

The Economic and Social Health of the Cairngorms National Park 2010 Summary



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Summary

This summary highlights the findings of a recent investigation into the economic and social health of the Cairngorms National Park. The study has identified the key economic and social factors in the National Park since its designation in 2003, and compares these with other parts of Scotland.

The work was jointly commissioned by the Cairngorms National Park Authority, Highlands and Islands Enterprise and Scottish Enterprise and was carried out by Cogentsi and Rocket Science UK Ltd.



Since original baseline material was gathered in 2002, the economic profile of the National Park has altered, both as a result of designation and changes in the wider economy.

This report updates the original data and, by analysing key trends, provides some insights into the current economic 'make-up' of the Cairngorms National Park and how it may look in the medium to longer term.

Summary indicators			
Population	16,333 in 2001	17,188 in 2007	
Mean age (years)	42.4 male	45.0 female	
Natural change (2001-2007)	143 births	200 deaths	
Net annual migration (2001 - 2007)	-52 age 16-19	+258 for all other ages	
Gross Value Added* 2006 by cluster (£ million)	115.3	Tourism	40.0 Food chain
	10.8	Forest products	18.8 Whisky and drinks
	4.3	Information & media	71.3 Housing & construction
	15.9	Other products	62.4 Private services
	60.1	Public services	398.8 Total GVA
Employment (2008)	8,950	Employed in the Park	2,000 Estimated self-employed
	161	Unemployed (end 2009, SA)**	11,089 Population aged 16-65
	1,496	In-commuters	1,789 Out-commuters
Household incomes (2006) (£ million)	207.6	Wages and salaries (inc NIC)	48.3 Self-employment
	50	Dividends, private pensions	33.0 State benefits and pensions
	95.6	Housing capital gain	434.5 Total Household resources
Earnings (£ per year)	£18,370	Ave earnings per employee	74% Scottish average
House prices (£ Dec 2008)	£205,000	Average (mean)	130% Scottish average
Connections	7,734	A9 Kingussie, vehicles/day	163,320 All train stations in Park passenger journeys in 2008

*Gross value added (GVA) is the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production. It is an alternative indicator of Gross Domestic Product (GDP) for use at a regional level, and whilst its use at sub-regional level is more limited, it is the best available indicator.

** Seasonally adjusted

Reports like these have an important role to play in terms of determining future policy and strategies. This will in turn help make the very best of future opportunities and help address the challenges the National Park faces – especially important given the current economic climate.

From population and employment to the industry sectors that are at the heart of the economy, this summary gives a snapshot of the people, jobs and prosperity in the National Park: where we have come from, where we are now and where we are likely to go in the future.

Living in the Cairngorms National Park

In 2007 there were 17,188 people living in the National Park – an increase of 855 since 2001. An average of 200 more people move into the National Park than move out of it each year. Like all of Scotland's rural areas, many older teenagers leave the National Park to study and work in the cities, but it attracts young adults back much earlier than the Scottish norm. Outside of major cities Scotland's population is significantly older on average, and this is true of the National Park.

The Cairngorms National Park's population is projected to continue growing and, by 2040, it is expected that 20,000 people will live here. The population will be increasingly older on average, in common with the rest of Scotland, but less pronounced than in many rural areas.

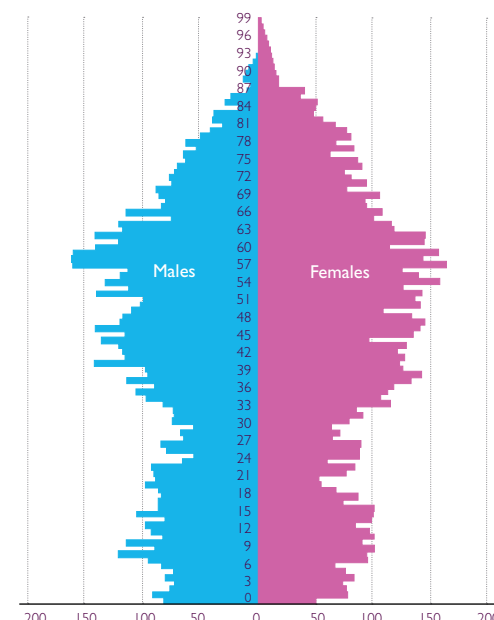


Figure 1 – Age distribution of Cairngorms National Park residents

The National Park's population is already four to six years older than the Scottish average because death rates are lower, indicating a generally healthier population. Another positive social indicator is a broadly low crime rate.

