5.2
Construction	250	12.1	13.4	11.3
Motor trades	40	1.9	2.6	2.6
Wholesale	40	1.9	2.2	3.1
Retail	165	8.0	6.8	7.7
Transport & storage (inc postal)	90	4.4	3.0	3.2
Accommodation & food services	325	15.7	10.0	7.8
Information & communication	45	2.2	2.2	5.9
Financial & insurance	10	0.5	0.6	1.7
Property	40	1.9	2.9	3.1
Professional, scientific & technical	155	7.5	13.1	18.6
Business administration & support services	110	5.3	6.8	7.1
Public administration & defence	0	0.0	0.1	0.0
Education	10	0.5	0.9	1.1
Health	65	3.1	3.3	3.9
Arts, entertainment, recreation & other serv.	120	5.8	6.0	7.1
Total	2,065	100.0	100.0	100.0

Source: UK Business Counts

The Employment Base

2.8 Total employment in VAT-registered businesses in Lochaber and West Highland in 2016 (latest data) was 16,150. The total excludes those not registered for VAT or PAYE, and also those employed in farm agriculture, drawn from the Business Register and Employment Survey (BRES). BRES collects information on employees and employment (employees plus working owners). BRES therefore includes self-employed workers (within the employment estimates) as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. Self-employed people who are not registered for these, along with HM Forces and government-supported trainees are not included.

2.9 At 16,150 there are 300 more employees in employment compared to 2009, an increase of 1.9%. This is below the increase across the Highlands and Islands region and for Scotland, and considerably lower than the increase in the Highland local authority area where there has been strong job increases in Inverness.

2.10 However, the most recent data for Lochaber and West Highland is more encouraging; there was 2.4% jobs growth between 2015 and 2016 at a time of 1% jobs growth across Scotland and a 1.8% increase for the Highland area, driven by jobs growth in Skye, but also in Fort

William north. Jobs growth 2015-2016 in Fort William is positive, although there remain 13% fewer jobs in the town than in 2009.

Total Employment, and Employment Change 2009-2016

	Excludes PAYE business only jobs		Number in employment		Change* 2009-2016	
	2009	2015	2015	2016	Number	Per Cent
Lochaber & West Highland	15,850	15,600	15,775	16,150	300	1.9
Highland Local Authority	102,500	108,500	109,000	111,000	8,500	8.3
Highlands and Islands	208,000	212,500	214,000	216,000	8,000	3.8
Scotland	2,407,000	2,446,000	2,462,500	2,482,500	75,500	3.1

Source: Business Register Employment Survey

* Recent changes in ONS data rounding to the nearest 500 means comparison between 2009 and 2016 are therefore not strictly on the same basis, and 2016 data now includes employment in PAYE only business – although given that this is true for all the geographic areas the 2009-2016 change is presented. Some 2015 data included in the last report have also now been revised by ONS.

- 2.11 Accommodation and food services employs almost one in five in the Lochaber and West Highland area (19.4%), 3,130 employees. The sector is almost twice as concentrated as the Highland local authority area, and nearly three times as concentrated as that for Scotland. The next largest sector is health, which employs 14.0%, and 2,255, although this is a lower proportion than for both Highland and Scotland.
- 2.12 Other sectors where jobs are more concentrated in Lochaber and West Highland are agriculture, forestry and fishing, transport and storage, education and arts, entertainment, recreation and other services.
- 2.13 A number of sectors are under-represented. These include the higher value added professional, scientific and technical sector, which comprises just 3.8% of all jobs, compared to 5.4% in the Highland area and 6.8% for Scotland. Business administration and support services are also under-represented, as is the production sector (compared to Scotland but not Highland).

Share of employment by industrial sector, 2016

Industry Group	Lochaber & W Highland		Highland	Scotland
	Number	%	%	%
Agriculture, forestry & fishing*	580	3.6	1.4	1.5
Mining, quarrying & utilities	215	1.3	2.7	2.7
Production	980	6.1	5.9	7.1
Construction	940	5.8	6.3	5.4
Motor trades	325	2.0	2.5	1.9
Wholesale	370	2.3	2.7	3.1
Retail	1,465	9.1	9.9	9.4
Transport & storage (inc postal)	885	5.5	5.0	4.2
Accommodation & food services	3,130	19.4	10.8	7.3
Information & communication	205	1.3	2.1	2.9
Financial & insurance	100	0.6	0.8	3.5
Property	315	2.0	1.4	1.4
Professional, scientific & technical	620	3.8	5.4	6.8
Business administration & support services	405	2.5	4.5	7.4
Public administration & defence	675	4.2	5.4	6.2
Education	1,470	9.1	6.8	7.6
Health	2,255	14.0	19.4	16.4

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Arts, entertainment, recreation & other serv.	1,265	7.8	6.3	5.2
Total	16,150	100	100	100

Source: Business Register Employment Survey

*These figures exclude farm agriculture (SIC subclass 01000)

2.14 There have been considerable changes in employment by industrial sector between 2009 and 2016 (see the note under Table 3 regarding the caveat required for comparing 2009 and 2016 due to the different data definition). There has been strong growth in certain service sectors, including the professional, scientific and technical services sector (+35%), property (+34%) and also in the arts, recreation and entertainment sector (+66%), as there has been in Highland (but not in the arts sector as a whole in Scotland). Other employment growth sectors have been in the traditional employment sectors of agriculture, forestry and fishing (+45%), mining, quarrying and utilities (+30%), transport and storage (+23%) and construction (+18%).

2.15 There are fewer jobs in the public sector services of education (-12%) and public administration and defence (-35%) compared to 2009, requiring increases in private sector jobs to offset these losses. This growth in private sector jobs has occurred, although not all service sectors have seen an increase in employment. There are 30% fewer jobs in business and related services than in 2009, 170 jobs, and a 14% contraction in the retail sector (-235 jobs).

