

PE1610/K: and PE1657/J

Scottish Government submission of 1 March 2018

Further to my letter of 11 December which provided responses to clarifications raised by the Committee, please find an outline of the economic profile of Dumfries and Galloway in **Annex A**. As requested, a summary of business start-up rates, business survival rates, employment rates and migration patterns into and out of the area have been provided alongside other relevant socio-economic data.

Annex A – Dumfries and Galloway Economic Profile

1. Introduction

This note provides a summary of selected socio-economic data analysis covering Dumfries and Galloway as prepared for Transport Scotland. The main purpose of the data analysis is to help establish the economic profile of Dumfries and Galloway and how it compares to the wider profile of the Scottish economy.

The following key indicators have been used:

- Population Age Structure
- Population Migration
- Household Incomes
- Council Tax banding
- Economic Activity
- Business Birth, Deaths and Survival Rates
- Gross Value Added

Data analysis for Dumfries and Galloway has been presented against three comparator areas: South Ayrshire, Scottish Rural Average (SRA) and National level. The key at the bottom of the page shows the colours representing each of the comparator areas.

A Scottish Rural Average (SRA) has been derived (similar to the SRA used in the Borders Transport Corridors Study) and allows for a broad comparison of the analysis against areas of similar geographic nature. The SRA comprises The Scottish Borders, Argyll & Bute, Angus, Aberdeenshire and Highland council areas.

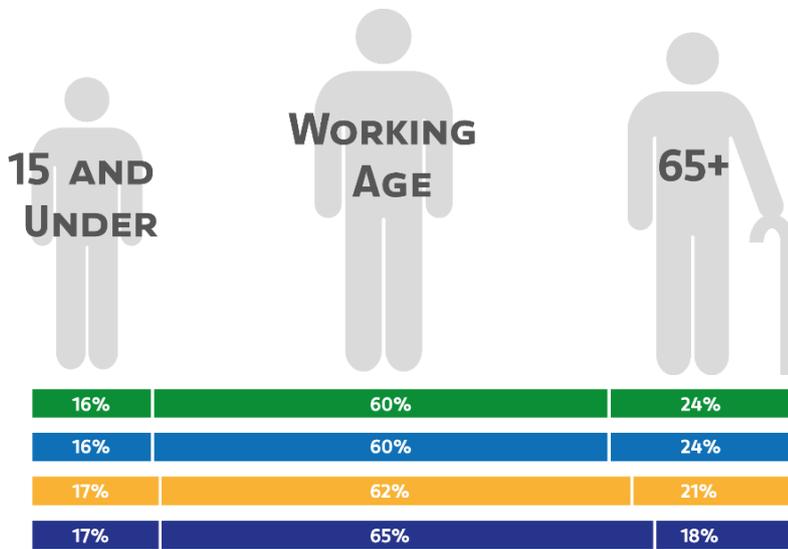
Where possible, the most up-to-date data has been used. It should be noted that the data used covers different years and this should be borne in mind when interpreting the results.

2. Population Age Structure (NOMIS 2015)

The population age structure of an area is an important factor in determining economic health. For example, an ageing population tends to lead to greater dependency on the working age population and services in the area, and a low working age population indicates lower economic wealth and would reduce the overall attractiveness of the area for businesses to locate.