Residents of the Cairngorms National Park have a combined annual spending power of £435million with 40 per cent of this earned by residents with jobs in the National Park and a further 10 per cent coming from self-employment. Over 30 per cent is from capital gains on housing and investment income, which includes private pensions.

There are around 7,500 homes in the Cairngorms National Park with a combined value of more than £1.5billion. Homes cost on average 130 per cent of the Scottish average and home ownership and construction play an unusually large role in the economy due to the desirability of living and working in the National Park, its growing economy and increasing population.

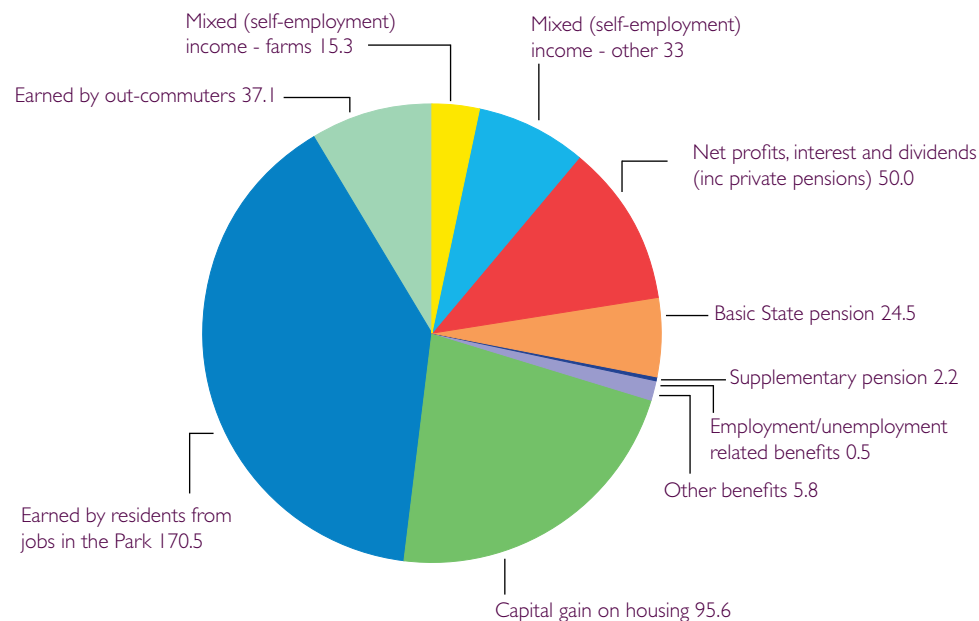


Figure 2 – Gross household resources in the Cairngorms National Park (£m). Total £434.5m

However, some of Scotland's most geographically remote communities are located in the National Park, a physically challenging landscape with a sparse and scattered population, sometimes making it difficult for residents to access services.

Furthermore, the physical geography means there are particular challenges of moving within, to and from the National Park. The 'central massif' acts as a natural barrier to movements and to communication between Strathspey in the west and Donside, Deeside and the Angus Glens in the east.