2.16 The important accommodation and food services sector, the proxy for tourism, contracted by 1% in jobs terms between 2009 and 2016, at a time of regional and national growth. The fall in jobs was some 9% between 2015 and 2016, in all parts of Lochaber and West Highland bar the south and north west of Skye.

Change in employment by industrial sector, 2009-16

Industry Group	Lochaber & West Highland			Highland	Scotland
	2009 Number	2016 Number	% change	% change	% change
Agriculture, forestry & fishing*	400	580	45	35	6
Mining, quarrying & utilities	165	215	30	27	10
Production	970	980	1	-1	-6
Construction	800	940	18	7	-3
Motor trades	315	325	3	15	14
Wholesale	390	370	-5	11	1
Retail	1,700	1,465	-14	0	-2
Transport & storage (inc postal)	720	885	23	5	3
Accommodation & food services	3,175	3,130	-1	3	5
Information & communication	200	205	3	7	13
Financial & insurance	110	100	-9	-25	-8
Property	235	315	34	35	20
Professional, scientific & technical	460	620	35	24	11
Business administration & support	575	405	-30	-15	3
Public administration & defence	1,045	675	-35	-4	1
Education	1,675	1,470	-12	-16	-4
Health	2,120	2,255	6	19	6
Arts, entertainment, recreation & other	760	1,265	66	62	24
Total	15,850	16,150	2	8	3

Source: Business Register Employment Survey

*These figures exclude farm agriculture (SIC subclass 01000)

- 2.17 More of those in work are employed part time in Lochaber and West Highland than the Scottish average. In all, 41% are in part time employment, well above the Scotland average of 33%, with a higher proportion also employed part time than the regional average. Whilst there has been employment growth, this has been due to a rise in the number of part time jobs, for example in the arts and related sector. The number of full time jobs in 2016 remained lower than in 2009. The split of full and part time employment in 2016 is given below.

Employment by Status, 2016

	Full Time	Part Time	Full Time Per Cent	Part Time Per Cent
Lochaber and West Highland	9,500	6,500	59%	41%
Highland Local Authority	69,000	42,000	62%	38%
Highlands and Islands	135,000	81,000	63%	37%
Scotland	1,652,000	830,500	67%	33%
Source: Business Register Employment Survey; employment numbers rounded to the nearest 500				

3 Labour Supply

Introduction

- 3.1 This section covers available data at sub-local authority level that helps provide a picture of labour supply.
- 3.2 There are significant limitations in labour market information based on individuals, since this is typically drawn from the Annual Population Survey which is not available (or reliable) at sub-Local Authority geographies. The section therefore covers unemployment and deprivation.
- 3.3 The 2017 sub-Local Authority area reports presented analyses of Job Seeker’s Allowance (JSA) claimant data, given that this allowed time-series analysis over 10 years, and comparator between areas. However, this is no longer the official measure of those out of work and claiming benefit support, given the introduction and now wider roll out of Universal Credit.
- 3.4 Universal Credit data remains an experimental data series. It counts the number of people claiming JSA plus those who claim Universal Credit and are required to seek work and be available for work. It replaces the number of people claiming JSA as the headline indicator of the number of people claiming benefits principally for the reason of being unemployed.
- 3.5 Analysis of Jobseeker’s Allowance only is at Appendix A, which adds 2018 data to the data presented in the previous report (and so now covers 2007-2018).

Unemployment

- 3.6 Claimant count analysis, incorporating Universal Credit, indicates that the number out of work and seeking work has fallen by more than half in Lochaber and West Highland. This is greater than the fall across Highland and the Highlands and Islands region. It is also greater than the decrease for Scotland over the last five years, although some caution needs to be exercised. The roll out of Universal Credit is ongoing, and it may be that the numbers will increase in Lochaber and West Highland for this reason. Indeed, latest (April 2018) data has indicates that the number out of work has increased to 395, a rise of 75, or 23% since January 2017.

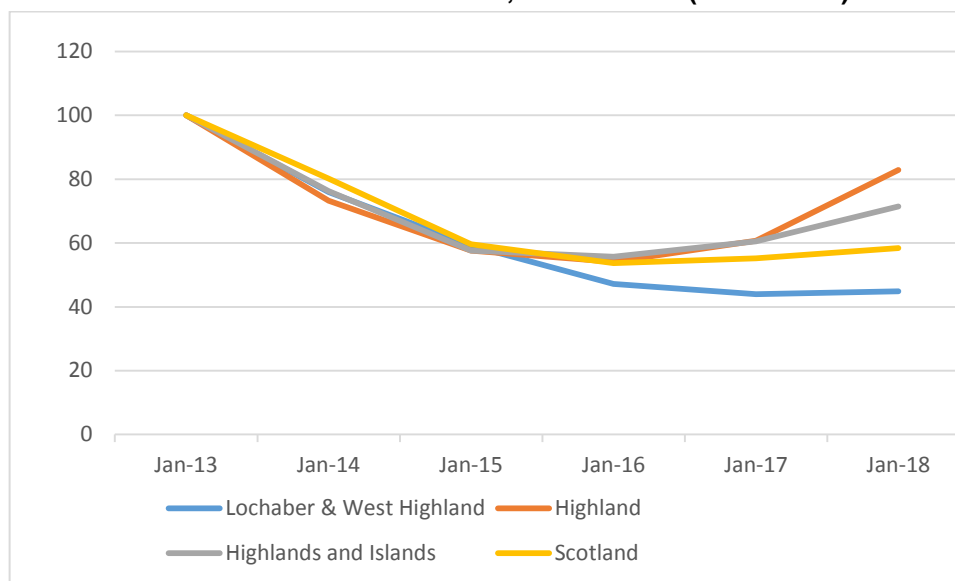
Out of Work Claimant Count, (January) 2013 to (January) 2018

	2013	2018	Change 2013-2018	
			Number	Per Cent
Lochaber and West Highland	755	345	-410	-54%
Highland Local Authority	4,390	3,640	-750	-17%
Highlands and Islands	8,675	6,195	-2,480	-29%
Scotland	141,970	82,915	-59,055	-42%

Source: Department for Work and Pensions, via NOMIS

- 3.7 The change over the last five years is illustrated in the following chart. It is interesting to note that the increase in claimants that has occurred in the last year in particular in Highland and in the Highlands and Islands region has not been replicated (at least not yet) in the Lochaber and West Highland DYW area (but note the increase of 23% January 2017 to April 2018 above, the majority of this increase during 2018).

