Economic Impact of Opencast Coal Mine Site Closures in East Ayrshire

EKOS Limited, St. George's Studios, 93-97 St. George's Road, Glasgow, G3 6JA
Reg 145099

Telephone: 0141 353 1994
Web:www.ekos-consultants.co.uk

Direct enquiries regarding this report should be submitted to:

Iain Jenkins, Director, EKOS

Email: iain.jenkins@ekos.co.uk

Tel: 0141 353 1994

As part of our green office policy all EKOS reports are printed double sided on 100% sustainable paper

Contents

Executive Summary

Background

In April/May 2013,Scottish Coal Company Limited (SCCL) and Aardvark TMC Ltd, which had substantial opencast mining operations across East Ayrshire and elsewhere, were placed into liquidation. The coal mining sector is a key industry for a number of the rural villages and towns in East Ayrshire and the closure will have a substantially negative impact upon these vulnerable areas, many of which already face a variety of economic and social challenges.

EKOS Limited was commissioned by East Ayrshire Council (EAC) to undertake an assessment of the economic impacts from the recent open-cast coal mine closures and to outline actions thatmight be adopted to respond to the challenges around promoting long term sustainability across the affected communities. The latter was to build upon the substantial activity already underway, led by EAC. This includes:

- appointment of a dedicated Coal Team within EAC and Local Response Team which is made up of all key stakeholders;
- working with employability partners, including the in-house employability team, Business Gateway, Partnership Action for Continuing Employment (PACE) and Job Centre+;
- working with skills and enterprise partners including Scottish Enterprise and Skills Development Scotland; and
- instructing an assessment of the remediation costs at each site within each of the nine former SCCL and Aardvark opencast complexes.

Economic Impact of the Closures

The potential scale and longer term impacts of the closures has been assessed using a bespoke appraisal model which conforms with HM Treasury 'Green Book' guidance[1]. Impacts are reported at the East Ayrshire, Ayrshire, wider region[2], and Scotland levels. Various scenarios have been examined, which vary depending on

[1] "*The Green Book: Appraisal and Evaluation in Central Government*", Treasury Guidance, 2011
[2] Wider region defined as East/North/South Ayrshire, Dumfries & Galloway, and South Lanarkshire.

assumptions made regarding the economic life of mines and the extent and timing of remediation activity.

The key negative impacts across East Ayrshire will be most acutely felt within the rural areas surrounding the mines. The longer term negative impacts within the East Ayrshire economy are estimated at:

- Total job losses – 357:
  - direct jobs - 311
  - indirect jobs - 31
  - induced jobs – 15; and
- GVA losses - £131m - £173m
  - direct GVA losses: £114m - £147m
  - indirect GVA losses: £13m - £20m
  - induced GVA losses: £4m - £6m.

Stakeholders

Consultations were held with 23 representatives of EAC and national and local partners. They key themes to emerge were that:

- the impact of the closures will be most keenly felt in parts of East Ayrshire which are already facing social and economic challenges;
- there are already substantial efforts being made to address these challenges, through activity led in the main by EAC. Given this, any future action plan must build on this activity and lever additional support to extend reach or intensify assistance to target beneficiaries;
- few partner organisations have fully determined how they will respond to the closures, partly due to the uncertainties still surrounding the potential for new owners to develop the remaining complexes not sold to Hargreaves and the extent of future remediation activity. The extent to which partners can respond will, however, be influenced by financial resource constraints faced by all;
- any future action plan for the area must:
  - continue support for redundant miners;

- be integrated with existing activity and focus on building sustainable futures for the affected communities; and
- focus on addressing the key challenges faced by individuals, communities and businesses.

Businesses

A telephone survey was conducted targeted at businesses located within the communities most affected by the closures. A total of 20 businesses were interviewed and the main results were that:

- most had experienced static employment levels over recent years, and there is little prospect for employment growth in the near future;
- many businesses depend heavily on sales to customers within East Ayrshire;
- a minority said that the closures will impact directly on their performance and were unable to identify how lost business might be replaced;
- the vast majority highlighted a lack of employment opportunities as being a key challenge for the communities affected by closures; and
- future economic priorities should focus on this need to generate and support new employment opportunities' for local residents.

Impacts in Context

The mine closures will impact most on communities in East Ayrshire which were already facing economic and social challenges. For example, data from the Scottish Index of Multiple Deprivation shows that these communities, the "Local Area", already face relative deprivation in relation to income, employment, health, education and access to services.

- population and demographics: recent falls in the population of the Local Area will be exacerbated to the extent that the lack of local employment opportunities forces redundant miners (and others) to consider moving elsewhere. This will also impact on the population of working age, reinforcing longer-term trends;
- business base: the closures will have a direct impact on the performance of supplying businesses and others that rely on local spend by residents. For

example, in the base year it is estimated that up to £2.2 million in GVA will be lost to these businesses and around 74 full time jobs will be lost;

- enterprise: the area already suffers a relative enterprise deficit with fewer new businesses per member of the working age population than in comparator areas. The mine closures could encourage more new-start activity, to the extent this is considered an option by redundant miners, although generally poorer economic conditions might deter others from pursing this option locally;
- employment: employment in the Local Area fell during the early part of the recession but has experienced some recent growth during 2010 and 2011. However, this has been due largely to growth in mining, without which overall employment would have fallen. The closures, and the associated job losses, will exacerbate an already challenging situation;
- unemployment and vacancies: the closures will reinforce recent trends towards increasing numbers of unemployed in the Local Area, and the concentration of unemployment experience among males. In the worst case scenario, the number of unemployed could increase by around 25% over baseline levels;
- education and skills: the working age population of the Local Area and East Ayrshire has relatively low levels of vocational and educational qualifications. Skills availability might be an impediment to any future actions to enhance local employment prospects;
- benefits: the closures will impact directly on the number of households dependent on benefits, which is already relatively high; and
- relative deprivation: data from the Scottish Index of Multiple Deprivation shows that the Local Area already suffers from relative deprivation in relation to employment, income, health, education and access to services. The closures will exacerbate this situation, particularly in the thematic areas of employment and income.

In the absence of an appropriate response to the closures, and one that takes a holistic and longer-term view, conditions in the Local Area are likely to worsen, further increasing the relative disadvantage faced by local communities. This could impact adversely on the vibrancy and sustainability of the area.

Action Plan

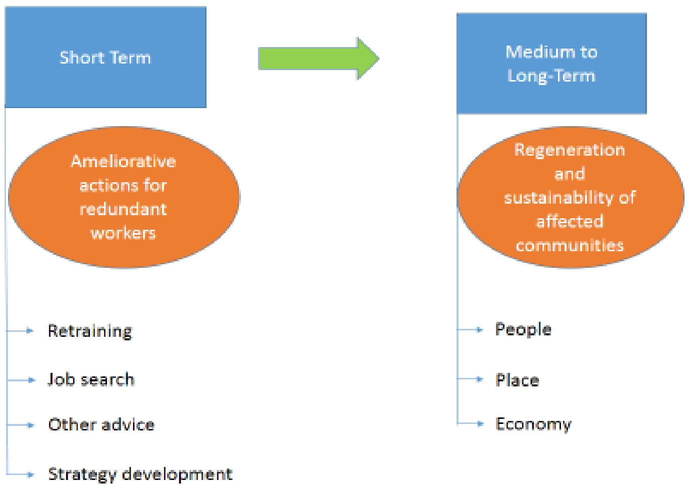
It is clear that the mine closures will impact heavily on what are already some of the most relatively deprived communities in East Ayrshire, and while EAC and its partners already have a portfolio of services which will be useful in addressing the challenges faced by these communities it is recommended that EAC and its partners:

- continue with short-term actions to address the specific needs of redundant miners; and
- prepare and implement an area regeneration strategy for the Local Area.

This recommendation is based upon, amongst other things, the observations that:

- the closures will impact disproportionately on the Local Area, exacerbating already relatively poor local conditions;
- the challenges faced by impacted communities are many and variable; and
- there will be value in making a longer term, specific commitment to helping the Local Area to adjust to both the recent closures and the longer-term legacy of relative disadvantage.

The proposed approach is illustrated below



A distinction is made between the short and medium/longer-terms. The former relates to the period January 2014 to June 2014 during which it is recommended that with EAC taking the lead, the partners should:

- continue to delivery short-term ameliorative services; and
- prepare a comprehensive area regeneration strategy for the Local Area.

The area regeneration strategy should:

- identify the development priorities for the affected communities;
- focus on a 10 year timescale;
- incorporate integrated plans for targeting the three key regeneration themes of "People, Place and Economy";
- restrict new service introductions to ones that fill gaps and seek always to ensure complementarity with, and leverage of, existing provision; and
- take account of the community's development priorities.

Issues of governance, management and delivery arrangements, as well as resource needs and sources, can be considered in more detail during the strategy development process. At this time it is suggested that these arrangements be integrated with existing structures, especially those established for Community Planning, with:

- overall governance and oversight responsibilities be allocated to the Delivering Community Regeneration Theme Group for Community Planning; and
- operational responsibly be allocated to the Local Response Team, which has already played a key role in bringing together Community Planning partners and other stakeholders to address the impact of the closures locally.

1. Introduction

This report was prepared in response to a request for consultancy services from East Ayrshire Council (EAC) to undertake an economic impact assessment and wider review to quantify the scale and scope of negative impacts to the East Ayrshire economy arisingfrom the recent open-cast coal mine closures.

In addition to measuring the scale and scope of impacts, the report outlines a range of actions that EAC might adopt to respond to the challenges around promoting long term sustainability across the affected communities.

1.1 Background

Mine Closures

In April/May 2013Scottish Coal Company Limited (SCCL) and Aardvark TMC Ltd, which had substantial opencast mining operations across East Ayrshire and elsewhere, were placed into liquidation. The coal mining sector is a key industry for a number of the rural villages and towns in East Ayrshire and the closures will have a substantially negative impact upon these vulnerable areas – many of which already face a variety of economic and social challenges.

The opencast coal mine complexes affected include[3]:

- former Aardvark TMC/ATH Resources complexes:
    - Skares and Netherton
    - Duncanziemere/LaighGlenmuir
    - Garleffan and Grievehill
- Former Scottish Coal Company Ltd Sites:
    - Chalmerston and Pennyvenie
    - Dunstonhill
    - Piperhill
    - House of Water
    - Powharnal and Dalfad
    - Ponesk and Spireslack

The total direct job losses for East Ayrshire residents from the former SCCL sites was identified as 311, based on the most recent figures made available by the

[3] Within these complexes there are a number of individual mining sites.

liquidator, and the vast majority of these people live within the rural communities located nearest the mines. Since then around 128 individuals have gained other employment, including c. 20 within the Netherton and Duncanziemere mines, which are being operated by Hargreaves on a short term basis. Some 213 individuals have had careers appointments through employability support mechanisms including PACE (Project Action for Continued Employment).

Following the appointment of liquidators in April 2013, there have been discussions with two companies that currently operate mining activities and that had expressed interest in purchasing the assets of SCCL. One of these, Hargreaves Surface Mining Ltd, subsequentlyacquired a range of assets of both companies.

In its “Business Plan”, Hargreaves has identified a number of active mining sites that it is interested in taking forward through the special purpose vehicles known as “Hive Cos” (the Hive Co has been set up as an English company and operates under English Law). The three sites are identified as Netherton, Duncanziemere, and House of Water, with the first two currently being operated by Hargreaves up to May 2015. Hargreaves are also developing plans to operate an extension to Chalmerston/Pennyvenie.