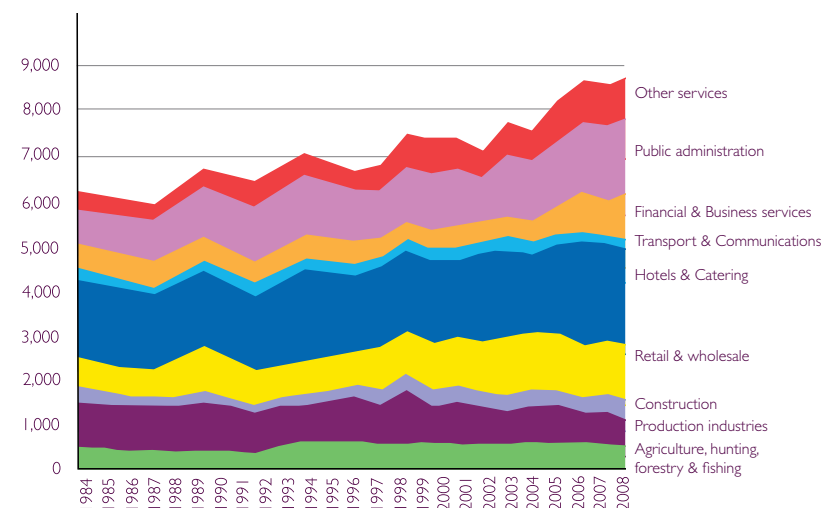


Figure 3 – Employee jobs in the Cairngorms National Park

Working in the Cairngorms National Park

Of the 11,000 people aged 16-65 in the Cairngorms National Park, just under 9,000 of these are employees. Added to this are nearly 2,000 self-employed, comprising a large proportion by national standards.

Most businesses operating in the Park are small – over two thirds of workplaces in the Park have fewer than five staff, and the number of workplaces in the Park is now over 1,000 – a rise of 13 per cent since designation.

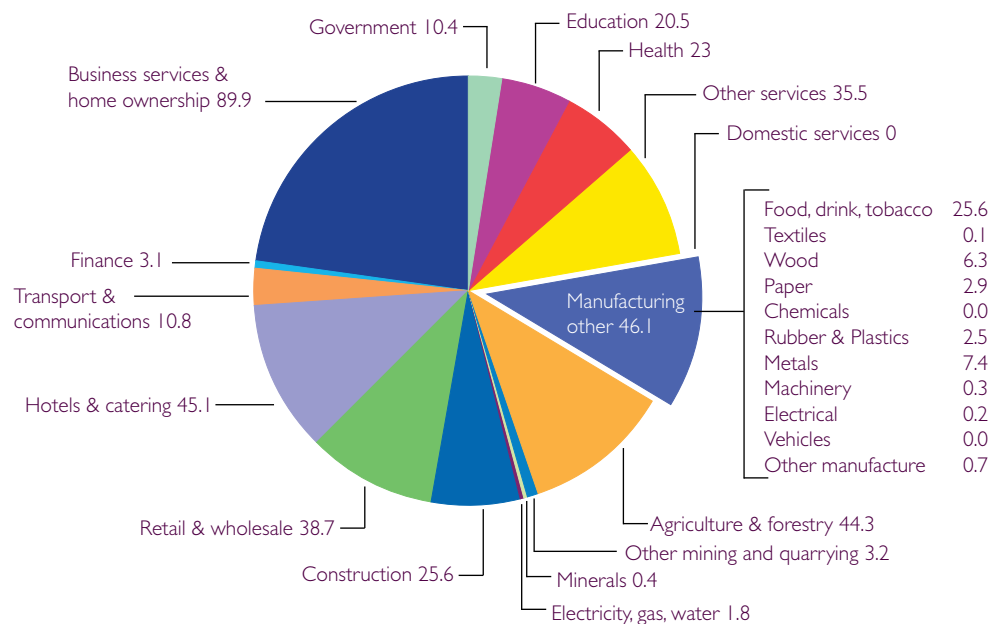


Figure 4 – Gross Value Added 2006 (£m). Total £398.8m

Since the Cairngorms became a National Park in 2003, there has been an increase of approximately 1,000 jobs in the Park. Tourism, and financial and business services, that include contact centres, are responsible for most of this job creation. Inflows of people from the new European Accession States, as well as hotel refurbishments carried out in Aviemore, accounts for much of this.

Two thirds of all jobs in the Cairngorms National Park are in private sector services, including retailing and tourism. One sixth work in the public sector, which is lower than the national average, and one sixth are in goods-producing industries such as manufacturing, agriculture and construction.

Employees in the National Park earn on average £18,370, 74 per cent of the Scottish average and around 90 per cent of employees live and work in the Cairngorms National Park. Whilst around 1,800 residents in the National Park work elsewhere – mainly in Inverness or Aberdeen – around 1,500 people from neighbouring rural areas and Inverness commute to work in the National Park.