Out of Work Claimant Counts over time, 2013 to 2018 (Index = 100)



- 3.8 There has been an even greater proportionate decrease in the number of out of work claimants aged 16 to 24 years. In Lochaber and West Highland, the number has fallen by 72% over the last five years. Again, this is a greater decrease than each of the comparator areas.

Aged 16-24 years, Out of Work Claimant Count, 2013 to 2018

	2013	2018	Change 2013-2018	
			Number	Per Cent
Lochaber and West Highland	160	45	-115	-72%
Highland Local Authority	685	400	-285	-42%
Highlands and Islands	1,425	755	-670	-47%
Scotland	26,105	10,960	-15,145	-58%

Source: Department for Work and Pensions, via NOMIS

- 3.9 Overall, there has been a similar proportionate decrease for males and females. Male claimants comprise 61% of the total number of claimants.

Scottish Index of Multiple Deprivation

- 3.10 There are 2,118 detailed postcode areas within Lochaber and West Highland. Of these, 124, or 5.8%, are within the most 20% deprived in Scotland. These are located in Fort William. The Scottish Index of Multiple Deprivation is not always a very good measure of rural deprivation, given that rural poverty and incidences of relative deprivation are not always spatially concentrated.

Number and proportion of postcodes in the most deprived 20% in Scotland

	Number of postcodes	postcodes in the most deprived 20%	
		Number	Proportion
North Highland	1,640	103	6.3%
Inverness and Central	4,837	772	16.0%

Lochaber and West Highland	2,118	124	5.8%
Scotland	-	-	20%
Source: Business Register Employment Survey			

4 Summary and Conclusions

4.1 This review of available sub-Local Authority indicators allows a number of conclusions to be drawn for the Lochaber and West Highland area. There are clear differences between the Lochaber and West Highland economy and labour market than for Highland as a whole.

4.2 The key points are:

- The business base is continuing to grow in Lochaber and West Highland at a time when the business base across Highland has shown signs of contracting. Between 2016 and 2017, the growth in the business base was not far behind the rate of increase for Scotland. Since 2010, the growth in businesses in Lochaber and West Highland has outpaced the regional growth rate, although slower than for Scotland;
- Within the area, business growth continues to be stronger in Skye than in Fort William;
- Tourism businesses are twice as concentrated as the Scotland average, with agriculture, forestry and fishing businesses – most of which are micro-businesses – also prevalent. There is under-representation of business and professional service businesses relative to both the Highland area and Scotland, although 40% of the additional businesses in 2017 were in this sector. Overall, lower value added businesses dominate Lochaber and West Highland;
- The number of jobs in 2015 had not recovered to the pre-recession levels of 2009, however between 2015 and 2016 there has been jobs growth, and at a rate more than twice for that of Scotland, and higher than the regional rate of growth. This is encouraging;
- The recent 2015 to 2016 jobs growth has been uneven within the area, highest in the north east and west of Skye, and in Fort William north, although overall there remain fewer jobs in Fort William than in 2009;
- A large part of the jobs growth has been in part time employment, which now accounts for more than four in 10 of all jobs, the highest in the Highland local authority area and above regional and Scotland averages;
- Tourism is the largest sector, employing almost one in five. Other sectors where jobs are more concentrated in Lochaber and West Highland in relation to comparators are agriculture, forestry and fishing, transport and storage, education and arts, entertainment, recreation and other services;
- The tourism sector was growing, although there are signs that jobs growth in parts of the sector, notably accommodation and food services, went in to reverse 2015 to 2016, losing almost 10% of employment. In part this has been off-set by strong jobs

growth in the arts and related sectors, growing more than two and a half times the rate for Scotland.

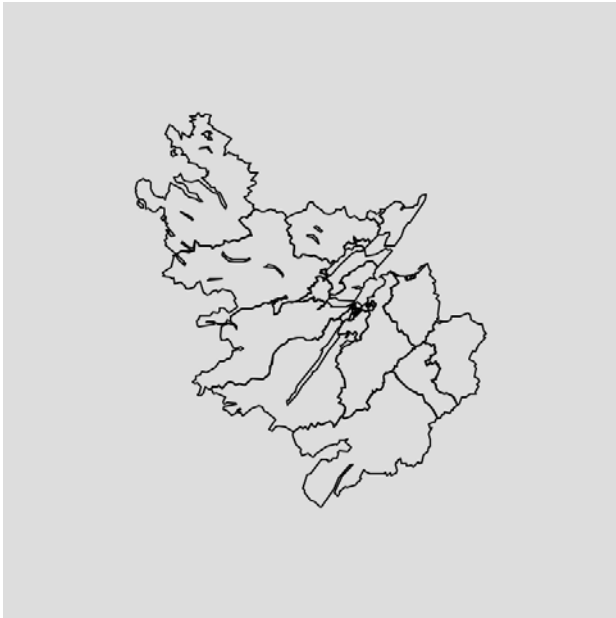
- A number of traditional sectors have grown in job terms, including agriculture, forestry and fishing, mining, quarrying and utilities, transport and storage and construction at a time when public sector jobs continue to decrease;
- Part time working is more common than in the region and Scotland, and job increases have been part time rather than full time, where there are fewer full time jobs than in 2009. Lochaber and West Highland has fewer business and professional jobs;
- In the year to January 2018 there was only a very small increase in those claiming out of work benefits, much lower than increases in Highland and for Scotland, however there has been a 23% increase in out of work claimants between January 2017 and April 2018, partly as Universal Credit is rolled out;
- There are small areas of relative deprivation, and there will be those that remain outside the labour market. For those in the labour market, low wages and in-work poverty are likely to be features of the area, given the industrial sector mix and trends.

