

Perth and Kinross Economic Development Strategy

Economic Review – May 2009



Summary of Current Economic Position & Key Economic Trends

Perth and Kinross currently has a working age population of 84,800 (2007), of which 71,600 are economically active. Of these 69,500 are in employment (including 9300 self-employed) with the remainder claiming unemployment benefit at that date. Both the working age population and the numbers in employment rose quite significantly in the period from 2000 to 2007. Employee jobs also rose significantly over the same period, FT positions have stabilised since 2005 at around 40,000, with PT positions increasing significantly in the period from 2000-2005 from 14,000 to approximately 21,000. Tourism remains our largest sector at around 13% of all employee jobs.

Earnings levels, though are below the Scottish average (by both residence and workplace), workplace earnings have always been lower, however earnings of those resident in Perth & Kinross have traditionally been higher than the Scottish average and reflected a number of high paid commuters, however, since 2005 these levels are now also below the Scottish figures.

The stock of vat registered businesses has grown from 4900 to 5400 between 1994 and 2007. However, latest figures from the Scottish Clearing Banks have identified that the number of new business bank accounts have been in decline since 2nd quarter in 2008.

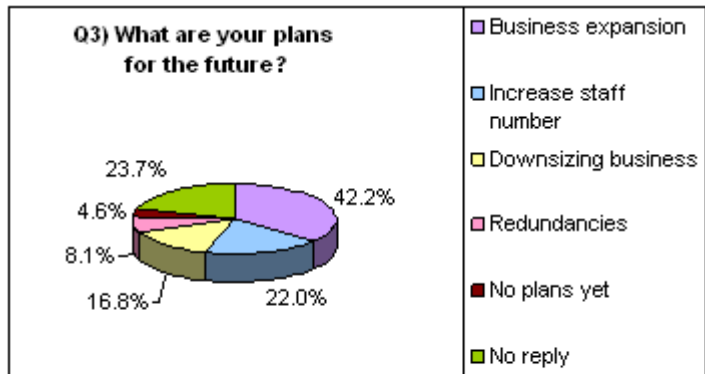
Vacancies notified to the Job Centre have also reduced in recent years from over 2000 in 2006 to the current level of 405. The current economic recession is starting to have an impact on unemployment levels within Perth & Kinross, and while notified redundancies since November 08 are currently sitting at 250, anecdotal evidence would suggest the levels are much higher. Unemployment has risen from what was a very low base to 1774 (2.1%) in January 09, an increase of 86% since the April 08 figures of 953 individuals or 1.1%.

Business Barometer

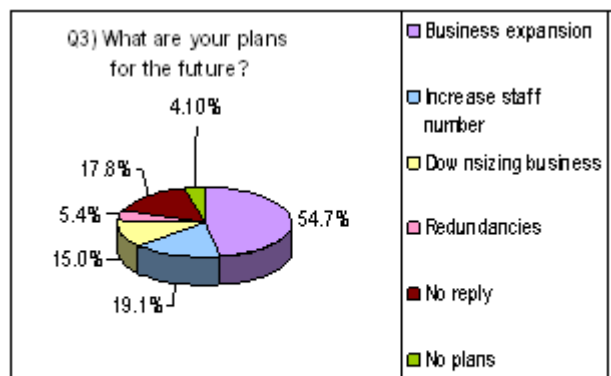
In November 2008 a survey was sent to the businesses in Perth and Kinross to monitor the economic situation. In order to monitor the effects of the Economic Downturn we went back to the businesses in March 2009 to gauge the economic impact of the recession on businesses. In November 130 businesses responded to the survey while in March 73 businesses responded. Against November's results more businesses are feeling confident about the future as shown in the table below:

Level of confidence		Nov '08 %	Mar '09 %
Very confident	↓	17.3	16.4
Confident	↑	47.4	49.3
Not confident	↑	9.8	16.4
Unsure at present	↓	24.3	19.1

When asked what their future business plans the following responses were gathered in November and March:



November 2008



March 2009

From both surveys there have been positive responses, with the top answer showing that the businesses were planning expansion (54.7% in March) there has been a slight change in that less businesses are planning on increasing their staffing levels. There has been a reduction in those businesses who were planning redundancies.