Unemployment – at less than 200 people (two per cent) – is much less than the Scottish average and despite the recession is close to historically low levels. Since designation in 2003, unemployment has also reduced by around 30 per cent, from 300 to 200 individuals.

Nowhere in the Cairngorms National Park is classed as amongst the most 'employment deprived' areas of Scotland, although small pockets of deprivation, related to lack of employment, education or skills, exist in Aviemore and Grantown-on-Spey.

Economic activity in the Cairngorms National Park

The report values the wealth created annually by the National Park's economy at just under £400 million, with tourism accounting for almost 30 per cent of this. Tourism plays a more significant role in the economy of the National Park than it does in any other comparable area in Scotland. Tourism businesses benefit from the special qualities that the Cairngorms National Park has to offer and the exceptional

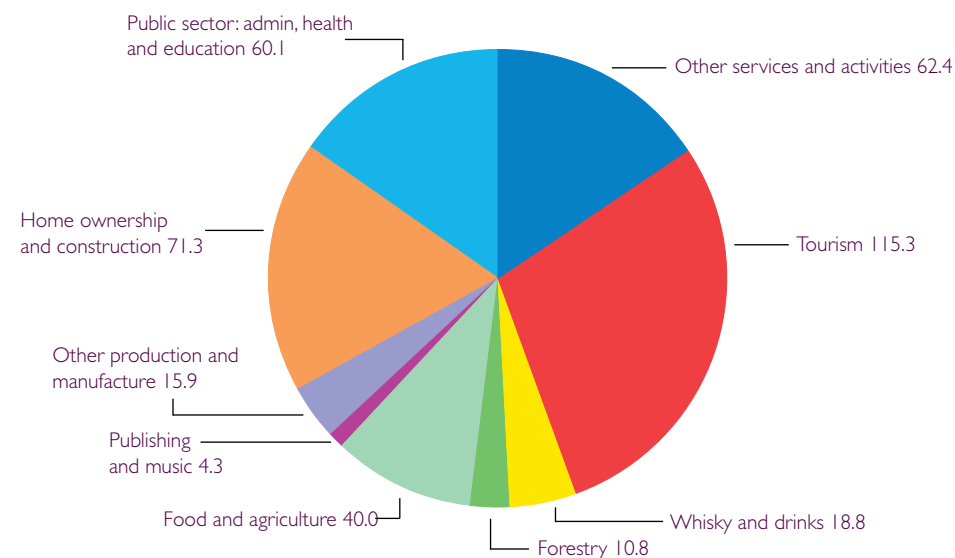


Figure 5 – Cluster structure of the Cairngorms National Park economy (£m)

experiences for those visiting it. An extended season, thanks to the three ski centres in the National Park that comprise 80 per cent of Scotland's winter sports activity, also makes a major contribution.

Although still significant, whisky is highlighted as a sector where production employment is shrinking, although distillery visitor centres are identified as an important part of the visitor offering. Likewise, many land-based activities, including hunting and fishing, add to the range of activities on offer in the National Park. The contribution of land-based industries is itself worth £70million annually – this includes food and agriculture which is valued at £40million and provides a living for 900 people.