1.2 Response to Mine Closures

In response to these closures and the liquidation of the two companies, EAC has identified and implemented early initiatives to address some of the immediate effects of the closures. These include:

- appointment of a dedicated Coal Team within the EAC and Local Response Team (LRT) which is made up of all key stakeholders;
- working with employability partners, including the in-house employability team, Business Gateway, Partnership Action for Continuing Employment (PACE) and Job Centre+;
- working with skills and enterprise partners including Scottish Enterprise and Skills Development Scotland;
- instructing independent engineers to undertake an assessment of the remediation costs at each site within each of the nine former SCCL and Aardvark opencast complexes. This will help to inform the process of calling up restoration bonds which the Council is progressing;

- masterplanning As reported to Council in September 2013[4], the notional cost of restoration of each of the sites/complexes, exceeds significantly the figures previously provided by KPMG in respect of the former SCCL sites and the former Aardvark sites. To achieve restoration of these sites/complexes, the scheme may require alternative approaches and the Council is taking the lead role to facilitate and participate in the masterplanning for each of the 9 former SCCL and Aardvark complexes to achieve those necessary and sustainable site solutions;
- compliance monitoring. Given the issues relative to the determination of planning applications and the subsequent monitoring of surface mine developments, the attendant processes and procedures have required immediate clarification and enhancement. To support the Planning Authority in the role of compliance monitoring it will call upon the services of independent Mining Engineers to carry out regular inspection of the sites;and
- appointment of an Independent Review Team, led by Jim Mackinnon, former Chief Planner of the Scottish Government to *"undertake a review of all processes and procedures around the management, determination, implementation, monitoring and review of the planning processes in relation to opencast coal operations, all within the governance arrangements in place throughout the relevant period*"[5];

1.3 Ongoing Issues

At present there are a number of unknowns with regards to the future of the sites and mining activity more generally across East Ayrshire. The key issues that are being worked through include:

- ongoing issues with regards the legal liabilities for the abandoned sites with the liquidators (KPMG)submitting a Note for Directions to the Court of Session which sought information on a range of matters, including whether it could disclaim the abandoned opencast coal sites, and with that its

[4] "Opencast mining in East Ayrshire. Steps to Recovery". Report by Chief Executive, East Ayrshire Council, 19 September 2013.
[5] " Opencast Mining in East Ayrshire, Independent Review". Report by Chief Executive, East Ayrshire Council, 27 June 2013.

statutoryduty in relation to planning, health and safety and environmental issues. This was opposed by, among others, East Ayrshire Council and the Scottish Government. In July 2013, the Note for Directions allowing the Liquidators to disclaim land and statutory licences was granted, although the decision was subjected to an appeal which was heard during September 2013, the outcome of which is not yet known;

- It should be noted that the ruling would be open to further appeal;
- ongoing discussions/negotiations between the Council and Hargreaves Mining with regards to their future mining operations (applications for planning permissions are expected to take forward operations at House of Water, Benbain Remainder, Tappet Hill and Auchlin), both with regards to alternative remediation proposals as well as extensions to existing coaling operations put forward by Hargreaves. These proposals are being developed and are expected to be submitted to the Planning Authority in the near future; and
- other sites.KPMG exposed to the market those former SCCL sites not acquired by Hargreaves which in East Ayrshire are Ponesk/Spireslack; Powarnel/Dalfad; and Dunstanhill. The Council continues to engage with KPMG and interested parties as appropriate.

1.4 Study Objectives

The key study objectives as identified in the tender specification are summarised below:

- development of detailed labour market profiles to cover issues surroundings labour supply/demand, economic trends, and wider impacts of the recession;
- an assessment of the direct, indirect and induced impacts on East Ayrshire and its neighbouring authorities in the south west of Scotland;
- engagement with local businesses and key stakeholders to provide a qualitative assessment on the negative impacts arising through the closure of the coal mines; and
- development of an Action Plan that considers how best EAC and its partners should respond to the closures.

1.5 Report Structure

The remainder of the report is structured as follows:

- Section 2provides the main results from the economic impact assessment;
- Section 3provides feedback from consultations with local stakeholders;
- Section 4provides feedback from a sample survey of businesses located in the areas most affected by the closures;
- Section 5 sets the impact within the context of current local socio-economic conditions within the communities that will be impacted most by the mine closures. The detailed socio-economic profile is appended; and
- Section 6provides a high level Action Plan to support the public sector response to the closures.

The detailed area profile, which examines recent trends and compares performance to a selection of comparator areas, is appended.

2. Economic Impact Assessment

In order to quantify the scale and longer term impact of the coal mine closures across East Ayrshire and comparator areas, we have undertaken an Economic Impact Assessment. Impacts are reported in terms of jobs and Gross Value Added (GVA), and have been calculated using a bespoke appraisal model which conforms with HM Treasury 'Green Book' guidance[6]. Impacts are reported at the East Ayrshire, Ayrshire, wider region[7], and Scotland levels.

Technical Note

A number of technical terms are referred to within this section. Further explanation is provided below.

- Gross Value Added (GVA) –GVA is a measure of the value of goods and services produced before allowing for depreciation or capital consumption. GVA measures the income generated by businesses after the subtraction of input costs but before costs such as wages and capital investment. GVA is the Government's preferred method for measuring economic performance. GVA impacts are calculated using an appropriate GVA per employee benchmark for individual industry sectors (sourced from Scottish Annual Business Statistics) and multiplied by the number of jobs;
- direct impacts – these are the gross job losses at the various closed mining sites across East Ayrshire and they are based on data supplied by East Ayrshire Council. Direct job losses have been calculated based on employees' area of residence;
- indirect impacts –these are the jobs that are supported in the supply chain through the activity at the mines e.g. haulage, construction, maintenance, etc. Indirect impacts are measured through multiplying the direct jobs by an appropriate Type 1 employment multiplier co-efficient[8];
- induced impacts - these are the jobs that are supported in the wider supply chain through suppliers income effects for example, through paying employees' wages who subsequently spend this income in the

[6] "*The Green Book: Appraisal and Evaluation in Central Government*", Treasury Guidance, 2011
[7] Wider region defined as East/North/South Ayrshire, Dumfries & Galloway, and South Lanarkshire.
[8] Type 1 multipliers express the ratio of direct plus indirect impacts to direct impacts. So, for example, a Type 1 multiplier of 1.5 implies that for every direct job another 0.5 jobs is supported in the supply chain.

economy.Induced impacts are measured through multiplying the direct jobs by an appropriate Type 2 employment multiplier co-efficient[9];

- multipliers – Scottish Input Output Tables provide a snapshot of the economy and have been used to derive supplier linkage and income multiplier values for each of 126 Input Output sectors. For the purposes of our assessment we have used the Type 1 and Type 2 multipliers associated with the 'coal and lignite mining' output sector; and
- PYE jobs – Person Year Equivalent jobs. PYEs are used to assess the impact of the remediation works. This method allows the number of people on-site over the whole remediation period (which will vary over the period between full-time, part-time, permanent, temporary and contract) to be estimated as an annual equivalent post. Please note, PYE impacts are one-off.

To better examine the range of potential negative impacts that will likely be generated through the closures and the liquidation of SCCL and ATH, we have considered two key scenarios:

Best case scenario – this assumes that Hargreaves (as the owner of a number of sites) and EAC reach an agreement with regards to the future mining and subsequent restoration activity.

Key assumptions – the Netherton and Duncanziemere sites have a short commercial life and will finish coaling by 2015.

The site at House of Water has been identified as the key commercially viable site for mining activities. The site, where there is an extant planning consent, -would be taken forward by Hargreaves and be operational for five/six years. This would support 120 new jobs. Given the unknowns with regard to a number of the other sites, we have assumed the majority of coaling in the region comes to an end after this six year period.

Worst case scenario **-** the ongoing negotiations with potential operators do not meet the needs/requirements of key partners and therefore no further activity in any of the mines proceeds. All the activity (direct/indirect/induced) associated with the mines will be lost to the economy.

[9] Type 2 multipliers express the ratio of direct plus indirect plus induced impacts to direct impacts. So, for example, a Type 2 multiplier of 1.5 implies that for every direct job another 0.5 jobs is supported in the supply chain or in industries' benefiting from the consumption expenditures of direct and indirect employees.

Whilst it is recognised that coaling in the region would have been reduced gradually over a phased period anyway (the counterfactual position), the negative impacts i.e. job losses, etc will occur sooner and EAC and its partners have less time to prepare a response.

2.1 Impact of Mine Closures

Table 2.1 and 2.2on the following pages, present the 10 year (discounted) impacts associated with the mine closures, and considers the best case scenario i.e. that some mining activity continues over the short term and the worst case scenario, i.e. all the activity is lost to the region.

The total estimated impact on the East Ayrshire economy through either scenario is substantial, especially when it is recognised that the negative effects will impact mainly on the communities most directly affected by the closure.

Best case scenario – whilst the mining activity at the House of Water site will have a limited positive impact on the economy, the job and GVA losses are still forecast to be significant. At their peak, total job losses in East Ayrshire are estimated at 357, and the cumulative GVA loss is c. £136m.

Worst case scenario –all the activity generated through the mines (direct, indirect and induced) is lost to the area, which again results in a peak job loss of 357, but the total cumulative GVA loss is c. £173m.

The impacts of the closures will be felt across Scotland over the longer term, particularly within the wider supply chains. In total, job losses across Scotland are estimated at 1,250 – 1,500, with the total GVA loss over a ten year period assumed to be around £960m - £1.2bn.

Table 2.1: Best Case Scenario – Total Negative Impacts (direct, indirect and induced)

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Job losses												
East Ayrshire	336	336	219	219	219	219	219	219	357	357	357	
Ayrshire	412	412	280	280	280	280	280	280	435	435	435	
Wider region	726	726	584	584	584	584	584	584	751	751	751	
Scotland	1,469	1,469	1,247	1,247	1,247	1,247	1,247	1,247	1,509	1,509	1,509	
GVA losses (£m)												
East Ayrshire	£17.5	£16.8	£10.5	£10.1	£9.8	£9.4	£9.0	£8.7	£13.6	£13.1	£12.6	**£131.2**
Ayrshire	£21.9	£20.9	£13.6	£13.0	£12.5	£12.0	£11.5	£11.0	£16.4	£15.8	£15.1	**£163.8**
Wider region	£38.9	£37.2	£28.6	£27.3	£26.2	£25.0	£23.9	£22.9	£28.2	£27.0	£25.9	**£311.3**
Scotland	£121.9	£115.4	£92.8	£88.0	£83.4	£79.1	£75.0	£71.1	£81.7	£77.5	£73.6	**£959.5**

Note Year 0 through Year 1 assumes some limited mining activity at Netherton and Duncanziemere – safeguarding 18 jobs

Year 2 through Year 7 assumes the House of Water site is operational – creating 120 new jobs

Table 2.2: Worst Case Scenario – Total Negative Impacts (direct, indirect and induced)

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Job losses												
East Ayrshire	357	357	357	357	357	357	357	357	357	357	357	
Ayrshire	435	435	435	435	435	435	435	435	435	435	435	
Wider region	751	751	751	751	751	751	751	751	751	751	751	
Scotland	1,509	1,509	1,509	1,509	1,509	1,509	1,509	1,509	1,509	1,509	1,509	
GVA losses (£m)												
East Ayrshire	£18.6	£18.0	£17.4	£16.8	£16.2	£15.6	£15.1	£14.6	£14.1	£13.6	£13.2	**£173.2**
Ayrshire	£23.1	£22.3	£21.6	£20.8	£20.1	£19.4	£18.8	£18.2	£17.5	£16.9	£16.4	**£215.2**
Wider region	£40.3	£38.9	£37.6	£36.3	£35.1	£33.9	£32.8	£31.7	£30.6	£29.5	£28.5	**£375.2**
Scotland	£125.2	£120.9	£116.9	£112.9	£109.1	£105.4	£101.8	£98.4	£95.1	£91.8	£88.7	**£1,166.2**

Note: Assumes all mining activity is lost to the region

2.2 Impact of Remediation Works

The remediation and environmental restoration works associated with making sites safe and secure, will to some extent, mitigate the negative impacts associated with the mine closures. That being said, the remediation activity is at the centre of on-going discussions with a number of key stakeholders (determining liabilities, alternative restoration proposals, etc) and outcomes are not yet fully quantifiable.

It should be noted that the economic impacts associated with the remediation activity are one-off and do not replace the ongoingactivity lost at the mining sites.

Summary

The key negative impacts across East Ayrshire will be most acutely felt within the rural areas surrounding the mines i.e. through the direct job losses, many of which are from the local areas:

The longer term negative impacts that will be generated through the mine closures within the East Ayrshire economy are estimated at:

- Total job losses – 357:
  - direct jobs - 311
  - indirect jobs - 31
  - induced jobs – 15; and
- GVA losses - £131m - £173m
  - direct GVA losses: £114m - £147m
  - indirect GVA losses: £13m - £20m
  - induced GVA losses: £4m - £6m.

3. Stakeholder Feedback

3.1 Introduction

This Chapter presents feedback from consultations with key stakeholders in the local area. A total of 23 representatives were interviewed using a mixture of face-to-face and telephone delivery.

It should be noted that due to the fluidity of the situation surrounding the mine closures, the extent to which activity will be replaced by other operators, and the uncertainty surrounding site rehabilitation, many stakeholders had yet to consider fully their likely response to the closures.

The remainder of this chapter covers: baseline conditions;responding to the closures; other development issues; andaction plan.

3.2 Baseline Conditions

There was a general consensus that the areas impacted most by the closures already experience challenging conditions. In many ways mirroring the results of the area profiles (see appendix A), interviewees pointed out that even ignoring the impact of the closures, there had been a long-standing situation of disadvantage relative to other areas of Ayrshire and further afield, and that the negative legacy of the decline in deep coal mining remained strong. In the words of one interviewee, who also lives locally:

> ***"We are not starting from a good place. Our area has always seemed to struggle and this round of redundancies just adds further to a pretty poor situation"***

Some stakeholders offered some more specific comments on the issues faced, for example:

> ***"There is a real disconnect with opportunity. Connectivity is not great while there is sometimes a reluctance to consider travelling to get work. This tends to narrow access to opportunities elsewhere in Ayrshire and even in Glasgow and other surrounding areas"***

"A lot of the area's current problems relate to skills and connectivity. These are critical and have to be addressed regardless of what happens at the mines"

Many stakeholders considered that current services being delivered in the area will be useful in addressing the impacts of closures. National agencies were keen to point out that these areas have always been able to access services but, in the case of some, a lack of opportunity has limited the degree of activity. This is particularly true of the economic development sphere where strategies tend to emphasise opportunity and national economic development gain in selecting action priorities.