Summary of Key Trends 2000 – latest available

- Overall population rising
- Working age population rising
- Economic activity rising & Economic Inactivity declining
- Level of self-employment rising
- Unemployment declined to only 1.3% in 2008, but now increasing
- Total employee jobs has fluctuated, with a significant drop in 2006, rising again in 2007
- Key sectors are:
 - Public sector (26%)
 - Distribution (17%)
 - Tourism (14%)
- Earnings/Wages levels still below Scottish average
- New business bank accounts now in decline
- Stock of vat registered businesses growing more slowly

- GDP showed gradual positive growth in the period, at similar or slightly better growth rates than Scottish figures
- The area is less dependent on large business, however they still employ significant numbers:
 - 92% of all our businesses are small (<50 employees), they employ 48% of all employees
 - 5% of all our businesses are large (250+), they employ 38% of all employees.

Detailed Socio- Economic Trends 2000 to latest figures

GROS Projection's estimate that population has risen in Perth and Kinross by 5% since 2000 and is predicted to rise by another 18% up to 2020.

	Perthshire and Kinross 2000	Perthshire and Kinross 2007	Scotland 2007
All people	135,000	142,100	5,144,200
Males	65,100	69,100	2,485,600
Females	69,900	73,000	2,658,600

Source: ONS mid-year population estimates

Working age population (2007)

Due to in-migration the working age population has risen since 2000 which has reversed the trend of an ageing population.

	Perth and Kinross 2000	Perth and Kinross 2007	Perth and Kinross 07 (%)	Scotland (%)
All people - working age	81,300	84,800	59.7	62.7
Males - working age	42,500	44,500	64.4	66.9
Females - working age	38,800	40,300	55.2	58.8

Source: ONS mid-year population estimates

Note: % is a proportion of total population

LABOUR SUPPLY

Economically active (Apr 2007-Sep 2008)

The area has a high percentage of self employed people which is considerably higher than the Scottish trend.

	PERTSHIRE & KINROSS (2000)	PERTSHIRE & KINROSS (%)	PERTSHIRE & KINROSS (2008)	PERTSHIRE & KINROSS (%)
Economically active [†]	67,000	82.4	72,300	82
In employment [†]	64,000	79.3	70,000	79.3
Employees [†]	55,000	68.7	59,700	68.6
Self employed[†]	9,000	10.2	10,000	10.5

Source: ONS annual population survey

[†]numbers are for those aged 16 and over, % are for those of working age (16-59/64)

§numbers and % are for those aged 16 and over. % is a proportion of economically active

Economically inactive (Sep 00 – Sep 08)

There are significant numbers of people claiming benefits in Perth and Kinross however the overall number of inactive people is less than the Scottish and British levels and has been for the past 5 years.

	Perthshire and Kinross (2000)	Perthshire and Kinross (%)	Perthshire and Kinross (2008)	Perthshire and Kinross (%)
Economically inactive	15,600	19.8	15,000	18
Wanting a job	3,100	4.0	3,600	4.3
Not wanting a job	12,500	15.8	11,400	13.7

Source: ONS annual population survey Notes: Numbers and % are for those of working age

% is a proportion of total working age population

Qualifications 2007

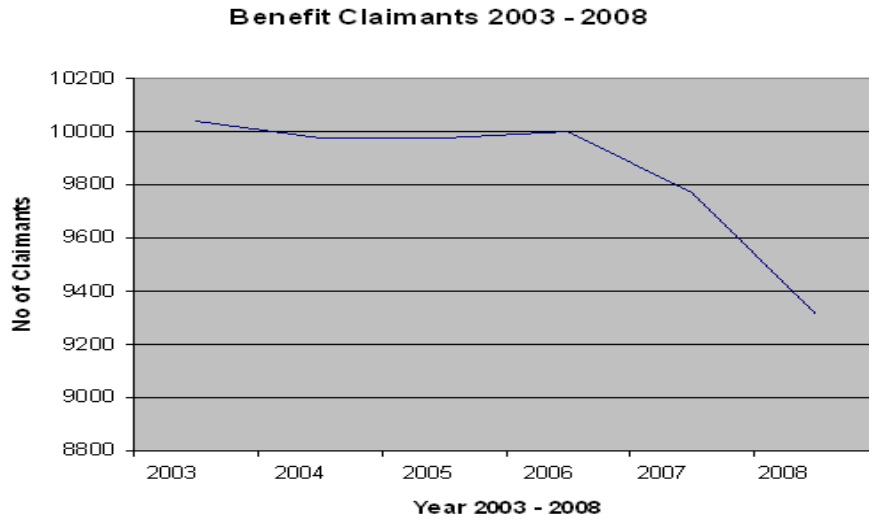
The level of qualifications has improved since 2001 however over the last 3 years the amount of qualifications being attained have decreased by 2% with an increase in other qualifications of 1%.