1 Introduction

- 1.1 The report presents sub-regional analysis for the Inverness and Central Highlands area. The geographic area is coterminous with the DYW area. **It is the March 2018 update report**, retaining the same format as the 2017 report but using the latest available data.
- 1.2 The report is designed to provide locally relevant data to help inform Skills Investment Planning. The reports respond to the request for sub-Highland local authority geographic area. The Regional Skills Assessments developed are available at regional and local authority area, but not at spatial levels below this. For some local authorities in Scotland covering a large geographic area, notably Highland and Argyll and Bute, there are wide variations in the economic and labour market performance that are helpful to disaggregate.
- 1.3 There are, however, data limitations within sub local authority level geographies. It is by no means possible to assemble all the data that was compiled for the RSAs. Nonetheless, certain useful indicators are available. The ones brought together for this report are:
- Business count data via UK Business Counts;
 - Employment data via the Business Register Employment Survey;
 - Claimant data, via the Department for Work and Pensions; and
 - Deprivation indicators, via the Scottish Index of Multiple Deprivation.

Please note: there are specific definitions of each indicator. These are highlighted in each section. These are important since some of the data has limitations.

The Geographic Area

- 1.4 The area is defined by the following postcodes:
- IV1, IV2, IV3, IV10, IV12, IV15, IV17, IV18, IV19, IV 24, PH21, PH26, IV63
- 1.5 This translates to the following best-fit Scottish Intermediate Data Zones:
- 
- Alness
 - Badenoch and Strathspey Central
 - Badenoch and Strathspey North
 - Badenoch and Strathspey South
 - Black Isle North
 - Black Isle South
 - Conon and Muir of Ord
 - Dingwall
 - Invergordon
 - Inverness Ballifeary and Dalneigh
 - Inverness Central, Raigmore and Longman
 - Inverness Crown and Haugh
 - Inverness Culloden and Balloch
 - Inverness Drakies
 - Inverness Drummond

- Inverness East Rural
- Inverness Hilton
- Inverness Inshes and Slackbuie
- Inverness Kinmylies and South West
- Inverness Lochardil and Holm Mains
- Inverness Merkinch
- Inverness Muirtown
- Inverness Scorguie
- Inverness Smithton
- Inverness West Rural
- Inverness Westhill
- Loch Ness
- Nairn East
- Nairn Rural
- Nairn West
- Ross and Cromarty Central
- Ross and Cromarty East
- Ross and Cromarty North West
- Seaboard
- Tain

2 Demand Side Data and Trends

Introduction

- 2.1 This section covers data that provides insight on the demand for jobs, covering trends in the business and jobs base of the Inverness and Central Highland area. This is an evidence base drawing on the available data, rather than using detailed local intelligence.

The Business Base

- 2.2 UK business count data provides information on VAT and PAYE- registered businesses, drawn from the Interdepartmental Business Register. The data therefore excludes businesses without employees operating beneath the VAT threshold of £83,000 per annum, a group which can comprise more than half of all businesses, particularly in rural economies. The latest data is for 2017, and a business here is the 'enterprise' count i.e. the smallest combination of legal units which has a certain degree of autonomy within an Enterprise Group.
- 2.3 In 2017, there were 6,390 businesses in the Inverness and Central Highland area. This is a 11% increase in the number of businesses since 2010, an additional 650 enterprises. Until 2016, this was a faster rate of growth than the Highlands and Islands region. However, in the latest year between 2016 and 2017 there was a 1.1% fall in the number of businesses (70 businesses), at a time of a 1.6% increase for Scotland. Given the importance of Inverness to the region's economy, this is disappointing, although it is too soon to say whether this is part of a longer-term trend.

Total number of businesses, and change in the number of businesses 2010-2017

	2010	2016	2017	Change 2010-2017	
				Number	Per Cent
Inverness and Central Highland	5,740	6,460	6,390	650	+11%
Highland Local Authority	9,595	10,835	10,750	1,155	+12%
Highlands and Islands	19,390	21,535	21,945	2,180	+11%
Scotland	144,565	171,900	174,625	30,060	+21%

Source: UK Business Count Data

- 2.4 The largest sector in terms of the business base is the professional, scientific and technical sector, which is encouraging given that these are typically higher value added businesses. In all, 15% of businesses are in this sector, higher than the Highland area average, although still

short of the 19% average for Scotland (and one of the sectors that contracted in Inverness and Central between 2016 and 2017). The traditional sectors of construction (15% of the total) and agriculture, forestry and fishing (14%) are also well represented, and proportionately more so than for Scotland as a whole.

- 2.5 Other sectors where businesses are concentrated in the Inverness and Central area include business administration and support services and accommodation and food services, a proxy for tourism, one of the few sectors where the number of businesses increased 2016 to 2017. Tourism businesses are however less represented than for Highland as a whole, although this is largely due to the greater levels of diversity in the Inverness and Central area business base, notably in Inverness.