Other, more locally targeted services, mainly under the auspices of EAC, are seen as already making a very valuable contribution to not only addressing the impacts of closure but in relation to the longer-term sustainability of communities. A good example of the former is the work of the PACE[10] team and the provision of additional Skills Development Scotland funding for local employability support targeted at redundant miners. In terms of the latter, a good example is the work of the EAC's Vibrant Communities Team which, in one strand of activity, is working alongside local communities to support the development of local action plans. A plan has already been produced for Dalmellington, with those for New Cumnock and Logan expected to be completed soon. Other parts of the impacted area will be covered as this activity continues to be rolled out across East Ayrshire.

In summary, a few were at pains to point out that any future action plan for the area must build on what is already in place, and lever additional support that either extends reach or intensifies assistance to target beneficiaries.

In terms of how the closures are already impacting in the area, most were able to offer only anecdotalexamples. Examples included*:*

"It is now five months since the closures and it has not impacted much yet, but it will worsen fairly soon. Redundancy payments are running down and few workers have found alternative employment"

"As far as I am aware, the impacts are already happening. We know of one haulage contractor whose business was strongly linked to the sites which has gone under and I know of a couple of others that are really struggling."

[10] PACE (Partnership Action for Continuing Employment) is the Scottish Government's national strategic partnership framework for responding to redundancy situations.

"We have not seen a lot of negative impacts as yet although it has clearly had an effect on confidence in the area. Perhaps the delay gives us the opportunity to investigate what can be done."

"The impacts have been delayed. Many of the miners are waiting to see if they are re-employed at the sites before making any longer-term decisions. However, we do know of a few that have found work in pit areas elsewhere. If there are no new jobs in mining here then I would anticipate that many more will be forced to consider moving away."

"The main concern for me is that if these jobs disappear permanently, then this further reduces the opportunities for younger people locally".

In terms of groups that stakeholders believed will require specific attention once the impacts are felt more strongly, the following were mentioned:

- the redundant workers themselves who, it was pointed out by a few, have limited transferable skills. To balance this, one interviewee pointed out that there are positives too, with the ex miners seen to have a generally positive work ethic,as witnessed by the fact that (at least anecdotally) few had prior experience of being unemployed;
- a need for support targeted at younger people; and
- support targeted at the business community, which reflects the relative scale of opportunities available in the area.

3.3 Responding to the Closures

Some stakeholders have already considered, or are considering how the closures might impact on their organisations remit or activities in the area. It is also the case, however, that no firm conclusions have been reached, with some still researching and considering the best response. This "delay" is further complicated by the uncertainty surrounding the possible re-employment of redundant miners at the sites and the issue of site rehabilitation.

For example, SE is participating in the strategic review of Ayrshire paying particular attention in East Ayrshire to what opportunities can be identified in the affected areas, especially in the thematic areas of business growth and mobile investment.

One aspect of this is reviewing the business base to identify possible candidates for Account Management support, or which merit support although they do not fully meet SE's criteria for selection.

Some, such as EAC are obviously giving the situation a high degree of priority and are actively engaged in structures and activities already in place. This spans the work of the PACE team and the employability support already provided to the redundant miners, taking a lead role in the various structures with a remit to respond to the closures, and in engaging with local partners to marshal support for any recovery plan that might be put in place.

In most cases, however, the main barrier that stakeholders reported in terms of their capacity to respond to the closures was resource availability. Most, if not all, are facing budget and/or staff cuts which stretch resources at a time when theyalready have many competing priorities. Applications for funding support related to the closures will be considered within this context, although there appeared to be a general willingness to consider any proposals which come forward.

3.4 Other Development Issues

Some of the other key development issues identified through the consultation programme were as follows:

- the closures and subsequently the loss of high value jobs in the local area comes on the back of the closure of the Diageo Plant in Kilmarnock and the wider impact of the economic recession on the area, and this has intensified the negative impacts;
- there are a number of multi-faceted issues impinging the local area, including; ongoing issues of worklessness; low incomes and benefit dependency; poor health; inadequate access to services; lack of an enterprise culture; and demographic changes all impacting on these communities;
- in relation to retraining and up-skilling those made redundant, SCCL operated an in-house training/accreditation programme, however, this was not an industry standard qualification. Provision is being made through Skills Development Scotland (SDS) for people to access training support

and be able to gain 'red ticket' (Mineral Products Qualifications Council Accreditation);

- there is a need to manage the expectations of clients. For example, some former employees were reported to be delaying seeking other sources of employment in anticipation of opportunities being generated through Hargreaves taking operational control of some of the recently closed mines;
- there has been a limited uptake of workshops and support seminars on self-employment. It has been suggested that there tends to be a lack of an enterprise culture within the area. This in part is likely due to a dependency on the coal mining industry over a number of years;
- work is being progressed with a number of Hive Cos in relation existing planning consents and new consents.
- EAC has reviewed its planning requirements and has put in place a more robust compliance monitoring regime; and there are ongoing issues with regards the legal liabilities for the abandoned sites.

3.5 Action Plan

Stakeholders were asked to outline what they considered to be the main priorities for any action plan prepared in response to the closures. Views varied but there seemed to be some consensus around the need for:

- continued support for the redundant miners is imperative, at least until such time as the situation regarding re-employment is clarified; and
- an integrated programme of support that addresses the main impacts of the closures and which focuses on building sustainable communities in the area.

In terms of specific areas of intervention beyond short-term actions to address the needs of redundant workers, suggestions included:

- action to address connectivity constraints and the real or perceived geographic barriers to individuals exploiting opportunities outwith the communities affected by the closures. An urgent need to secure improved broadband connectivity was also mentioned by a few. East Ayrshire recently secured funding from BT and the UK Government's 'Step Change' programme for high-speed broadband which should bring overall fibre coverage in East Ayrshire to over 98% of premises by 2017, meaning that East Ayrshire will be among the areas with the best coverage in the UK;
- concerted action to address skills weaknesses/a relative lack of transferable skills. Ongoing and significant efforts are continuing, including most notably, the work of the PACE Team, with input from the Council's Economic Development Team, and in particular, the employability officers based in Cumnock and Dalmellington;
- making sure that local businesses are assisted to adjust to the shock and to exploit any new market opportunities on offer. The Council's business advisers continue to support local companies, with a particular focus on those most adversely affected by the liquidations, ensuring that there is a good level of awareness of the available support packages;
- a need to address the issues of vacant commercial properties which is harming the appearance of town centres and impacting on the attractiveness to residents and visitors. 'Promoting Town Centre Living' is one of the Council's three strategic priorities and is underpinned by a number of actions, including work with retailers and local businesses to improve town centres and villages. Funding from EAC has already supported heritage led initiatives in both Cumnock and Kilmarnock, and this work continues;
- As part of a £200m capital investment plan being implemented by the Council, a total of c£17m has been invested by the Council in Cumnock and has included improvements to town centre access; enhanced public realm and the development of a purpose built office complex for the delivery of a range of co-located public services. The Council is also committed to replacing the existing Glaisnock Shopping Centre with a modernised and updated retail offer and following Cabinet approval on 19 June 2013, discussions in this regard continue.

- Despite these investments there is a perceived need to do more to improve the physical infrastructure of the area. For example, there is a perceived lack of "shovel ready" physical development opportunities in the Local Area and little activity to develop a pipeline of possible future options. The Council undertook an exercise recently which catalogued the existing 'shovel ready' sites in East Ayrshire (including Caponacre Industrial Estate, Cumnock). The perceived lack of sites in the Local Area is reflective of a lack of demand from potential investors;
- the opportunity to exploit some key tourism assets, such as the Dark Skies Observatory, to boost the local tourism trade. Dark Skies and the UNESCO designation of a Biosphereare important assets to East Ayrshire and neighbouring Dumfries and Galloway, and efforts have been made to maximise the impact of these development and others; and
- the opportunity to exploit development in other areas of East Ayrshire and build on the case for Assisted Area Status by pursuing Enterprise Area designation.

In short, and taken together these interventions could be considered to address a wide range of thematic areas, some of which are directly related to the mine closures but which generally reflect the long-standing issues faced by the impacted areas.

In terms of specific funding opportunities worthy of consideration, various sources were identified although it was normally pointed out that the most appropriate source will depend heavily on the nature of the intervention. Regardless, the following were mentioned as worthy of further examination:

- Scottish Government funding schemes such as the Capital Regeneration Fund, developed in partnership with COSLA and local authorities to support projects that will help to deliver large-scale improvements to deprived areas, with priority for projects exhibiting community engagement and involvement;
- European funding, both in terms of the ERDF/ESF Programmes covering Lowland Scotland, but also the LEADER Community Initiative which focuses on community led socio-economic development in rural areas as part of the wider Rural Development Programme for Scotland;

- community funds such as the Minerals Trust Fund, which targets the Cumnock and Doon Valley;
- town centre regeneration support from the likes of the Big Lottery Heritage Fund; and
- EAC resources such as the possible use of the Renewable Energy Fund.

At this time, no stakeholder could identify any particular services currently delivered in the area which might be under threat as a consequence of the mine closures. While there were general budgetary pressures which were forcing organisations to rethink their approach, these developments would have happened regardless of the closures.

4. Business Consultations

Introduction

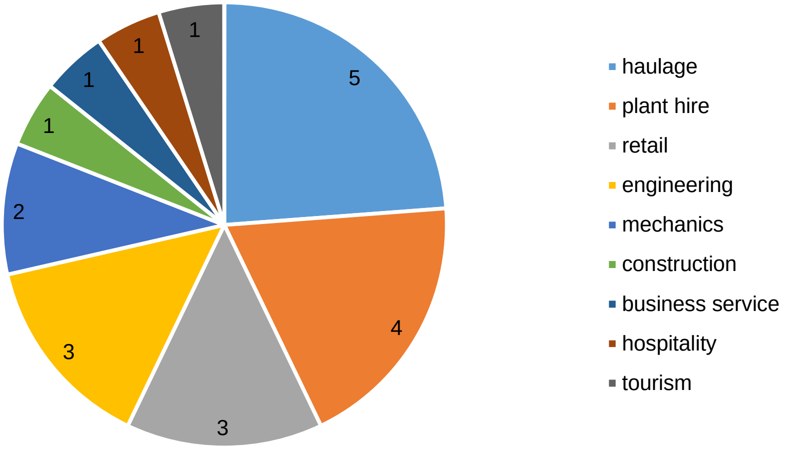
To get a better sense of the impact at the local level we undertook semi structured telephone based interviews with local companies within the communities most likely to have been affected by the mine closures, see (Table4.1). In particular, we invited businesses that were either direct/indirect suppliers to the mines or operated within the local service sector to participate.

Table 4.1: Number of Businesses Interviewed by Location

	Number
Muirkirk	4
New Cumnock	3
Dalmellington	3
Cumnock	2
Mauchline	2
Newmills	1
Lugar	1
Auchmillan	1
Cronberry	1
Galston	1
Kilmarnock	1
Total	**20**

A total of twenty businesses (out of a population of 53, representing a response rate of 38%), located within eleven towns/villages in East Ayrshire, were interviewed. These 53 businesses in the south of the authority area, were identified as either part of the supply chain or part of the wider service sector likely to be impacted by less disposable income within affected communities. The nature of the 20 repondent businesses varied including retail, construction, leisure, andhaulage (5 respondents) and plant hire (4 respondents)were the most common operational sectors, see Figure 4.1, over

Figure 4.1: Business Sector



N=20
* Sums to more than total as one business provided haulage and plant hire

All businesses had been operating within their local area for a number of years with the youngest business established over eight years ago. The average length of trading was 36 years. This indicates that there has likely been little 'churn' over the years (older businesses shutting down and new businesses moving into the area) and that some businesses may be heavily dependent on the mining sector (as one of the key employers in the area).

Employment

All businesses reported that they had a minimum of one full time employee, with a total of 364 people employed across the twenty businesses – the vast majority of employees were from the local area with nine businesses (45%) reporting that all their employees come from the local village/town in which the business is located. More generally, the majority of employees lived within the wider Ayrshire region.

The majority of staff were employed on a full time basis (340 employees) with seven businesses reporting some part time employment – an additional 24 part time staff (one business accounted for seven part time employees).

However, it should be noted that within this, three of the surveyed businesses were major employers within the haulage/logistics sector and accounted for 232 employees between them.

The mean average number of employees is therefore c. 7 per businesses across the remaining 17 businesses, and therefore can be considered micro businesses (less than 10 employees).

In terms of recent performance, twelve businesses (60%) reported that employment has remained relatively static over the past three years, with one quarter of businesses (5 businesses) reporting a decrease – mainly due to a general downturn in the markets in which they operate. These jobs losses ranged from four within one business to 26 in another. In total, over the last three years employment losses were around 50, which represents a decrease of 14% from the total employment base of the surveyed businesses. This decrease in employment is higher than the reported overall loss detailed in the local area profile review (over the last three years total employment has decreased by less than 10%), which may indicate vulnerability within some business sectors.