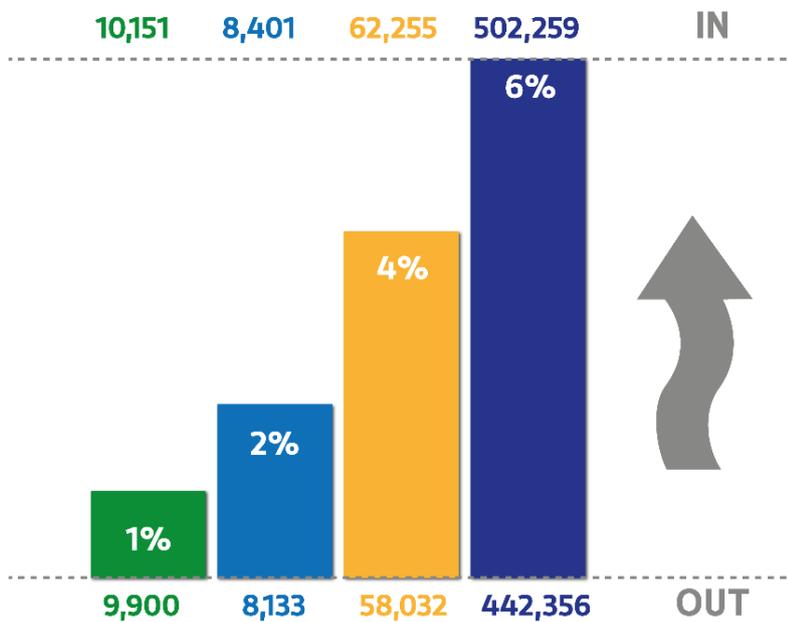
The estimated resident population age structure of Dumfries and Galloway is the same as South Ayrshire across the three age categories. However, there are less working age resident population in Dumfries and Galloway when compared to the SRA and Scotland as a whole. It is also worth noting that there are more people in the over 65 age category in Dumfries and Galloway compared to both the SRA and Scotland as a whole.

Since 2011 the resident population of Dumfries and Galloway has decreased by 1%. This decreasing trend is similar to the SRA comparator area (down 3%) and South Ayrshire (down 0.5%). Conversely, resident population has increased by 1% during this same time period at the national level.



3. Population Migration (NOMIS 2011)

The population migration statistics¹ for Dumfries and Galloway showed a small net increase in population of 251 (1%) in 2011. Although this increasing trend is consistent with South Ayrshire (2%), the SRA comparator area (4%) and across Scotland as a whole (6%), the rate of increase is smaller.



¹ Includes migrants who moved into the area from within the UK and migrants who moved into the area from outside the UK.

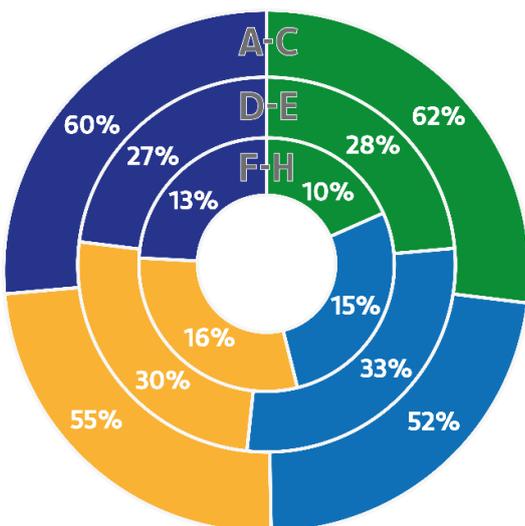
4. Household Incomes (Scottish Government 2014)

Analysis of Mean Gross Household Income Estimates per week shows a disparity in average household incomes for Dumfries and Galloway and the three comparator areas. On average, households in Dumfries and Galloway took home £37 per week less than households in South Ayrshire; £76 per week less than the SRA comparator area; and £66 per week less than the national average in 2014.



5. Council Tax Banding (Scottish Statistics 2017)

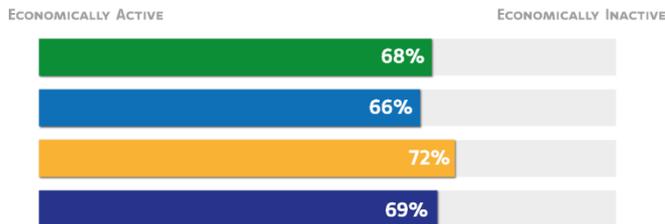
Council Tax bands are a key indicator often used by local authorities to identify areas where increased investment in public services and public transport provision are necessary. The chart below shows that Dumfries and Galloway has the highest proportion of total households (62%) within the lowest council tax bands (A-C) when compared to all three comparator areas. Dumfries and Galloway also has the lowest proportion of households (10%) in the highest bands (F-H).