Share of business base by industrial sector, 2017

Industry Group	Inverness & Central		Highland	Scotland
	Number	%	%	%
Agriculture, forestry & fishing*	920	14.4	20.3	9.8
Mining, quarrying & utilities	45	0.7	0.8	0.7
Production	315	4.9	4.9	5.2
Construction	950	14.9	13.4	11.3
Motor trades	185	2.9	2.6	2.6
Wholesale	160	2.5	2.2	3.1
Retail	395	6.2	6.8	7.7
Transport & storage (inc postal)	190	3.0	3.0	3.2
Accommodation & food services	580	9.1	10.0	7.8
Information & communication	175	2.7	2.2	5.9
Financial & insurance	55	0.9	0.6	1.7
Property	230	3.6	2.9	3.1
Professional, scientific & technical	985	15.4	13.1	18.6
Business administration & support services	480	7.5	6.8	7.1
Public administration & defence	5	0.1	0.1	0.0
Education	65	1.0	0.9	1.1
Health	235	3.7	3.3	3.9
Arts, entertainment, recreation & other serv.	425	6.7	6.0	7.1
Total	6,390	100.0	100.0	100.0

Source: UK Business Count Data

The Employment Base

- 2.6 Total employment in VAT-registered businesses in Inverness and Central in 2016 (latest data, rounded to the nearest 500) was 79,000. The total therefore excludes those not registered for VAT or PAYE, and also those employed in farm agriculture, drawn from the Business Register and Employment Survey (BRES). BRES collects information on employees and employment (employees plus working owners). BRES therefore includes self-employed workers (within the employment estimates) as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. Self-employed people who are not registered for these, along with HM Forces and government-supported trainees are not included.
- 2.7 At 79,000 there are some 8,000 more employees in employment compared to 2009, an increase of some 11.3%, more than three times the increase for Scotland. This compares to a 8.3% increase across the Highland Council area. Following a levelling off in jobs growth between 2014 and 2015, the number of jobs in Inverness and Central Highland increased by 1.3% between 2015 and 2016, above the regional (0.8%) and Scotland (0.9%) increases.

- 2.8 Between 2009 and 2015, within the Inverness and Central area, jobs growth in Inverness itself was 10%. There has also been strong jobs growth in Dingwall (23%, although there may also have been a datazone definitional change) and in Nairn and its environs (+10%). Parts of the Inverness and Central area have not matched this level of growth, for example in Ross and Cromarty (+5%), although this was still in line with the regional growth rate. The Badenoch and Strathspey area by contrast experienced no jobs increases over the period 2009 to 2015.
- 2.9 Between 2015 and 2016, the greatest jobs growth was in Inverness (+2.6%). There was also jobs growth in other parts of Inverness and Central including the Black Isle and Badenoch and Strathspey, although there was little further growth in the towns of Dingwall or Nairn.

Total Employment, and Employment Change 2009-2016

	Excludes PAYE business only jobs		Number in employment		Change* 2009-2016	
	2009	2015	2015	2016	Number	Per Cent
Inverness and Central	71,000	77,500	78,000	79,000	8,000	11.3
Highland Local Authority	102,500	108,500	109,000	111,000	8,500	8.3
Highlands and Islands	208,000	212,500	214,000	216,000	8,000	3.8
Scotland	2,407,000	2,446,000	2,462,500	2,482,500	75,500	3.1

Source: Business Register Employment Survey

* Comparison between 2009 and 2016 are therefore not strictly on the same basis – although given that this is true for all the geographic areas the 2009-2016 change is presented. Some 2015 data included in the last report have also now been revised by ONS

- 2.10 The health sector accounts for more than one in five of all jobs in the area, 16,500 and 20.9%. This is highest in Inverness where the sector accounts for more than one in four jobs (26.1%). For Inverness (and the Inverness and Central area) this is greater than the proportion across Scotland (16.7%). Retail, at 10.8% and 8,500 employees, is the second largest sector, again higher in the administrative and service centre of Inverness.
- 2.11 Accommodation and food services (a good proxy for tourism) employs a little under 9% across Inverness and Central. This is more concentrated than the Scotland level but less so than for Highland as a whole. Within the Inverness and Central area however, there is a much higher concentration in some parts, such as Ross and Cromarty where tourism jobs are almost 20% of the total.
- 2.12 Accommodation and food services employment has been a growth area in recent years; however, between 2015 and 2016, the number of jobs in the sector in Inverness and Central fell by 1,000 jobs, showing the fluctuations typical of the sector and the need to reduce reliance on the tourism sector, particular in more rural parts of Inverness and Central.
- 2.13 Other sectors where jobs are more concentrated in Inverness and Central compared to Scotland are construction, retail, motor trades, transport and storage and arts, entertainment, recreation and other services.
- 2.14 The professional, scientific and technical sector is under-represented, at 5.7% of the total, compared to 6.5% across Scotland, although in parts of the City of Inverness this rises to 16% of the total. The business administration and support services sector, whilst employing 5.1% and 4,000 jobs, is also under-represented across the Inverness and Central area. Similarly, although the production sector employs 4,750 (and 6.0%), this is lower than the sector share

of the jobs across Scotland, and a sector where there was a further 5% decrease in jobs between 2015 and 2016.

Share of employment by industrial sector, 2016

Industry Group	Inverness & Central		Highland	Scotland
	Number	%	%	%
Agriculture, forestry & fishing*	650	0.8	1.4	1.5
Mining, quarrying & utilities	1,375	1.7	2.7	2.7
Production	4,750	6.0	5.9	7.1
Construction	5,000	6.3	6.3	5.4
Motor trades	2,250	2.8	2.5	1.9
Wholesale	2,250	2.8	2.7	3.1
Retail	8,500	10.8	9.9	9.4
Transport & storage (inc postal)	4,000	5.1	5.0	4.2
Accommodation & food services	7,000	8.9	10.8	7.3
Information & communication	2,000	2.5	2.1	2.9
Financial & insurance	700	0.9	0.8	3.5
Property	950	1.2	1.4	1.4
Professional, scientific & technical	4,500	5.7	5.4	6.8
Business administration & support services	4,000	5.1	4.5	7.4
Public administration & defence	4,750	6.0	5.4	6.2
Education	5,000	6.3	6.8	7.6
Health	16,500	20.9	19.4	16.4
Arts, entertainment, recreation & other services	5,000	6.3	6.3	5.2
Total	79,000	100.0	100	100