The employment gains reported by three businesses are relatively modest, identifying an increase of six employees over the last few years.

Businesses were also asked to forecast any future growth or contraction within their employment base over the short term (3 – 5 years). Of those that responded, 13 (65%) do not expect their employment to change, with four (20%) forecasting a decrease and two reporting their employment to increase over the short term.

With regards to recruitment or retention of employees, there were no significant issues identified with regards availability of labour or skills, etc. Of the five that had, the issues included:

- a lack of people with the right skills set/experience (3 responses);
- a lack of applications (1 response); and
- other employers can pay a higher wage (1 response)

Overall, the local labour market seems to meet the demand i.e. there are low levels of commuting in or out of the area for jobs and the local population are dependent on a few key employers in the area. This further demonstrates the inward-looking nature that is common in semi-rural villages.

Financial Information

This section details financial information provided by the businesses including turnover, salary cost and profit level detailed in Table 4.2.

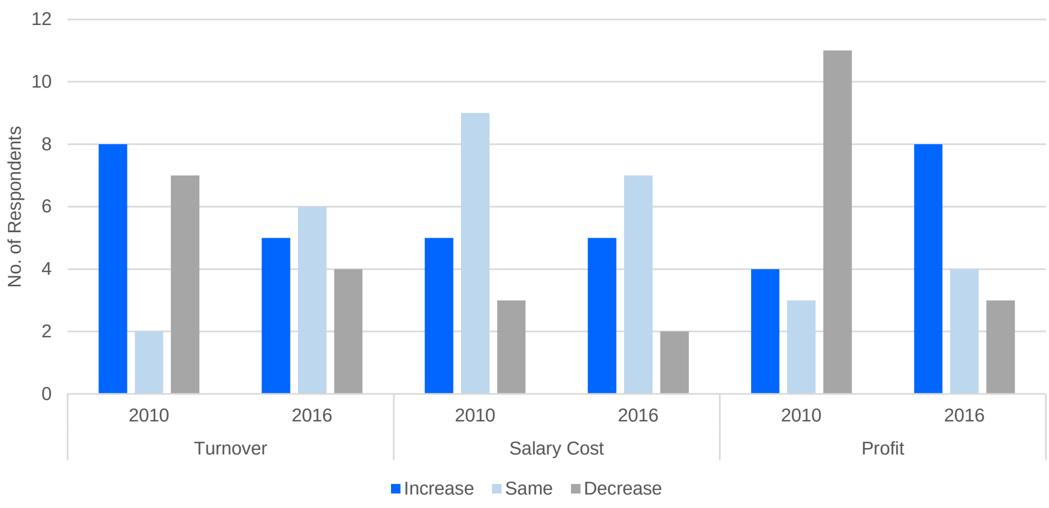
Table 4.2: Current Financial Information

	Turnover	Salary Cost	Profit
Responses	16	11	9
Range	£45,000 to £16.5m	£20,000 to £1.9m	2% -42%
Average	£0.9m[11].	£0.3m[12]	15%

The level of turnover reported by responses ranged from £45,000 for the smaller service/retail businesses up to £16.5m for the larger plant hire and haulage businesses – this is not unexpected. Removing the outliers, average turnover is reported as just less than £885,500 and an average profit level of 15%.

Figure 4.2 details the historical and future estimated financial performance of the respondents broken down by their turnover, salary costs and profit levels.

Figure4.2: Changes in Financial Information



11 It should be noted that two large outliers were removed from analysis therefore the average is based on 14 business responses.
12 It should be noted that one outlier was removed from analysis therefore the average is based on 10 business responses.

Turnover performance has been variable with eight reporting an increase, and seven a decrease over the same period. Surprisingly, despite job losses, only three businesses reported that their salary costs have decreased during that time. However, what is clear is that the profitability of businesses has fallen over the past few years with 11 reporting a decline.

In terms of future forecasts, respondents were optimistic about the future of their businesses with eight anticipating their profit levels to increase over the next three years.

Of those that reported their turnover, salary costs or profitability had changed over the last few years, a range of driving factors were identified, including:

Negative factors:

- an overall decline in the sector which they operate (7 responses):
    - general decline (4 responses)
    - specifically relating to the closure of the open cast mines (3 responses);
- increasing costs and overheads, including fuel prices (5 responses); and
- increased levels of competition from outwith the region (2 responses).

Positive factors:

- decreased competition through competitors going out of business (2 responses); and
- changes within internal business structure and operating model (2 responses).

Business Sales

With regards to the geographic area of activity, half of the businesses reported the majority of their sales (60% or more) were to customers/clients within East Ayrshire with three reporting all their sales to take place within their local town/village (the service/retail based businesses).

Three businesses reported that more than 90%of their sales occur outwith Scotland.

Impact of Mine Closures

Nature of Relationship

Businesses were asked about whether they had a relationship with or dependency on the opencast mines and were defined as:

- direct relationships – direct supplier e.g. equipment; and
- indirect relationship - operate within local town/village where open cast mines are located and potential for employees to spend their wages e.g. service or retail based).

Of the twenty businesses interviewed, seven reported that they have a direct relationship with the recently closed coal mines through for example, haulage and supplying equipment. These businesses attributedbetween 7% and 55% of their total turnover to the activity at the mine - therefore it can be seen that some of these businesses are heavily reliant on the mines and the impact of the closures could be significant.

Four businesses (all within local retail/services) reported that they have an indirect relationship with the opencast mines, for example a local car garage and grocery shop – places where mine workers who live in the local area would typically spend their money. These businesses attributed between 2% and 25% of their turnover to these indirect relationships.

Nine businesses did not report that they had any relationship or dependence on activity at the opencast mines, either directly or indirectly.

In terms of the longer term consequences of the closures, six of the ten businesses were unable to identify any new activity or ways to increase their existing activity to replace the revenue generated through their supplier relationships. That being said, to date the general view was that the closure had not impacted significantly on their turnover levels.

Longer Term Impacts

Nine of the eleven businesses that reported having a relationship with the mines were asked to comment on the potential longer term impacts and consequences if the mines were closed for an extended period of time or indefinitely.

Three businesses reported that the closures will reduce their business activity and turnover levels, which could have a longer term impact on their sustainability.

Two business owners reported that in the short term they were planning to retire so the closures would only have had a short term impact to them directly, however, within this one reported that the closures and uncertainty around the future of mining more generally in the local area would likely affect the sale of their business i.e. make it less attractive to potential investors or lower its value.

Two businesses reported that the closure will likely not have longer term impacts for their business as it either accounted for a small level of business or could replace the lost activity elsewhere or from other areas of the business.

In more general terms, nine businesses reported that the closures would further damage the local villages – many of which are already suffering from the effects of economic and social deprivation. In particular, the lack of employment opportunities is leading to depopulation (out-migration) with no new people coming to the area.

This is having a knock on effect for local businesses who are already experiencing a decrease in the amount of passing trade and expenditure.

Table 4.3details the estimated financial impact of the closures on local businesses and shows that some businesses will experience significant decreases to their turnover and profitability.

Table 4.3: Impact of Closures

	Turnover	Salary Cost	Profit
Responses	6	1	3
Range in decrease	-7% to -50%	-30%	-7% to -55%
Average	-5%	N/A	23.5%[13]

[13] Based on 2 responses

Investment Plans

Six businesses reported that they had plans to invest within their business or to target new growth opportunities over the next few years. One of these businesses that had an indirect relationship with the mine and relied on trade from local mine workers is no longer planning to invest as a direct result of the closures, and the downturn more widely. The investment plans were for an extension to a restaurant and the value of this lost investment is c. £90,000. The business relied both on passing trade from mine workers and local people that had some connection to the mines (for example employees or their family members living in the local area). As a result of the mine closures the business is forecasting a significant reduction in passing trade, but also possibly people moving out of the local area.

This planned investment had the potential to generate a small level of economic impact for the local area i.e. increased revenue and employment opportunities.

Of those businesses that are still planning to invest, this is primarily for equipment purchases and upgrading to their premises – there is no real correlation with the closure of the coal mines and it is likely that the investment would have happened anyway.

Suppliers

The closure of the mines will likely have an impact on the wider supply chain across East Ayrshire. Respondents supply chain spend ranged from £60,000 to £9.7m dependent on the size and sector of the businesses.

Eight of the businesses sourced at least 80% of their supplies from businesses located within Ayrshire with a further two sourcing the majority of their goods from the West of Scotland (including Dumfries and Galloway).

Four businesses sourced 50% or more of their supplies from outwith Scotland and of the remaining businesses, their suppliers came from across Scotland.

Half the businesses reported that their suppliers would have also been affected by the closure of the mines. Eight businesses reported that as a result of the closures they will spend less within the supply chain, which in turn will have a knock on impact upon their suppliers – this will lead to various rounds of knock on effects.

Two businesses reported that some of their suppliers were directly affected through unpaid/outstanding debts with some of the closed mining operators.

Wider Issues and Support Needs

Key Issues

Almost all businesses (17 responses) highlighted the lack of employment opportunities as being a key issue for the local areas that have been most heavily affected by the closure of the open cast mines. This in turn was reported as having a knock on effect for the local communities and smaller businesses whose trade has been lost/decreased as a result of local people not spending as much in the local economy – raising issues about the longer term sustainability of some of these areas. It was also reported that local people are having to travel further to find work and that, as a result of the limited employment opportunities, some people are moving out of the area.

Other issues raised included the wider austerity measures and reduction in public spending which has resulted in the closure/reductions of public amenities within rural areas; the negative perception and stigma of the rural villages within East Ayrshire, and what this does in terms of attracting visitors and tourists to the area, issues with road and rail connectivity and infrastructure; and the physical blight/areas of vacant and derelict land that have been left after the closures.

Economic Priorities

From this, respondents identified the main economic priority for the public sector as the need for generating and supporting employment opportunities for local people (6 responses) followed by the need for remediation and reclamation works at the abandoned/closed sites – both from a health and safety, but also aesthetic perspective (3 responses). Other suggested areas of intervention included[14]:

- targeted regeneration and investment;
- skills development and training for local people;
- promotion of tourism in local area to increase the number of people visiting; and
- incentives for businesses to locate in the area.

[14] Multiple responses possible

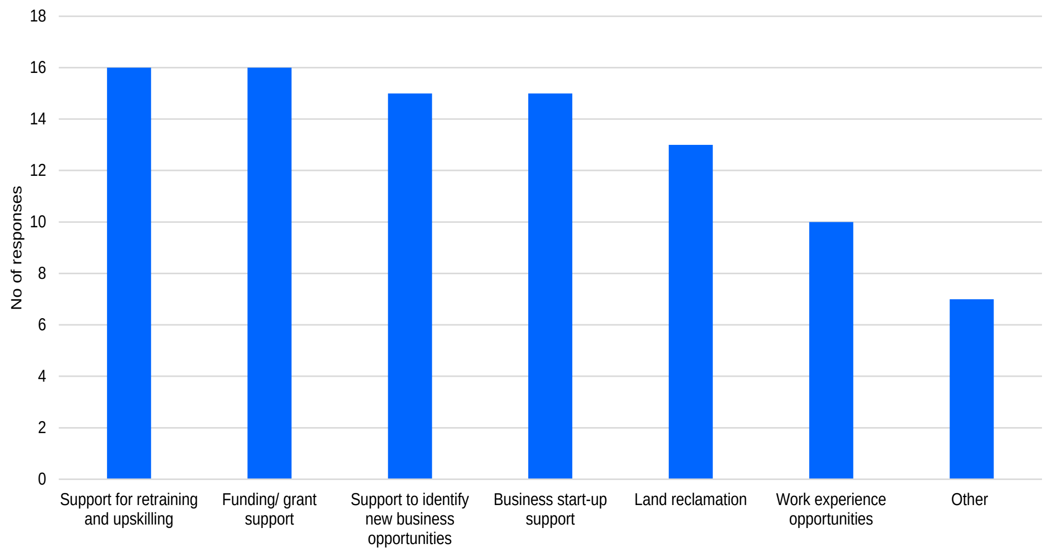
Businesses were less sure as to what the key economic priorities should be across East Ayrshire, but nine businesses did comment nevertheless. Five reiterated the need for greater job opportunities for the local people, whilst others suggested: increase tourism across East Ayrshire, improved logistics; additional investment in the area; and provision of incentives for small businesses to move to the area.

Public Sector Support

Despite the support being delivered in the area by EAC, Scottish Enterprise and others, a number of the businesses felt the public sector was not doing enough to support businesses during this difficult trading time (in a general sense), and also highlighted the apparent lack of, and slow response to the coal mine closures. Suggested ways in which the public sector could provide more support were; reduced rates for existing businesses; public subsidy to reopen the coal mines; provision of greater support to the construction sector; provision of financial support for existing businesses; reduced focus on Johnnie Walker redevelopment; and more emphasis on addressing the open-cast issue.