	Perthshire and Kinross (2000)	Perthshire and Kinross (2007)	Perthshire and Kinross (%)	Scotland (%)
NVQ4 and above	22,000	30,000	36.2	33.2
NVQ3 and above	37,000	46,200	55.7	51.7
NVQ2 and above	53,000	60,300	72.8	68.9
NVQ1 and above	60,000	68,300	82.4	79.2
Other qualifications	8,000	4,600	5.5	7.3
No qualifications	9,000	10,000	12.1	13.5

Source: ONS annual population survey

WORKING-AGE BENEFITS

The number of people claiming benefits is now at the lowest it's been since 2003.



Source: NOMIS 2008

Total JSA claimants

	2006	2007	2008	2009 (April)	Scotland (%)
All people	1,589 – 1.9%	1,522 – 1.8%	1,098 – 1.3%	1,984 – 2.3%	3.9
Males	1,195 – 2.7%	1,132 – 2.5%	838 – 1.9%	1,509 – 3.4%	5.8
Females	394 – 1.0%	390 – 1.0%	260 – 0.6%	475 – 1.2%	2.2

Source: ONS claimant count with rates and proportions

Job Seeker Client Group

Date	Total Claimants	%	Scotland %
Apr 2008	953	1.1	2.3
May 2008	961	1.1	2.2
Jun 2008	1,038	1.2	2.3
Jul 2008	1,118	1.3	2.4
Aug 2008	1,218	1.4	2.6
Sep 2008	1,187	1.4	2.5
Oct 2008	1,210	1.4	2.6
Nov 2008	1,372	1.6	2.8
Dec 2008	1,545	1.8	3.0
Jan 2009	1,774	2.1	3.4
Feb 2009	1,984	2.3	3.8
Mar 2009	2,037	2.4	3.9
Apr 2009	1,984	2.3	3.9

Source: ONS claimant count with rates and proportions

Note: % is a proportion of resident working age people

JSA claimants by age and duration (April 2008 and April 2009)

	Perthshire and Kinross		Perthshire and Kinross (%)		Scotland (%)	Great Britain (%)
	2008	2009	2008	2009	2009	09
By age of claimant						
Aged 18-24	245	550	25.6	28.0	29.4	29.5
Aged 25-49	525	1035	55.5	52.6	54.0	54.3
Aged 50 and over	170	355	17.9	18.0	15.1	15.6
By duration of claim						
Up to 6 months	785	1670	82.5	84.8	75.7	76.0
Over 6 up to 12 months	120	255	12.7	12.9	16.6	16.3
Over 12 months	45	45	4.7	2.2	7.7	7.7

Source: ONS claimant count - age and duration

Note: % is a proportion of all JSA claimants

Working-age client group - key benefit claimants in Perth and Kinross

	May 07	Aug 07	Nov 07	Feb 08	May 08	Aug 08
Total claimants	9,400	9,390	9,320	9,310	9,230	9,430
Job seekers	1,140	1,070	980	1,020	970	1,160
Incapacity benefits	5,250	5,280	5,370	5,300	5,260	5,270
Lone parents	940	920	860	870	860	860
Carers	740	770	760	750	760	760
Others	280	290	270	260	270	290
Disabled	750	780	800	830	830	840
Bereaved	310	280	270	270	260	260

Source: DWP benefit claimants - working age client group. % is a proportion of resident working age people