Source: Business Register Employment Survey

*These figures exclude farm agriculture (SIC subclass 01000)

- 2.15 There have been considerable changes in the employment by industrial sector between 2009 and 2016. As the following table indicates, although the professional, scientific and technical services sector remains under-represented, the sector has grown by more than a third (38%) since 2009 adding 1,250 jobs, although there was no further increase between 2015 and 2016. There has also been a strong increase in the arts, recreation and entertainment sector (+67%), an increase of 2,000 jobs, with half of this growth between 2015 and 2016.
- 2.16 As mentioned above, whilst tourism employment increased between 2009 and 2015, jobs in the sector contracted between 2015 and 2016, reversing the previous growth. has also grown strongly, an increase of 16% in the number employed and over 1,000 more jobs. There has also been a 22% increase in health sector jobs since 2009 – almost 3,000 more jobs – although there was no further increase in health sector jobs between 2015 and 2016.
- 2.17 Perhaps surprisingly, there has been employment growth in a number of more traditional sectors, agriculture/forestry/fishing (+37%, with strong further growth 2015 to 2016), production (+6%, despite job losses 2015 to 2016) and mining, quarrying and utilities (+53%, another sector continuing to grow between 2015 and 2016). The strength of the area as a business and financial services centre has weaker than in 2009, with contraction in both business support service (-11%) and finance and insurance (-22%).

Change in employment by industrial sector, 2009-16 ('000's)

Industry Group	Inverness & Central			Highland	Scotland
	2009 Number	2016 Number	% change	% change	% change
Agriculture, forestry & fishing*	475	650	37	35	6
Mining, quarrying & utilities	900	1,375	53	27	10
Production	4,500	4,750	6	-1	-6
Construction	4,750	5,000	5	7	-3
Motor trades	1,875	2,250	20	15	14
Wholesale	2,000	2,250	13	11	1
Retail	8,000	8,500	6	0	-2
Transport & storage (inc postal)	4,000	4,000	0	5	3
Accommodation & food services	7,000	7,000	0	3	5
Information & communication	1,750	2,000	14	7	13
Financial & insurance	900	700	-22	-25	-8
Property	700	950	36	35	20
Professional, scientific & technical	3,250	4,500	38	24	11
Business administration & support	4,500	4,000	-11	-15	3
Public administration & defence	4,250	4,750	12	-4	1
Education	5,500	5,000	-9	-16	-4
Health	13,500	16,500	22	19	6
Arts, entertainment, recreation & other	3,000	5,000	67	62	24
Total	71,000	79,000	11	8	3

Source: Business Register Employment Survey

*These figures exclude farm agriculture (SIC subclass 01000)

2.18 More of those in work are employed part time in Inverness and Central than the Scottish average. In all, 37% are in part time employment, above the Scotland average of 33%, although this is similar to the regional profile. The split of full and part time employment is given below.

Employment by Status, 2016

	Full Time	Part Time	Full Time Per Cent	Part Time Per Cent
Inverness & Central	49,500	29,500	63%	37%
Highland Local Authority	67,500	40,900	62%	38%
Highlands and Islands	135,000	81,100	63%	37%
Scotland	1,652,000	830,500	67%	33%

Source: Business Register Employment Survey

3 Labour Supply

- 3.1 This section covers available data at sub-local authority level that helps provide a picture of labour supply.
- 3.2 There are significant limitations in labour market information based on individuals, since this is typically drawn from the Annual Population Survey which is not available (or reliable) at sub-Local Authority geographies. The section therefore covers unemployment and deprivation.
- 3.3 The 2017 sub-Local Authority area reports presented analyses of Job Seeker’s Allowance (JSA) claimant data, given that this allowed time-series analysis over 10 years, and comparator between areas. However, this is no longer the official measure of those out of work and claiming benefit support, given the introduction and now wider roll out of Universal Credit.
- 3.4 Universal Credit data remains an experimental data series. It counts the number of people claiming JSA plus those who claim Universal Credit and are required to seek work and be available for work. It replaces the number of people claiming JSA as the headline indicator of the number of people claiming benefits principally for the reason of being unemployed.
- 3.5 Analysis of Jobseeker’s Allowance only is at Appendix A, which adds 2018 data to the data presented in the previous report (and so now covers 2007-2018).

Unemployment

- 3.6 Claimant count analysis, incorporating Universal Credit, indicates that the number out of work and seeking work has fallen by just 5% over the period 2013 to 2018. This is lower than the fall for Highland and across Highland and the Highlands and Islands region over this time. It is also a considerably smaller decrease than the 42% fall for Scotland over the last five years, although some caution needs to be exercised. The roll out of Universal Credit is ongoing, and it may be that there has to date been a greater roll out across Inverness and Central than other parts of the region.