The main priority areas in which businesses reported the public sector needs to focus on are detailed in Figure 4.3.

Figure 4.3: Priority Public Sector Support



N=19

Other Comments

Nine businesses provided some additional comments and thoughts with regards the impact of the coal mine closures, these are summarised as:

- the land reclamation works could provide temporary one-off job opportunities for local people;
- the reclaimed land could be used for tourism/leisure purposes such as filling in the voids to create artificial lakes, etc for leisure sailing/boating;
- perceived failure of public sector agencies to properly monitor former sites to ensure that land reclamation was taking place in line with contractual obligations;
- local community groups have also lost out on a funding source as the coal mines operated a Mineral Fund providing small amounts of funding to the community; and
- retraining is only relevant if there are employment opportunities, which highlights the need to focus on job creation.

5. Impacts in Context

5.1 Introduction

This Chapter presents the main outcomes from the economic impact assessment (EIA) in the context of baseline socio-economic conditions within the communities that will be impacted most by the mine closures.

The analysis is based upon the Economic Impact Assessment given in Chapter 2, and detailed area profiles which are appended. The latter focuses on five geographic areas, *viz*:

- **"Local Area"**[15], encapsulating the local communities directly affected by the closures, effectively that part of East Ayrshire lying to the south of Galston. It should be noted, however, that data are not always available for this area[16];
- **"East Ayrshire"**which covers all of the EAC local authority area;
- **"Ayrshire"** which comprises the three local authority areas of East, North and South Ayrshire;
- **"Wider Area"**which covers Ayrshire, South Lanarkshire and Dumfries and Galloway, given that a number of key suppliers are located in nearby local authority areas; and
- **Scotland**.

The overall picture that emerges is that even before account is taken of negative impacts of mine closures and the consequent loss of employment and income, the Local Area is one that has faced, and continues to experience relatively poorer socio-economic conditions. This applies across a range of indicators of socio-economic performance. In short, the closures have taken place in a local area which already exhibited symptoms of relative deprivation and its relative position will worsen further unless steps are taken to ameliorate the situation.

The remainder of this chapter summarises the key results in relation to: population; business base; employment; unemployment; skills and education; and relative deprivation.

[15]The area is defined as the intermediate geographies, Auchinleck, Cumnock North, Cumnock Rural, Cumnock South &Craigens, Doon Valley North, Doon Valley South, Mauchline, Mauchline Rural and New Cumnock.
[16] The lowest level of spatial aggregation for many official, secondary data sets is local authority areas.

5.2 Population

The population of the Local Area was 36,797 as of 2011, which is 30.6% of the East Ayrshire total. This has fallen slightly from a peak of 37,397 in 2007, a period during which comparator areas have seen rising or static populations. All the comparator areas are projected to have relatively static populations up to 2035.

While there will be relatively little movement in population levels, there will be substantial shifts in the make-up of these populations. The main trend, and one that mirrors trends across the UK and beyond, is an expected decline in the working age population while the pensionable age population is forecast to increase by approximately ten percentage points. This, in particular, will have an impact on the future availability of labour with the potential workforce shrinking.

Post Closure Situation: Population and Demographics

The fall in population in the Local Area will be exacerbated by the closures, to the extent that redundant workers are required to move elsewhere to access suitable employment opportunities. Anecdotal evidence is that this has happened already in some isolated cases, and may increase once there is more certainty as to the availability of replacement mining jobs locally.

This out migration from the Local Area will impact both on absolute population numbers and will also act to reduce the populations of working age.

This highlights a specific need to pursue actions which connect the redundant workers to other local opportunities, and to generally increase the volume of opportunities available.

5.3 Business Base and Enterprise

There has been a marginal increase in the business base across East Ayrshire, which is contrasted by a decrease in Ayrshire and the Wider Area. In particular, the comparator areas have seen significant decreases in the number of 'Retail', 'Construction' and 'Education ' businesses whilst ‘Professional, Scientific & Technical’ and ‘Health’ businesses have seen growth across all three areas.

In terms of industrial structure, recent years have seen a continuation in the decline in manufacturing, but East Ayrshire seems, in particular, not to have shared in the growth in higher value added sectors.

<u>Post Closure Situation: Business Base</u>

The closures will impact on the business base via a number of channels:

- ***some supplier firms may have become overly dependent on the mines and could struggle to survive the loss of business. Indeed, anecdotal evidence suggests that one haulage company has already closed (employing less than ten people); and***

- ***local service providers will face a reduction in demand to the extent that income to the area will reduce as a consequence of the loss of relatively well paid jobs in coal mining. This will be particularly the case for retailers and others located in the communities most directly impacted by the closures.***

These impacts have, to some extent been captured through the estimation of supplier linkage and multiplier impacts, which in the base year are estimated at around £2.2 million in GVA to the local economy of East Ayrshire concentrated around the closure areas, and around 74 full time jobs.

This highlights a need to pursue specific actions which can help business adjust to the shock of the closures by helping identify and pursue alternative opportunities.

Data on new business starts also indicates that the area suffers a relative enterprise deficit, with noticeably fewer business births per member of the working age population than elsewhere.

<u>Post Closure Situation: Enterprise</u>

It is difficult to assess the impact the closures might have on enterprise and new business starts. On the one hand, the start-up and self-employment options might be taken up by some of the redundant miners (and evidence from the employability teams is that a few have already made progress in this regard) while on the other, the negative impacts might discourage new starts in the local area, especially in activities dependent on local consumption expenditures.

This highlights a need to refresh or extend services to encourage consideration of the new start up option generally in the areas most affected by the closures.

5.4 Employment

On the back of the recession Ayrshire and the Wider Area have experienced a decrease in their employment bases, however this has shown early signs of recovery with a slight increase in 2010-11. East Ayrshire, however, has bucked this trend, with levels of employment rising. The Local Area experienced a notable decline on the back of the recession (the most severe across all comparator areas) but has since experienced reasonable levels of growth primarily driven by an increase in public sector employment, but also by increases in mining and quarrying: ***indeed without growth in mining jobs the overall situation in the Local Area would have been a reduction in employment.***

Employment fluctuations at the sectoral level are broadly similar across the comparator areas with a decline in 'Construction' and 'Manufacturing' and growth within 'Health' and ‘Business administration & support services’.

Post Closure Situation: Employment

The closures will have a direct and negative impact on employment levels in the areas most affected by the closures, although this may be ameliorated to the extent that alternative mining jobs emerge. While most of these jobs would have been lost eventually, due to the mines becoming exhausted, the closures under the worst case scenario could result in the loss of nearly 400 full time jobs concentrated in the Local Area, the bulk of which are the relatively highly paying jobs lost in coal mining. This is equivalent to a fall in Local Area employment in the region of 5% of baseline levels.

This highlights a need for action to enhance the availability of local employment opportunities, but which also seeks to link local people to those existing further afield.

5.5 Unemployment and Vacancies

Unemployment has steadily increased across all areas, with the Local Area and East Ayrshire in particular experiencing high levels of worklessness. Currently unemployment is at 10.7% across East Ayrshire (ONS, average across the period June 2012 – July 2013). However, there is a large disparity between the Local Area and comparator areas with regards the number of notified vacancies compared to the number of registered job seekers. At its worst (2009), the directly affected area had an average of 47 JSA claimants for every notified vacancy, this is more than double the average across East Ayrshire and over four times the number in the Wider Area.

This highlights the apparent lack of local employment opportunities available to local residents. The lack of employment opportunities has had a number of knock-on impacts, including a notable increase in the proportion of those considered long term unemployed (unemployed for 12 months or longer), which has risen from under 5% of all claimants in 2010 to over 15% in 2012.

Post Closure Situation: Unemployment and Vacancies

The closures will also have a direct impact on unemployment levels. There are already 1,369 unemployed people according to the claimant count register, around 71% of whom are males. Unemployment could increase by as much as a quarter over baseline levels, with the obvious implications this will have on household incomes.

This highlights again the need to fully exploit any opportunities for local growth, and to link people to opportunities further afield. It also highlights a potential increase in demand for other services, such as debt and benefits advice, to help unemployed people adjust to their new circumstances.

5.6 Education and Skills

The Local Area and East Ayrshire have a working age population that has lower levels of vocational qualifications and educational attainment. In addition, the number of school leavers going on to Further and Higher Education is higher in the directly affected area; this is potentially due to the noted lack of employment opportunities across East Ayrshire.

Post Closure Situation: Education and Skills

While the closures are likely to have limited if any direct impact in this thematic area, it is important to note that skills availability could be a key factor in the success or otherwise of efforts to build and diversify the business base, either through encouraging indigenous growth or mobile investment. A lack of suitably skilled people could frustrate these efforts, or at best limit the available development options.

This highlights a need for action to improve the skills base of the area primarily through responding to the demands of local growth sectors or external opportunities that could be accessed by residents of the Local Area.

5.7 Benefits

East Ayrshire tends to have a higher level of benefits dependency than in comparator areas, with one-in-five among the population of working age claiming benefits of one form or another, although typically including Job Seekers Allowance, Disability Allowance and Incapacity benefit. This has been a long-standing problem, with the declining trend being halted abruptly and reversed with the onset of the recent recession.

Post Closure Situation: Benefits

The closures will increase the number of people eligible to claim benefits in the Local Area, and levels of benefit dependency can be expected to increase. This is at a time when welfare budgets are under severe pressures and restrictions on eligibility are increasing and levels of support falling.

This highlights a need for action to ensure that those forced into benefits can access the advice and support needed to access their full entitlements. It also implies a need to ensure that appropriate debt advice is available locally.

5.8 Relative Deprivation

Data from the Scottish Index of Multiple Deprivation shows that the Local Area already suffers from relative deprivation. This applies at an aggregate level, and especially in terms of the specific thematic areas of employment, health, education and geographic access to services

<u>Post Closure Situation</u>

The Local Area already suffers from relative deprivation in comparison to other areas in Ayrshire and the rest of Scotland. The closures will further exacerbate the situation with the main effects being an increase in relative deprivation in thematic areas of employment and income. Over time, and if there is no success in actions to address the impacts of the closures, as well as the long-standing issues that the Local Area faces, then it can be expected that the Local Area will become relatively more disadvantaged.

This highlights that even in the absence of the closures, there is a legacy of relative deprivation that in itself merits attention through an integrated plan of action to address the needs of local communities.

5.9 Conclusions

Overall, the most significant findings are that the Local Area and East Ayrshire more generally suffer from a range of challenges including: high levels of unemployment, low level of skills and qualifications, a lack of employment opportunities, high levels of benefits dependency and relative deprivation, compared to the Wider Area and Scotland.

In the absence of an appropriate response to the closures, and one that takes a holistic and longer-term view, conditions in the Local Area are likely to worsen. further increasing the relative disadvantage faced by local communities. This could impact adversely on the vibrancy and sustainability of the area.

6. Action Plan

6.1 Introduction

This Chapter presents an outline action plan which is recommended for use by EAC and its partners in determining the detailed response to the recent closures of open cast mines. It is based on a review of current activity and initiatives being undertaken by partners, and has also drawn on the feedback obtained through the stakeholder consultation and a review of examples of good practice from elsewhere.

The rationale for an outline action plan is based on the recognition that the local communities most impacted by the closures are already among the most disadvantaged areas of Scotland, as evidenced by data on economic conditions presented in Chapter5 and the Appendix, and that these conditions have persisted for an extended period of time. For example, even before taking account of the potential deleterious impacts of the closures, the Local Area has long experienced relative deprivation in terms of income, employment, health, education and access to services.

The outline action plan is based on the recognition that:

- EAC is co-ordinating the masterplanning of complexes and will continue to call up restoration bonds, engage with stakeholders and pursue all available funding streams to seek to secure the optimal restoration solution for each complex;
- work is also being progressed by EAC with a number of Hive Cos in relation to the complexes they have taken forward regarding existing planning consents and new consents. EAC has put in place a more robust compliance monitoring regime; and
- the liquidation process has yet to run its course, with the Council appealing the Court of Session decision to allow the liquidators to disclaim land and statutory licences. At the present time, KPMG have not disclaimed any sites in East Ayrshire owned by the SCCL but three Aardvark/ATH sites have been disclaimed.

These are critical issues in relation to the future economic prosperity of the coalfield areas and local communities. However, it is also acknowledged that these issues will take time to be resolved and will be influenced by a range of factors. It is recognised that EAC will continue to work vigorously to address these matters through a range of measures.

Against the backcloth set out above, the outline action plan focuses on the ongoing requirement to mitigate the immediate impact of the closures on local people and businesses, and to support the long-term regeneration of communities.