LABOUR DEMAND

Total Employee Jobs

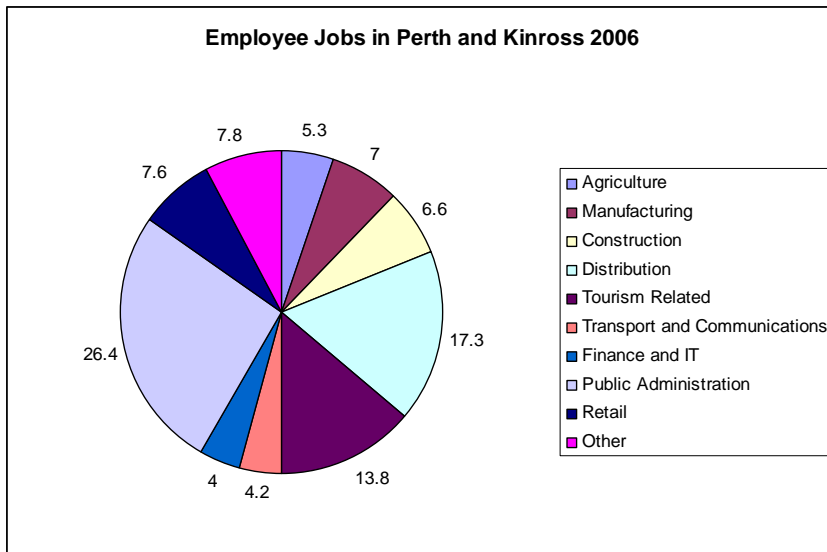
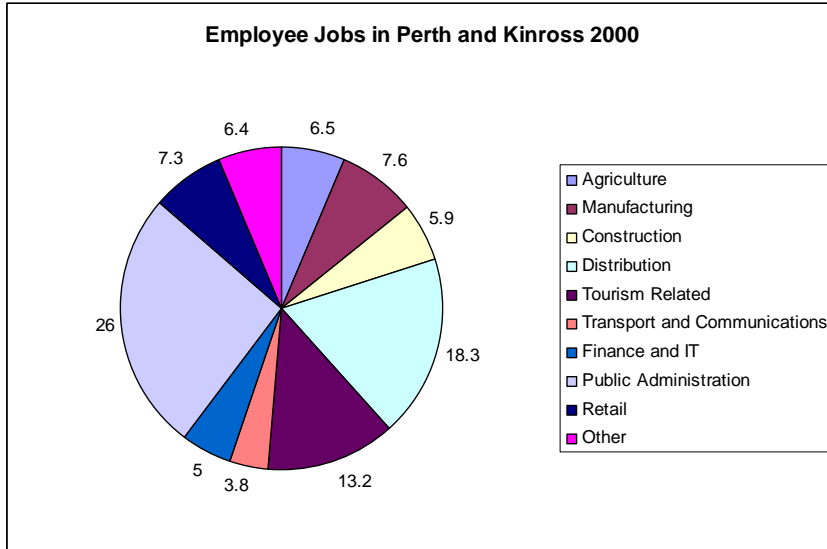
Over the period of 2005 – 2006 employee jobs decreased by 4,500 which was the biggest fluctuation seen since 1995. In 2007 employee jobs have increased by 3,400 however due to the present economic climate this is expected to decrease between 07 and 09.



Source: NOMIS 2008

Employee Jobs by Industry 2000 - 2006

The Perth and Kinross economy is dominated by the service sector and has been for the past 10 years. Tourism is the fastest growing sector in terms of employment and the hospitality services play a big role in creating jobs.



Employee Jobs: Full Time and Part Time 2007

Perth and Kinross (34%) has a higher percentage of part time workers than Scotland (31.8%) and this has been the trend for the past 6 years.

	2000	2007
Total	58,800	61,400
Full Time	38,900	40,500
Part Time	19,900	20,900

Source: NOMIS 2007

Residence Based Weekly Earnings 2008

For those living in Perth and Kinross but working out with the area the wages are still below the Scottish average. The residence based earning for Perth and Kinross is 20th out of the 32 local Authorities.

	Perthshire and Kinross 2000 (£)	Perthshire and Kinross 2008 (£)	Scotland (£)	Great Britain (£)
Full-time workers	375.1	437.1	461.8	479.3
Male full-time workers	418.1	496.9	505.8	525.0
Female full-time workers	326.1	335.5	399.1	412.7

Source: ONS annual population survey 2008

Workplace Based Weekly Earnings 2008

For those workers living and working in Perth and Kinross the wage level is £443.20 which is £16.90 below the Scottish average. It is the 19th highest out of the 32 Local Authorities.