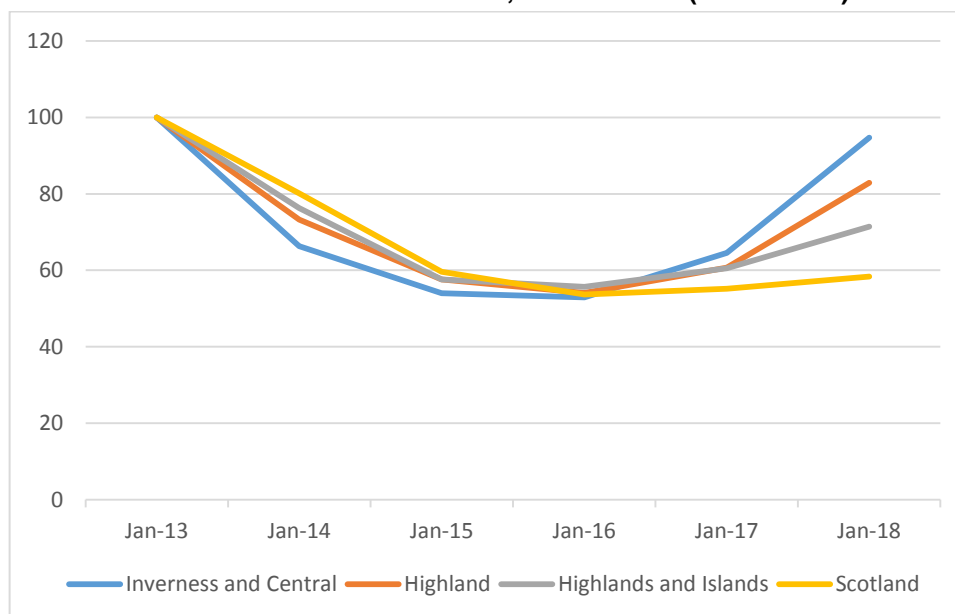
Out of Work Claimant Count, 2013 to 2018

	2013	2018	Change 2013-2018	
			Number	Per Cent
Inverness and Central Highlands	2,805	2,655	-150	-5%
Highland Local Authority	4,390	3,640	-750	-17%
Highlands and Islands	8,675	6,195	-2,480	-29%
Scotland	141,970	82,915	-59,055	-42%

Source: Department for Work and Pensions, via NOMIS

- 3.7 The change over the last five years is illustrated in the following chart. This shows an increase in the number of out of work claimants since January 2016, with a particularly strong increase in the year to January 2018. Whilst some of these increases may be explained by the roll out of Universal Credit, this is clearly an unwelcome trend, and one which the DYW group and other stakeholders and policy-makers should be aware.

Out of Work Claimant Counts over time, 2013 to 2018 (Index = 100)



- 3.8 There have been increases in all parts of the Inverness and Central DYW, and in some specific areas numbers have more than doubled in the last two years. The largest proportionate increases have been in parts of Inverness: Raigmore and Langman (+150%); Ballifeary and Dalneigh (+145%), Lochardil and Holm Mains (+167%) and Muirtown (+158%).
- 3.9 There has been a decrease in the number of out of work claimants aged 16 to 24 years compared to five years ago, 140 (23%) fewer claimants, although this decrease is not as pronounced as the region or for Scotland. As with the all 16 years+ data, there has been a sharp increase in young people claiming out of work benefits in the year to January 2018.

Aged 16-24 years, Out of Work Claimant Count, 2013 to 2018

	2013	2018	Change 2013-2018	
			Number	Per Cent
Inverness and Central	615	475	-140	-23%
Highland Local Authority	685	400	-285	-42%
Highlands and Islands	1,425	755	-670	-47%
Scotland	26,105	10,960	-15,145	-58%

Source: Department for Work and Pensions, via NOMIS

- 3.10 Overall, there has been a similar proportionate decrease for males and females. Male claimants comprise 61% of the total number of claimants.

Scottish Index of Multiple Deprivation

- 3.11 There are 4,837 detailed postcode areas within Inverness and Central. Of these, 772, or 16.0%, are within the most 20% deprived in Scotland. These are located principally in parts of Inverness but also in parts of Nairn and Alness/Invergordon. The Scottish Index of Multiple Deprivation is not always a very good measure of rural deprivation, given that rural poverty and incidences of relative deprivation are not always spatially concentrated. Although 16% of

datazones are amongst the most 20% deprived in Scotland, this is still a slightly lower proportion than the all Scotland average.

Number and proportion of postcodes in the most deprived 20% in Scotland

	Number of postcodes	postcodes in the most deprived 20%	
		Number	Proportion
North Highland	1,640	103	6.3%
Inverness and Central	4,837	772	16.0%
Lochaber and West Highland	2,705	149	5.5%
Scotland	-	-	20%
Source: Scottish Index of Multiple Deprivation			

4 Summary and Conclusions

4.1 This review of available sub-Local Authority indicators allows a number of conclusions to be drawn for the Inverness and Central area. There are clear differences between the Inverness and Central area economy and labour market (and within it) when compared to Highland as a whole.

4.2 The key points are:

- The business base contracted between 2016 and 2017 in the Inverness and Central area, following a period of faster than regional average growth. This means that since 2010 the increase in businesses has now been roughly half the rate of growth for Scotland;
- The largest sector in the business base is the professional, scientific and technical services, although this too contracted in the year to 2017. The proportion still lags the Scotland level;
- Overall the business base in Inverness and Central is more diverse than Highland as a whole, with a lesser reliance on tourism, although traditional sectors including agriculture and construction remain prominent. Tourism was one sector, however, where there was an increase in the number of businesses 2016 to 2017;
- Although the business base has contracted in the most recent year, jobs growth has been strong in the Inverness and Central area. In the latest jobs data in the year to 2016, this continued to outstrip the regional and national growth rates, continuing the trend since 2009. Jobs growth has continued 2015 to 2016 in Inverness itself, and in some rural areas, although it levelled off in previous job growth areas such as Dingwall and Nairn;
- There remains a strong reliance on public sector jobs, and the health sector alone accounts for more than one in five jobs, rising to one in four in Inverness itself. There remains a need to grow and develop the private sector base further;
- Although the largest business sector, jobs in the professional, scientific and technical services sector are under-represented, as are business services, and the business and finance sector is smaller now than in 2009. Although professional, scientific and technical services jobs increased by more than a third between 2009 and 2015, this levelled off in 2016;
- Parts of Inverness and Central, especially more rural areas, are dependent on lower value added sectors, including tourism. The tourism sector experienced considerable job losses in the year 2015 to 2016, further evidence of the need for areas dependent on tourism to diversify and have a broad jobs base;
- There has also been strong growth in the creative industries, and this accelerated between 2015 and 2016;
- Signs of weakness in the Inverness and Central area economy is reflected in sharp increases in the number of out of work claimants in the year to January 2018. This data is more up to date than the employment data, and should be noted. Whilst some