Based on this approach, our recommendations centre on the following:

- ***short-term actions that will continue to focus activity towards mitigating the impacts of the coalfield closures***; and
- ***medium to long-term actions that focus on the proposal that serious consideration be given to the preparation and implementation of an area regeneration strategy targeted at the communities most impacted by the closures. This should build on, and seek always to add value to, the portfolio of economic and social regeneration structures and mechanisms already in place and the wide range of services already being delivered by EAC and its partners across East Ayrshire.***

The remainder of this Chapter covers:

- the local context within which any EAC and partner response will be taken forward;
- the rationale for, and key features of our recommended approach of integrated area regeneration strategies;
- short-term actions, which seek to build on the important work already undertaken by EAC and its partners;
- medium to long-term actions focusing around the planning and implementation of the area regeneration strategy ;
- governance and delivery structures;
- indicative resource requirements; and
- timescale for implementation.

6.2 Local Context

Since the announcement that the Scottish Coal Company Limited (SCCL) and Aardvark TMC ltd had gone into liquidation and that KPMG had been appointed as Interim Liquidators, a wide portfolio of work has been undertaken within the local area, led by EAC and supported by a range of regional and national partners.

This has included:

- ***The Coal Team*** - established to take forward activity in response to the liquidation of SCCL and Aardvark in respect of economic and environmental impacts. An officer group led by the Depute Chief Executive of EAC, it has been responsible for developing a co-ordinated response to the closures;
- ***Local Response Team*** – in addition to the work of the Coal Team, a Local Response Team (LRT) has been established, chaired by the Chief Executive of EAC. It has played a key role in bringing together Community Planning Partners and other stakeholders to address the impact of the closures and to ensure the best possible outcomes for local communities; and
- ***Scottish Coal Industry Taskforce*** – The work of the LRT and Coal Team complements and supports the activity being taken forward at a national level by the Scottish Coal Industry Taskforce, chaired by Fergus Ewing MSP, Minister for Energy, Enterprise and Tourism.

It is evident that a significant amount of work has been undertaken over the last few months by EAC and its partners. Future actions should build on this and consider the longer-term, additional requirements to ensure the best possible outcomes for the local communities impacted by the closures.

It is also important that this action plan recognises the wider policy context and activity that is already being progressed by EAC and partners, including:

- ***Scottish Government*** – including the policy commitments set out through the “Programme for Government”; “Scotland’s Economic Strategy”; “Scotland’s Regeneration Strategy”; and “Scotland’s Opportunities for All”. Particular aspects of the proposed approach will focus on:

- *People have better chances in life* – the approach will develop an infrastructure of local services that are able to address the needs of people from targeted communities and provide them with an opportunity to have a better chance in life;
- *Communities are safer, stronger and more able to work together to tackle inequalities* – the approach will support activity that will address issues of inequality and develop the capacity of local communities – making them stronger and able to work together to address local needs;
- *People have better and more sustainable services and environments* – the approach will be designed to deliver a sustainable network of service provision within designated coalfield areas – improving local accessibility and support for people within communities. The programme would also work to empower local people and develop the asset base of local areas to support the ongoing regeneration of local communities;

- ***East Ayrshire Community Plan and Single Outcome Agreement*** – setting out the vision that "*East Ayrshire will be a place with strong, vibrant communities where everyone has a good quality of life and access to opportunities, choices and high quality services which are sustainable, accessible and meet people's needs*".

  The outline action plan builds on the key priorities set out in the Community Plan and Single Outcome Agreement. This includes:

  - *Promoting Lifelong Learning* – Promoting opportunities for learning and training will be a key feature of the approach that will support the long term regeneration of the designated communities;
  - *Delivering Community Regeneration* –Supporting a programme of work around the long term regeneration of local areas impacted by the closures. This will be based on an integrated approach to regeneration that will focus on people related issues; place issues and building the local infrastructure; and enterprise issues that work towards creating an enterprise culture and supporting local businesses to thrive;
  - *Improving Community Safety*- Focussed on activity to promote community safety including increasing opportunities for young people; and

- *Improving Health and Wellbeing* – Developing activity to address the health and wellbeing of local people and addressing the legacy of poor health amongst people living in the targeted areas;

- ***East Ayrshire Economic Strategy*** – sets out the commitment by EAC towards sustainable economic development, and the priorities and areas of action that have been designed to use economic development to create a vibrant and thriving East Ayrshire. The overarching aim of the economic strategy is to develop East Ayrshire as: "*A thriving area with a strong local economy delivering higher levels of sustainable economic growth and employment for the benefit of existing and future residents*". A wide range of activity is currently being progressed in order to deliver against the strategic priorities. The outline action plan has been designed to support the key priorities set out in the East Ayrshire Economic Strategy and will include:
  - *To Integrate East Ayrshire with the Regional Economy* – developing a programme of work that links the designated communities to the economic opportunities that will grow from the development of the wider regional economy.
  - *To Facilitate Economic Restructuring* – supporting and integrating activity focussed on the restructuring of the local economies within the designated areas.This will involve a long term process of enterprise development and focusing activity on local economic opportunities.
  - *To Improve the Vibrancy of our Town Centres* – support the programme of regeneration being taken forward in Kilmarnock and Cumnock and extending the approach to sustain and develop the infrastructure within other local communities.
  - *To Improve the Quality of the Tourism Offer* – developing activity to maximise the tourism offer within the designated communities. This will include building on the opportunities that exist through the ongoing development of Dumfries House; Dark Skies Park; and other local initiatives. This will also include exploring opportunities that may flow from the work to remediate the former open cast coal mine sites that have no future use. Successful examples from elsewhere include:Lochore Meadows Country Park in Crosshill Fife (a former coalfield site that has been redeveloped into a major

country park and visitor location) andAfan Valley in Wales (which has been transformed into a Mountain Bike Park and Mining museum, attracting over 120,000 visitors per year).

  - *To Increase Economic Participation in our Communities* – developing activity to build community capacity and supporting work with local people to engage or re-engage in the local economy.
  - *Accelerate the Pace of Infrastructure Improvements* - support the programme of work to accelerate the pace of infrastructure improvements including exploring the opportunities that may flow from the transfer of community assets.

- ***Ayrshire Economic Partnership (AEP)*** – Set up to co-ordinate joint economic activity across the three local authority areas in Ayrshire and developing the wider regional economy. The partnership involves East Ayrshire Council; North Ayrshire Council; South Ayrshire Council; Scottish Enterprise; Ayrshire Chamber of Commerce and Industry Leaders. The work of AEP is focussed on the development of key strategies and action plans around a number of key sectors including Tourism; Food and Drink; Engineering; and Renewables. Lead bodies have been appointed to drive forward the work focussed on the key areas. Potential exists to link the regeneration activity in former coalfield areas to the opportunities that will flow from the work of the AEP – maximising the opportunities for local people to access employment through the growth in the wider regional economy;

- ***European Policy*** – focussed on "Sustainable Development Principles" that link economic development; activity to promote social cohesion; and environmental agendas. National and local policy is linked to this commitment and supports the delivery of sustainable development in local communities. There is an opportunity to link the regeneration programme within former coalfield communities to European Policy Initiatives – maximising the investment opportunities from European funding to support the regeneration process. This will include resources under the new Structural Fund Programme and Leader Programme focussed on rural areas;

- ***EAC – Integrated Urban Development Plan*** – Currently in place for Kilmarnock and focussed on the regeneration of the local area. There is an opportunity to build on this approach and roll this out as part of the proposed regeneration strategy for local areas;

- ***EAC – Transformation Plan*** – Identifies Kilmarnock and Cumnock as the principal town centre hubs in East Ayrshire with a range of work being progressed to consolidate the delivery of services and amenities from these locations. There is an opportunity to build on the work being progressed in Cumnock as a key town centre hub for the wider area;
- ***EAC – Vibrant Communities*** – Strategy committed to the development of vibrant communities across East Ayrshire – focussed on a community based approach that works with local people to develop and deliver services and build sustainable local areas. Opportunity to build on the progress being made through Vibrant Communities and making sure that the approach forms an integral element of future regeneration activity within designated communities. Good example of this work has included the work undertaken in Dalmellington – working with local people to develop a local action plan that sets out key issues and areas of action. Work is now being progressed to support the implementation of the local action plan and take forward a range of local initiatives;and
- ***other key policy developments*** - As part of the development process consideration requires to be given to other key policy initiatives including Welfare Reform and the impact on local communities; impact of Demographic Changes and the increasing number of older people and commitments around the Reshaping of Care for Older People; Public Service Reform and the general move towards the reshaping of public services. This includes the policy commitment to asset transfer – EAC working with local communities to support the transfer of Council Assets (buildings and facilities) to community ownership. The approach has been designed to support and empower local communities to develop responses to local needs and develop sustainable community facilities. The opportunity exists for the local regeneration strategy to consider these policy developments in order to maximise the benefits for local communities.

6.3 Rationale and key features

Our strong recommendation is that consideration should be given to the ongoing provision of short-term actions to mitigate the impacts of the closures (building on the work already being carried out by EAC and other public sector agencies in response to the closures) and facilitate a process of supporting people that have been made redundant to move back into employment. It is also recommended that consideration be given to the proposals around the preparation and implementation of integrated area regeneration strategies aimed at securing the longer-term vibrancy and sustainability of those communities most affected by the closures.

The recommendations are based upon the following observations:

- closures have had a significant impact on the local economy – there has been a loss of a substantial number of relatively high paying jobs in the mining communities, and this comes on the back of other high profile closures in East Ayrshire (most notably, the Johnnie Walker bottling plant) and the wider impact of the economic recession on the area;
- there is a legacy of relative economic and social deprivation in the Local Area which has persisted over an extended time period. This partly reflects the difficulties that it, like many other local economies, has faced in adjusting to the demise of deep coal mining, and is reflected across a range of indicators of local conditions. This is particularly the case for indicators of relative deprivation, as discussed inChapter 5 and in the Appendix. These show that the Local Area has long faced relative deprivation in terms of income, employment, health, education and access to services which will at least in part reflect a lack of alternative, viable economic opportunities and especially those of sufficient scale and national strategic importance to attract the attention of national development agencies;
- the recent closures will impact disproportionately on the Local Area, exacerbating already relatively poor local conditions. As the baseline analysis demonstrates, the Local Area faces relative disadvantage which was evident well before the recent closures and the concentration of negative impacts from the closures will mean that conditions will worsen unless action is taken. This will initially be felt in terms of an immediate loss in income and employment, but over time could also widen its influence to other aspects of economic and social well-being;

- the issues already faced by impacted communities are many and variable, and will require an holistic and integrated approach to their treatment;
- a need to reflect the specific needs of the communities most affected by the closures. While there are existing strategies which cover the wider area(s), none reflects the specificities of the communities most affected by the closures, nor seeks to address these in an integrated manner; and
- the value of statement of a long-term, specific commitment to assisting these areas adjust. This will help to galvanise communities and enhance confidence in their futures.

In the interim, while the strategy is being prepared, partners should continue to provide support to redundant miners to ameliorate the immediate impacts of closures on them and their families. Due account will also need to be taken of the:

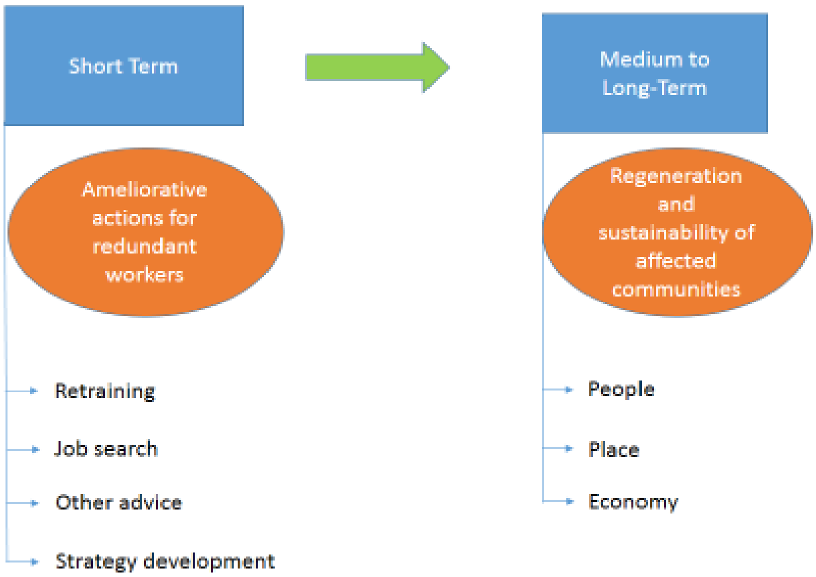
- work being progressed with Hargreaves regarding planning consents for a number of sites that they have acquired and wish to develop. EAC is undertaking a review of the planning requirements with an increased focus on compliance monitoring. This also includes establishing robust mechanisms for addressing land reclamation issues and treatment; and
- ongoing legal action on Liability for Land Reclamation of Former SCCL/Aardvark sites.

The proposed approach is illustrated in Figure 6.1, over.

A distinction is made between the short and medium/longer-terms. Simply put, the short term refers to the six-month period from January 2014 to June 2014 during which it is recommended that, with EAC taking the lead, the partners should:

- continue to deliver services to ameliorate the immediate impacts of the open cast closures for those directly involved. This would comprise the range of support services already introduced by EAC, SDS and others; and
- prepare a comprehensive area regeneration strategy for the Local Area.