6. Economic Activity (Census 2011)

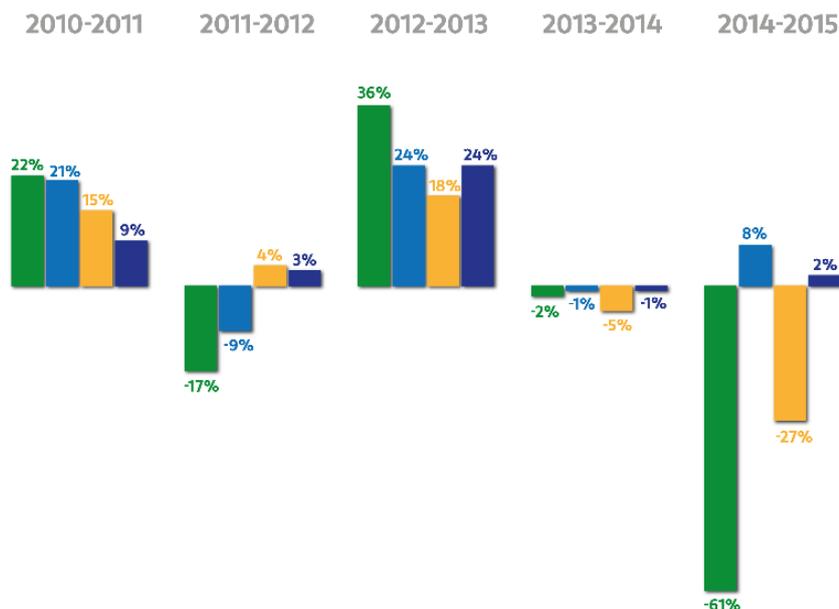
The economic activity rate is a crucial indicator of the economic wellbeing of an area. The economically active are those defined as in work or actively seeking work, whilst the economically inactive are defined as those neither in work nor seeking employment, such as retirees, students, unpaid carers and long term sick.

Of people in Dumfries and Galloway aged between 16 and 74 in employment in 2011, 68% were economically active (either in work or actively seeking work) similar to the national rate (69%) and 4% lower than the SRA comparator area (72%). This broadly indicates that access to employment for Dumfries and Galloway residents is relatively similar to other areas within Scotland.



7. Business Start-ups (ONS 2015)

Business start-ups are an indication of the level of investment and entrepreneurial activity in an area. The number of annual business start-ups in Dumfries and Galloway decreased from 315 in 2010 to 165 in 2015, a 48% decrease. The number of business start-ups across in the SRA comparator area decreased by 1% but increased by 40% in Scotland as a whole over the same period. The graphic below shows business start-up rates year-on-year since 2010.



NB a negative percentage value does not mean business closures but rather means fewer business start-ups compared to the previous year. This is further emphasised in Table 1 which shows the total number of business start-ups in each year (with year-on-year percentage change in brackets).

Table 1: Business Start-ups

Area/Year	2010	2011	2012	2013	2014	2015
D&G	315	385 (+22%)	320 (-17%)	435 (+36%)	425 (-2%)	165 (-61%)
South Ayrshire	280	340 (+21%)	310 (-9%)	385 (+24%)	380 (-1%)	410 (8%)
SRA	491	565 (+15%)	590 (+4%)	697 (+18%)	665 (-5%)	485 (-27%)
Scotland	15,530	16,940 (+9%)	17,385 (+3%)	21,540 (+24%)	21,235 (-1%)	21,725 (+2%)

8. Business Closures (ONS 2015)

The number of business closures in Dumfries and Galloway between 2010 and 2015 decreased by 68%, from 425 closures in 2010 to 135 in 2015. This decreasing trend, albeit to a much lesser degree, was also evident for the SRA comparator area (down 13%) and South Ayrshire (down 6%). Conversely, across Scotland as a whole, there was an increase (7%) in the number of business closures. The graphic below shows business closure rates year-on-year since 2010.