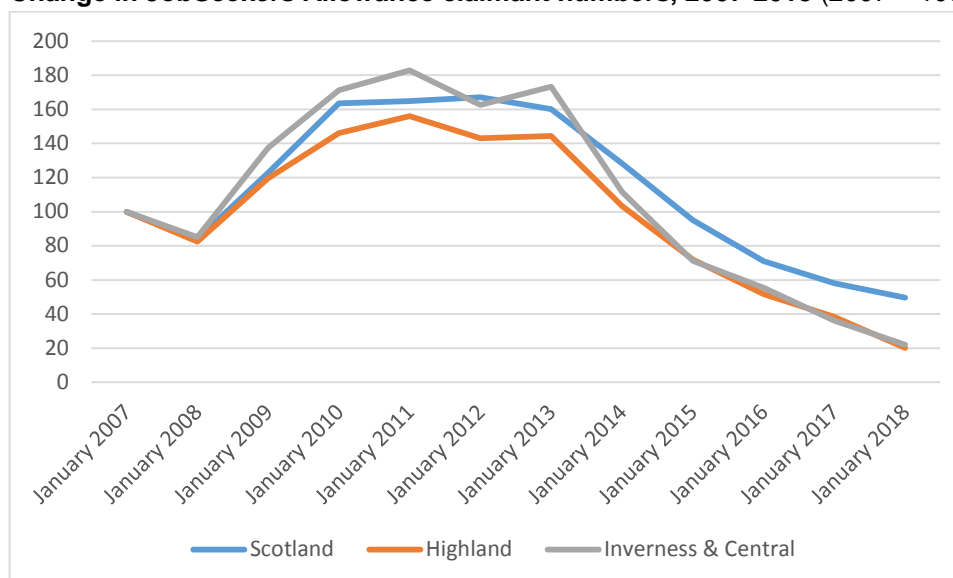
of the increases may be due to the local roll out of Universal Credit, the increases outpace those for Scotland as a whole. In some parts of Inverness, the numbers have increased by more than 150% in two years;

- The increases in out of work claimants extends to those aged 16-24. It is clear therefore that not all are participating in the economic recovery, and there is a higher representation of datazones in the most deprived 20% in Inverness and Central than in the rest of the Highland area;
- The latest data therefore indicates a potential weakening of the Inverness and Central are economy, with a contracting business base and rising unemployment. This further illustrates the ongoing challenges to sustain the economic recovery, and to ensure growth against a backdrop of economic and political uncertainty.

Appendix 1: Jobseeker's Allowance

- 1.1 Job Seekers Allowance (JSA) claimant count fell year upon year on Scotland from January 2009 to January 2015 as the economy recovered from the recession (when there was a sharp rise in JSA claimants between 2008 and 2009). Since January 2015, JSA claimant rates on average in Scotland have started to rise.
- 1.2 The data-set records the number of people claiming Jobseeker's Allowance (JSA) and National Insurance credits at Jobcentre Plus local offices. This is not an official measure of unemployment, but is the only indicative statistic available for areas smaller than Local Authorities. It is important to note that this does not include those who claim Universal Credit and are required to seek work and be available for work.
- 1.3 For Inverness and Central, the rise in JSA claimants through the recession was even more pronounced than was the case for Scotland, or the Highland area. From January 2013 onwards, the number of claimants has fallen year on year, with the decrease in JSA claimants similar to that for Scotland, and faster than for Highland.

Change in JobSeekers Allowance claimant numbers, 2007-2018 (2007 = 100)



Source: NOMIS, Department for Work and Pensions

- 1.4 A lower proportion of the 2017 claimants are female, at 30% of the total compared to 34% across Scotland.
- 1.5 The number of 18-24 claimants continues to fall in Inverness and Central, as it does across Highland and Scotland. There were just 15 JSA claimants aged 18-24 in the area in January 2017, 4% of the number in January 2007, which illustrates the transition to Universal Credits. As the main body of the report highlights, there has actually been an increase in young out of work claimants in the last two years.

18-24 Year Old Claimants, 2007-2017

	Inverness & Central	Highland	Scotland
	Claimants	Index – 2007 =100	
January 2007	345	100	100
January 2008	295	86	75
January 2009	495	143	125
January 2010	575	167	151
January 2011	595	172	156
January 2012	565	164	152
January 2013	500	145	134
January 2014	285	83	80
January 2015	145	42	49
January 2016	85	25	25
January 2017	40	12	12
January 2018	15	4	4

Source: NOMIS, Department for Work and Pensions

- 1.6 There was an increase in the number of out of work claimants for more than 12 months in the January 2017 in Inverness and Central, compared to the year previously number. This contrasts to continued reductions in Highland and for Scotland as a whole. There were a modest decrease to 165 claimants out of work for more than 12 months as of January 2018, 32% higher than in 2007. The numbers increased sharply through and following the recession, with year on year increases from 2009 to 2013.

Claimants for more than 12 months, 2007-2017

	Inverness & Central	Highland	Scotland
	Claimants	Index – 2007 =100	
January 2007	125	100	100
January 2008	65	52	61
January 2009	65	52	51
January 2010	180	144	99
January 2011	180	144	97
January 2012	295	236	152
January 2013	410	328	218
January 2014	320	256	178
January 2015	195	156	128
January 2016	155	124	106
January 2017	170	136	94
January 2018	165	132	92

Source: NOMIS, Department for Work and Pensions