Figure 6.1: Short and Long Term Responses



Early on, a decision should be made on whether or not there is a need for a single strategy covering the Local Area or multiple strategies which can reflect more fully differences between individual communities. At this time we are of the view that a single strategy be prepared, but that it seeks to reflect on and accommodate any important differences in baseline conditions or future opportunities.

Regardless of its area focus, this strategy should:

- identify the development priorities for the affected communities, although recognising a need for flexibility to respond as new opportunities or shocks emerge;
- focus on addressing the needs and opportunities of the target areas over a timescale of **a minimum of 10 years**. Such a long-term commitment is necessary to address what are long-standing problems in the Local Area;
- identify an immediate portfolio of activity to be pursued over the first three years of the strategy, along with detailed costs, performance targets and sources of funding secured/to be pursued:

- incorporate integrated plans for targeting the three key regeneration themes of "People", "Place" and "Economy", but in a manner which makes explicit the links and synergies between thematic actions;
- restrict new services to ones that fill gaps (in terms of target groups, nature of service, etc) rather than duplicate existing provision. In other words, the strategy should seek to ensure complementarity with existing provision and target resources at providing "value added" services which address issues/groups for which provision would otherwise be lacking;
- take into account the views of local communities, in terms of the local plans emerging from the work of the Vibrant Communities Service and Team for some of the most affected communities, through further consultations with established Community Planning Forums and other structures; and
- examine options for, and include details of governance, management and delivery arrangements.

6.4 Short-term

Key actions in the short-term are shown in Table 6.1.

Table 6.1: Key Short-term Actions

Key Area	Actions	Timescale
Development Review	Undertake a review of the current position and progress. This will include: ▪ detailed review of the number of people that have been made redundant – previous and current; ▪ detailed review of current numbers supported back into employment - total number; source of employment; type of employment; location; and ▪ detailed review of the number of people that have completed training and supported to access accreditation.	Underway
Employability Programme	Development of a joint employability programme involving EAC; Job Centre Plus; and Skills Development Scotland. The employability programme will be based on the review findings and will set out: ▪ employability support arrangements for the next six months – type of activity; location of delivery; etc; and ▪ focus of activity will include supporting people to move back into employment (CV preparation; job search support; interview skills; etc); support to people to access	ongoing

	additional training (advice on training opportunities; development of additional provision as required; personal development planning; support to address barriers; ongoing financial advice (welfare rights provision; money advice services; etc)	
Business Support Programme	Complete the review of business support and consider the findings of the review in terms of future business development. Development of Joint Business Support Plan – focussed on engaging local businesses; providing advice and support as required; initiatives for short term support.	commenced August 2013
Community Programme	Ongoing programme of community involvement to keep local people advised of the current position; actions and opportunities being progressed; and building community support.	Ongoing

The short-term action plan is focussed on continuing the work to mitigate the immediate impacts of the coal mine closures. The work will build on the substantial progress that has been made by EAC and partners over the last six months.

However, recent employment data suggests that further redundancies have taken place within the opencast mines currently operating in the area. Given this situation, it is suggested that it will be important to maintain the focus on the structured programme of action and joint working arrangements established – based on the Steps to Recovery Report[17].

6.5 Medium to long-term

The medium to longer-term strategy must focus on addressing the long-standing challenges that the Local Area has faced, and which will be further exacerbated by the mine closures.

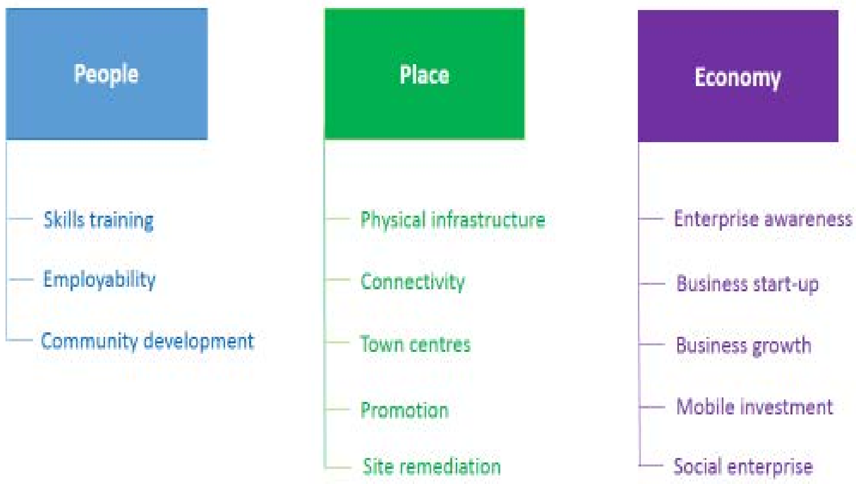
It should consider both overarching issues, such as the main priorities for intervention, paying due attention to community views as expressed in the local plans emerging from the Vibrant Communities Service, as well as key tactical decisions (such as the possible benefits of achieving Enterprise Area status).

[17] *Opencast Mining in East Ayrshire- Steps to Recovery*, Report by the Chief Executive, East Ayrshire Council, 19 September 2013.

It should also:

- seek always to add value to existing provision. For example, any business support services that the strategy takes forward should avoid targeting businesses already Account Managed by Scottish Enterprise, albeit there will be a need to ensure that the appropriate level of support is available to them, while any efforts to improve community cohesion/engagement should build on the prior, substantial development work of EAC's Vibrant Communities Team;
- make best use of existing assets, be these physical, people-related or other assets. For example, the strategy should consider how best remediation works can be used to generate local economic activity both during and after remediation; and
- focus on the key thematic areas of "People", "Place" and "Economy", as illustrated in Figure 6.2.

Figure 6.2: Medium to Long-Term Area Regeneration Strategy



6.5.1 People

This theme covers interventions with individuals (for example long-term unemployed), specific target groups of individuals (for example women returners or younger workers), or specific communities or community groups.

It is envisaged that there would be three sub-themes:

- skills training, which would fill gaps in national provision or seek to enhance access to national provision;
- employability, especially for those looking to return to the labour market after a prolonged absence; and
- community development, building on the work of Vibrant Communities to enhance capacity to identify and action appropriate local improvements, and to generally encourage engagement with the strategy.

6.5.2 Place

This theme covers interventions to improve the physical business and wider environment of the Local Area, with a focus on:

- physical infrastructure, to ensure the supply of an appropriate range of sites and premises to facilitate growth of the business base;
- consider/pursue improvements to connectivity infrastructure including improved transport and broadband links;
- consider/pursue physical improvements to “town centre” environments, which may also include efforts to improve town centre management;
- preparing promotional literature/campaigns to improve perceptions of the Local Area as a place to live, visit and do business in;
- exploiting any coal mine remediation and restoration activity to the benefit of local people and businesses.

There has already been work undertaken in taking forward this agenda across the range of public sector partners in East Ayrshire.

6.5.3 Economy

The focus of this theme would be on business, comprising:

- enterprise awareness; there is an enterprise deficit in the area that can be addressed, at least to some extent, through efforts to improve awareness of the start-up and self-employment options.

  This awareness raising can build on national campaigns and efforts with specific targets such as enterprise education and women entrepreneurs;

- business start-up; there may be scope to add to the support available through Business Gateway and others, that enhances the prospects for new business establishment and sustainability. For example, one area that might be considered is the provision of start-up grants, while local mentoring may help achieve similar outcomes;

- business growth: the main growth companies in the area are already likely to be Account Managed by SE, especially those in key target sectors, while the current segmentation work will identify further targets. Again, there is likely to be some scope to add value to these efforts, either in terms of the type of services that are made available or to the business types targeted. It should also be noted that while the area strategy will not be constrained to the same extent by value for money and net impact considerations[18], State Aids will remain an issue to be worked around, in terms of restrictions on sectors that can be assisted and the amounts of financial assistance that can be provided;

- mobile investment: although inward investment to the Local Area has been difficult to secure in the past, the strategy should consider the prospects for targeting specific sites and premises at potentially mobile investors from elsewhere; and

- social enterprise; there is substantial potential in this sector, building for example on wider developments such as EAC's pursuit of asset transfer and the more generic agendas of public service reform and the integration of health and social care.

[18] For example the area regeneration strategy will probably be less proscriptive in terms of sector of operations or the need to take account of displacement.

6.6 Governance, management and delivery

While the detail of governance, management and delivery arrangements should be examined during strategy development, as a starting point we suggest that governance and delivery responsibilities be integrated within existing structures, especially those established for Community Planning. This is illustrated in Figure 6.3.

This approach suggests allocating governance and delivery responsibilities to existing structures, and especially to the:

- Delivering Community Regeneration Theme Group: this would be the main governance body with oversight responsibilities for the preparation and implementation of area regeneration strategies; and
- Local Response Team: this would evolve to become the main delivery body with operational responsibilities for planning, implementation and reporting to the Theme Group.

Figure 6.3: Governance and delivery structures

6.6.1 Delivering Community Regeneration Theme Group

Governance responsibilities could be assigned to the Delivering Community Regeneration Theme Group within existing Community Planning structures. This Group already comprises representatives of the main local delivery parties and national agencies which might be involved in future activity.

It also links directly to:

- the Community Planning Partnership Board, to which it reports on activity and progress in relation to this key theme of the Community Plan; and
- Community Forums which provide a means of engaging local people in strategy formulation and delivery.

The main roles of the Theme Group would include:

- overseeing the development of, and approving an area regeneration strategy for the impacted areas;
- considering the need for strategic reorientation regularly during the implementation period, and the specific responses to any new opportunities or shocks that might emerge;
- approving new projects brought forward by the Local Response Team;
- ensuring complementarity with existing development services available in the Local Area. In particular, due account should be taken of the activities of the Vibrant Communities Service, and the area regeneration plans that are emerging from its work with local communities;
- overseeing the work of the Local Response Team, including monitoring performance at aggregate, thematic and project levels; and
- ensuring comprehensive performance reporting to satisfy both its information needs and those of funding bodies.

During the planning stage, consideration will need to be given to the detail of governance and monitoring processes and procedures that should be adopted. As a minimum, there will be a need for comprehensive performance monitoring procedures which facilitate reporting to ultimate funding bodies. These should link to existing procedures for reporting progress on the Single Outcome Agreement, to minimise duplication of, and ensure consistency with, current arrangements.

6.6.2 Local Response Team

Over the last six months, the Local Response Team, chaired by the Chief Executive of EAC, has played a lead role by bringing together Community Planning Partners and other key stakeholders to address the impact of the closures locally and to ensure the best outcomes for local communities.

It is suggested that the Local Response Team be allocated operational responsibility with the role of:

- preparing the strategies and associated funding/resource plan, and finalising recommended governance and delivery arrangements;
- co-ordinating and managing delivery of the strategy;
- conducting regular reviews of the strategy's continued relevance and identification of any need for reorientation in light of changing circumstances;
- animating local actors and generating a pipeline of new activity for consideration by the Theme Group. This should include liaison with the Vibrant Communities Service to ensure complementarity and maximum synergy with its efforts in engaging local communities;
- delivering activity directly, or managing procurement and service contracts with third party delivery agencies;
- liaising with partners to secure access to wider initiatives and project activity; and
- providing secretariat services and regular performance monitoring reports to the Theme Group.

Again, the detail of roles and associated procedures can be addressed as part of the strategy development process.

6.7 Resources

It is difficult to gauge the level of resources required to adequately address fully the long-term needs and opportunities of the target area until such time as the detailed strategy preparation work is undertaken.

However, given the scale and the observed intractability of the issues faced in the Local Area, we suggest a need to:

- establish a "ring-fenced" budget for developing and implementing new activity; and
- make a substantial long-term commitment, perhaps over a ten year period.

The successful and sustainable regeneration of the Local Area will require a long-term commitment to targeting resources at addressing the long-standing legacy of deprivation. It will also need to build on, and add to existing development activity in the area, much of it led by EAC, through allocating and levering additional resources.

The approach could be based on the following:

- identification of the scale of resource needs implied by the area regeneration strategy and assessment of the extent to which these:
    - can be addressed through existing services and the resources already earmarked for development activities in the area
    - will require new funding to be attracted to enable "value-added" services, ie those services which are considered necessary and which build on existing activity;
- development of a ring-fenced regeneration fund to support the implementation of the strategy, and especially to enable implementation of "value added" services;
- this regeneration fund, would include the in-kind costs incurred by EAC associated with, for example, the Local Coal Team, and would also act as pump-priming funds that could be used to lever additional resources for value added services; and
- the regeneration fund might also include:
    - EAC financial support over and above what is already earmarked for the Local Area
    - additional investment from the Scottish and UK Governments and other partners
    - targeted investment from community sources including Renewable Energy Fund.