	Perthshire and Kinross 2000 (£)	Perthshire and Kinross 2008 (£)	Scotland (£)	Great Britain (£)
Full-time workers	302.3	443.2	460.1	479.1
Male full-time workers	339.3	498.3	504.6	523.5
Female full-time workers	266.4	333.8	400.0	412.4

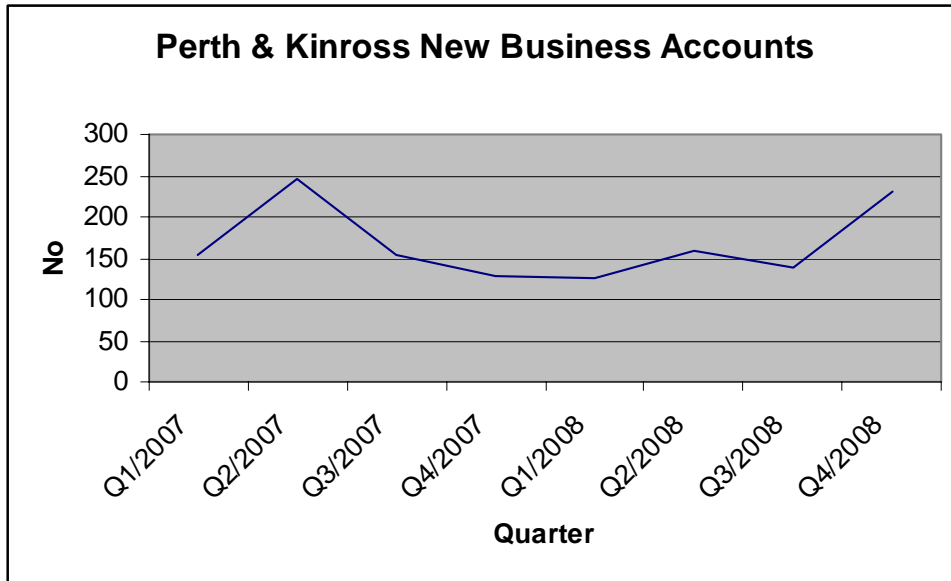
Source: ONS annual population survey 2008

Number of New Businesses in Scottish Banks

Business Start-up Statistics are produced quarterly by The Committee of Scottish Clearing Bankers (CSCB), which incorporates Bank of Scotland, The Royal Bank of Scotland, Clydesdale Bank and Lloyds TSB Scotland.

	Q1/2007	Q2/2007	Q3/2007	Q4/2007	Q1/2008	Q2/2008	Q3/2008	Q4/2008
Perth & Kinross	154	245	155	127	126	160	138	231
Scotland	6,704	8,365	5,180	4,792	5,550	5,465	4,598	4,415