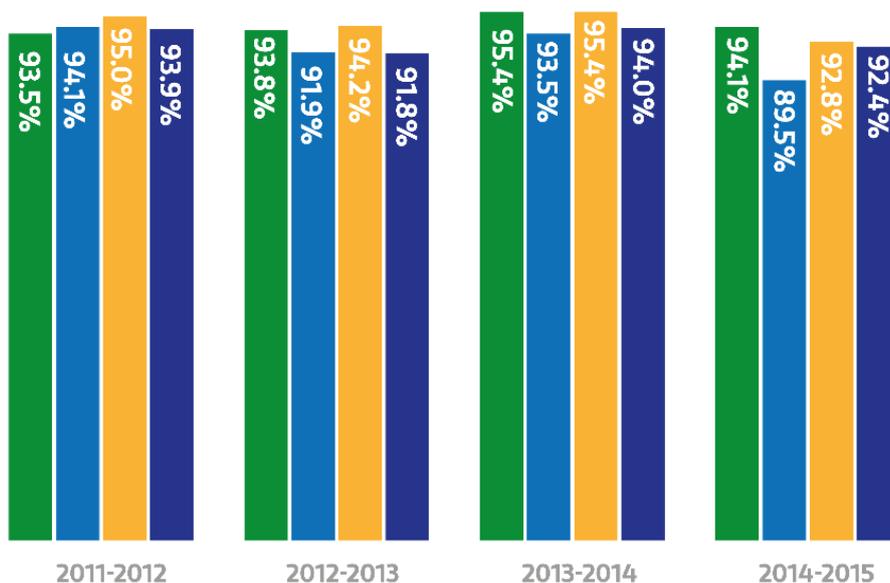
NB a negative percentage value does not mean business start-ups but rather means fewer business closures compared to the previous year. This is further emphasised in Table 2 which shows the total number of business closures in each year (with year-on-year percentage change in brackets).

Table 2: Business Closures

Area/Year	2010	2011	2012	2013	2014	2015
D&G	425	400 (-6%)	420 (+5%)	320 (-24%)	365 (+14%)	135 (-63%)
South Ayrshire	320	280 (-13%)	335 (+20%)	305 (-9%)	310 (+2%)	300 (-3%)
SRA	467	440 (-6%)	543 (+23%)	483 (-11%)	503 (+4%)	405 (-19%)
Scotland	15,185	13,970 (-8%)	16,545 (+18%)	14,850 (-10%)	15,630 (+5%)	16,315 (+4%)

9. Business 1 Year Survival Rates (ONS 2015)

The graphic below highlights the one-year business survival rates from 2011 to 2015 in each of the four geographic areas. There are small fluctuations in business survival rates over this period. Overall, however, the rates increased over time for Dumfries and Galloway (up 1%) but decreased across South Ayrshire (down 5%); the SRA comparator area (down 2.2%); and at the national level (down 1.5%).



10. Gross Value Added (Nomis 2015)

Dumfries and Galloway GVA increased from £2.4 billion to £2.8 billion (16%) between 2011 and 2015, accounting for 2% of Scotland GVA. This increase is above that of the Scotland GVA increase (14%) and lower than the SRA comparator area GVA increase (19%) over the same period.

GVA per head of population in Dumfries and Galloway increased by 17%, from £15,976 per head in 2011 to £18,721 per head in 2015. Again, this relative increase is slightly higher than the GVA increase in each of the three comparator areas.

16%	14%	19%	14%
GVA	GVA	GVA	GVA