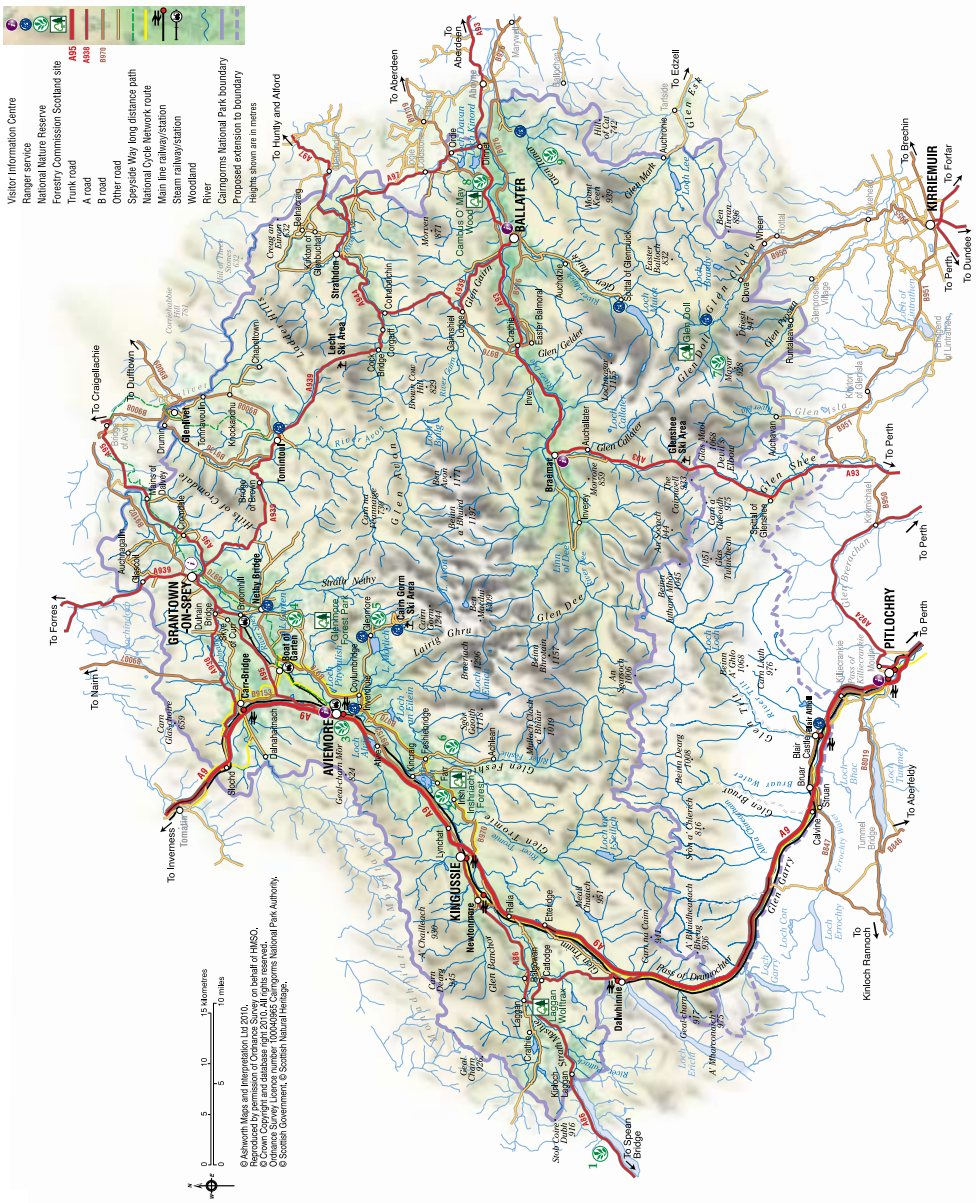
Forestry is another key land-based industry and contributes £10million to the National Park's economy each year. Several large sawmills and processing facilities exist within, or close to, the National Park, providing significant support to the local economy.

Publishing, music, writing and creative media is a small and developing sector. More established is an energy cluster manufacturing structures and components for offshore and renewable industries, operating in a global market. The report concludes that the economic importance of public services to the National Park has risen considerably in recent years, accounting for £60million in annual value (15 per cent of the total).

Conclusion

The structure of the Cairngorms economy is unique, with a distinctive mix of industries contributing to the National Park's creation of wealth. Compared to elsewhere in the country whisky production, forestry and agriculture, which includes commercial sporting activities and management of the natural heritage, are particularly distinctive. Tourism remains a major part of the economy across the National Park.

The National Park is seen to be an attractive place to live and work and there is evidence to suggest that comparable areas have grown more slowly over recent years. Designation as a National Park in 2003 may not in itself be responsible, as it did coincide with a time when quality of place was becoming more important and when wider employment opportunities were improving. Nevertheless, through the recent recession the Cairngorms National Park's economic and social health has remained strong.



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Prepared by Cogentsi and Rocket Science UK Ltd
for the Cairngorms National Park Authority,
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