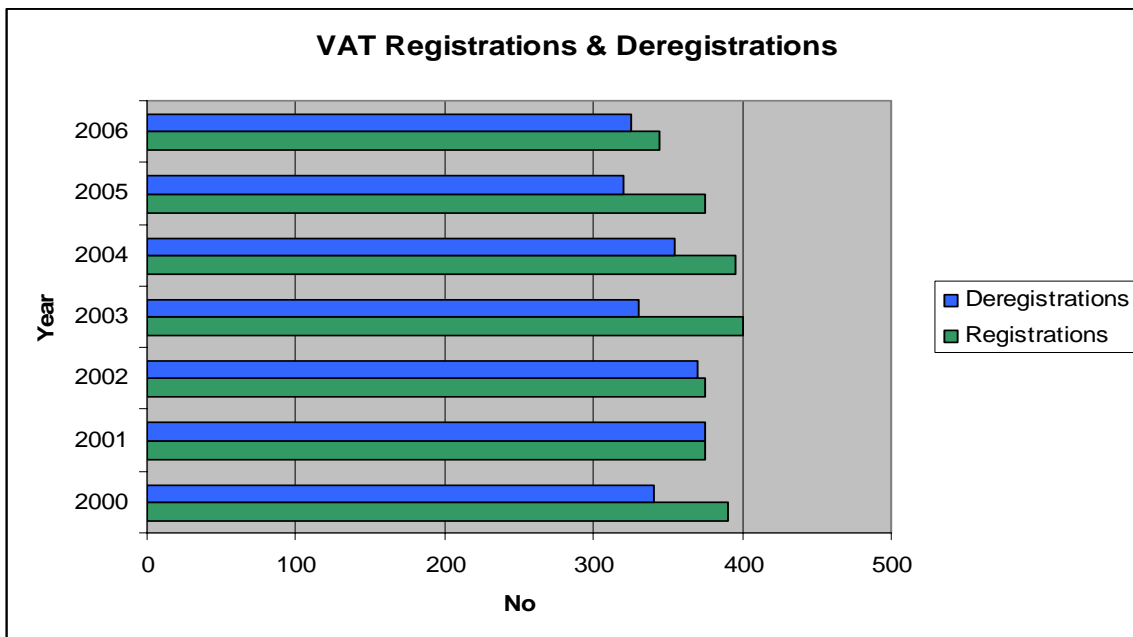
Source: Scottish Clearing Banks 2008



BUSINESSES - VAT registered businesses 2000 – 2006

	Perthshire & Kinross 2000	Perthshire & Kinross 00 (%)	Perthshire & Kinross 2006	Perthshire & Kinross 06 (%)
Registrations	390	7.7	345	6.6
Deregistrations	340	6.7	325	6.2
Stock (at end of year)	5,055	-	5,240	-

Source: BERR - vat registrations/deregistrations by industry. Note: % is a proportion of stock (at end of year)



Gross Domestic Product 2000 – 2007 & Percentage Change

Year	Perth and Kinross	% change	Scotland	% Change
2001	1.534	-	70,321	-
2002	1.542	0.5	70,510	0.3
2003	1.561	1.2	71,274	1.1
2004	1.592	2.0	72,558	1.8
2005	1.627	2.2	74,007	2.0
2006	1.875	1.5	85,570	1.5
2007	1.918	2.3	87,195	1.9

Source: ONS, Scottish Government Statistics, Mackay Consultants

Scottish employment & enterprises by size of enterprise, March 2007

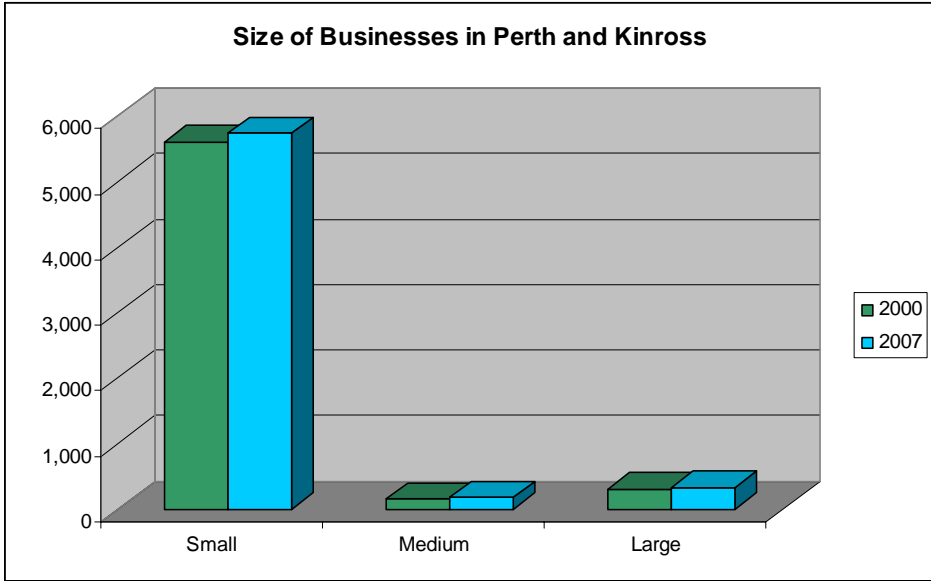
Size of enterprise	Perthshire & Kinross		Scotland	
	No. (000s)	%	No. (000s)	%
Total employment*	49	100%	1,763	100%
Small	23	48%	625	35%
Medium	7	14%	243	14%
Large	19	38%	894	51%
Size of enterprise	Number	%	Number	%
All enterprises	6,260	100%	162,120	100%
Small	5,750	92%	146,730	91%
Medium	180	3%	5,450	3%
Large	340	5%	9,980	6%

Source: Scottish Government Economic Profile 2007

A **small enterprise** has fewer than 50 employees,

A **medium sized enterprise** has between 50 and 249 employee's

A **large enterprise** has 250 or more employees



Source: Scottish Government Economic Profile 2007