The regeneration fund would also be used to lever additional resources into the area to support the implementation of local regeneration strategies. This could include:

- European Structural Funds Programme – using resources to lever support and deliver activity under the new European Structural Funds Programme. This would include both ESF and ERDF;
- Leader Programme – The majority of the areas covered have been supported through the Leader Programme. It is suggested that the future Programme will be more closely aligned with supporting local economic development. The opportunity exists to lever additional support through the future Leader Programme;
- Scottish Government Capital Regeneration Fund – Developing initiatives that could be supported under the Scottish Government Capital Regeneration Fund. This would include new infrastructure programmes to develop facilities and amenities to support the local economy;
- Town Centre Regeneration Funding – Building on opportunities focussed on town centre regeneration being progressed in Cumnock. This would include exploring opportunities for additional Heritage Lottery Funding; and
- Other Funding – Opportunity to access support through a range of funding sources such as The Big Lottery. This could include for example making representation that the former coalfield areas should be included as part of any future Our Place Programme; maximising opportunities through mainstream programmes such as Investing in Communities; and supporting local organisations to access other grants programmes.

6.8 Timescales

Suggested timescales are illustrated in Figure 6.4, over.It is suggested that a six month period, beginning January 2014, be used for:

- preparing the detailed area regeneration strategies;
- preparing the associated funding plan;
- confirming governance and delivery structures, and making appropriate arrangements; and

- continuing to deliver the short-term, ameliorative actions targeted at redundant miners.

Figure 6.4: Implementation timetable

The aim should be to have all the planning and set-up activity completed by the end of May 2014, with a view to commencing area regeneration strategy implementation in June 2014.

Appendix A: Socio-Economic Area Profiles

1. Introduction

This Appendix provides an economic profile of the area in East Ayrshire most affected by the coal mine closures, as well as comparisons with a number of other areas. The "Local Area" is East Ayrshire roughly south of Galston,[19] and the "Wider Area" is all three Ayrshire local authorities as well as South Lanarkshire and Dumfries and Galloway.

Data are provided from 2005 whenever possible and, given that the 2008 financial crisis has had such a large effect on the economy, observations for this year are sometimes highlighted in graphs. Unless otherwise stated, the data used is the most up-to-date available from the referenced source at the particular geographic level.

The most significant findings are that the Local Area, and East Ayrshire more widely, has higher unemployment, lower skills levels and a lack of employment opportunities compared to the Wider Area and Scotland as a whole.

The rest of this appendix is structured as follows:

- Chapter 2 discusses demographics, covering population and migration flows;
- Chapter 3 discusses the business base by sector, trends over time and location quotient analysis against the Scottish levels;
- Chapter 4 discusses employment by sector, trends over time and location quotient analysis against the Scottish levels;
- Chapter 5 discusses unemployment by both claimant count and ILO measure;
- Chapter 6 discusses the main benefits which are claimed;
- Chapter 7 discusses the skills of the working age population and school leavers; and
- Chapter 8 uses SIMD data to analyse the relative deprivation of the studied areas.

[19] The area is defined as the intermediate geographies, Auchinleck, Cumnock North, Cumnock Rural, Cumnock South &Craigens, Doon Valley North, Doon Valley South, Mauchline, Mauchline Rural and New Cumnock.

2. Demographics

2.1.1 Population

Population estimates since 2005 for all comparator areas are shown in Table 2.1 and trends over this period shown in Figure 2.1, where total populations are indexed to enable comparisons.

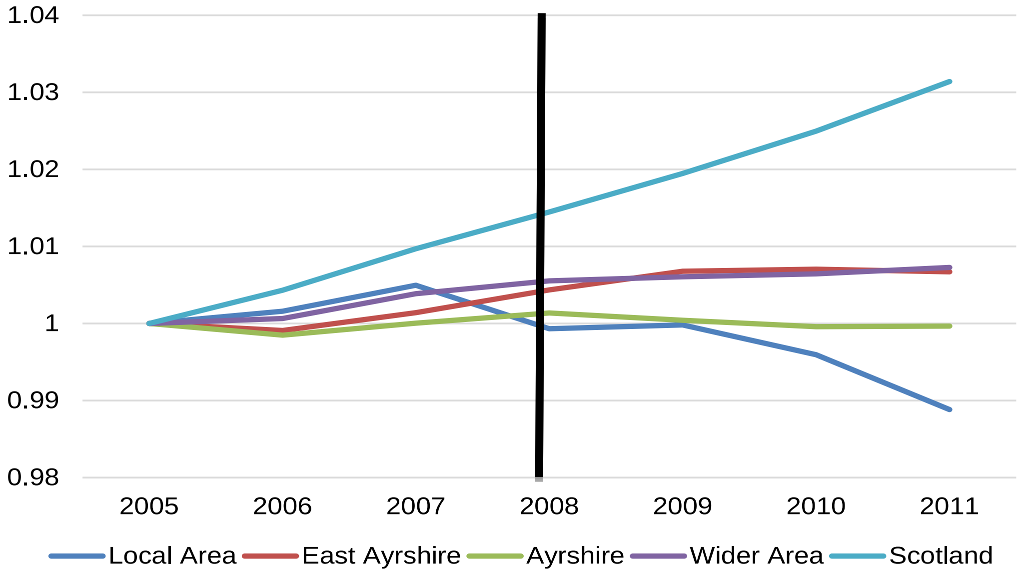
Table 2.1 Population

	2005	2006	2007	2008	2009	2010	2011
Local Area	37,212	37,271	37,397	37,187	37,205	37,062	36,797
East Ayrshire	119,400	119,290	119,570	119,920	120,210	120,240	120,200
Ayrshire	367,010	366,450	367,020	367,510	367,160	366,860	366,890
Wider Area	821,630	822,150	824,820	826,180	826,600	826,930	827,610
Scotland	5,094,800	5,116,900	5,144,200	5,168,500	5,194,000	5,222,100	5,254,800

Source: Scottish Neighbourhood Statistics (SNS)

The population of the Local Area 2011 was 36,797,30.6% of the East Ayrshire total. Both East Ayrshire and the Wider Area have experienced a small increase in populations, Ayrshire has remained stable, whilst the Local Area has experienced a small decline. All the areas lagged behind Scottish trends.

Figure 2.1 Population Trend 2005 = 1



Source: SNS

The gender breakdown is similar across all areas, see Table 2.2, with there being a slightly higher number of females in the general populations and of males in the working age population.

Table 2.2 Population by Gender

	Local Area	East Ayrshire	Ayrshire	Wider Area	Scotland
Males	17,937 (49%)	58,230 (48%)	175,914 (48%)	397,460 (48%)	2,548,200 (48%)
Female	18,860 (51%)	61,970 (52%)	190,976 (52%)	430,150 (52%)	2,706,600 (52%)
Working Age Male	11,594 (52%)	38,084 (51%)	112,856 (51%)	256,012 (51%)	1,697,878 (51%)
Working Age Female	10,802 (48%)	35,914 (49%)	107,625 (49%)	243,703 (49%)	1,601,765 (49%)

Source: SNS

A slightly higher proportion of the populations in the Local Area and East Ayrshire are of working age, with Ayrshire and the Wider Area having a slightly higher proportion of people at pensionable ages. All areas have a lower proportion of working age than Scotland as a whole, Table 2.3.

Table 2.3 Population by Age

	Local Area	East Ayrshire	Ayrshire	Wider Area	Scotland
Children	6,269 (17%)	21,018 (17%)	63,041 (17%)	143,841 (17%)	913,317 (17%)
Working Age	22,396 (61%)	73,998 (62%)	220,481 (60%)	499,715 (60%)	3,299,643 (63%)
Pensionable Age	8,132 (22%)	25,184 (21%)	83,368 (23%)	184,054 (22%)	1,041,840 (20%)
Total	**36,797**	**120,200**	**366,890**	**827,610**	**5,254,800**

Source: SNS

Population projections are only available for local authorities, and over the forecast period to 2035 suggest that there will only be minor changes in overall populations with a small increase in East Ayrshire and a small decrease in Ayrshire, Table 2.4.

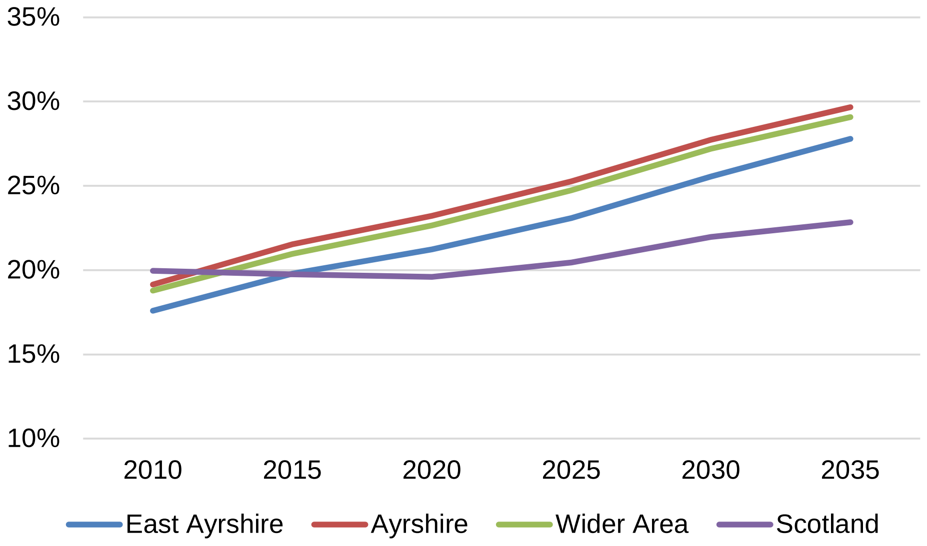
Table 2.4 Population Projections

	2010	2015	2020	2025	2030	2035	Change	% Change
East Ayrshire	120,240	121,264	121,878	122,208	121,935	121,079	839	1%
Ayrshire	366,860	367,387	366,957	365,667	362,692	357,986	8,874	-2%
Wider Area	826,930	833,328	836,774	838,314	836,386	830,720	3,790	0%
Scotland	5,222,000	5,365,000	5,486,000	5,596,000	5,686,000	5,755,000	533,000	10%

Source: General Register Office for Scotland (GROS)

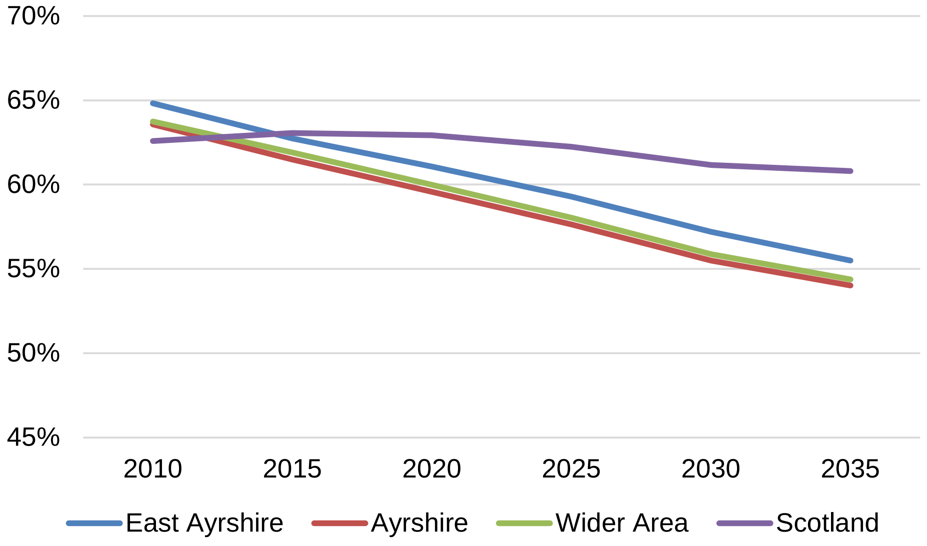
Figures 2.2 and 2.3 show two specific forecast population trends.

Figure 2.2 Forecast Change in Proportion of Population of Pensionable Age



Source: GROS

Figure 2.3 Forecast Change in Proportion of Population of Working Age



Source: GROS

It is forecast that the proportions of people of pensionable age will increase by around ten percentage points across all the comparator areas, although East Ayrshire is predicted to have a smaller increase. As a corollary, the working age population will decline to around 55% by 2035.

In contrast, it is forecast that Scotland as a whole will have a substantially higher proportion of working age people.

2.2 Migration

Recent migration figures show a slight net inflow of migrants into East Ayrshire. The most likely age group to move into the area were 16 to 29 years olds, who were also the most likely to leave. Whilst there was a relatively large net outflow amongst this group, it is only 0.07% of total East Ayrshire population and has not had a large effect on the area's age profile, Table 2.5.

Table 2.5 Migration in East Ayrshire 2009 - 2011[20]

Age Group	Inflow	Outflow	Net Flow
0-15	665	624	41
16-29	995	1,085	-90
30-44	826	798	28
45-64	574	483	91
65+	169	182	-13
All ages	**3,229**	**3,172**	**57**

Source: GROS

[20] Migration figures are based on a three-year average and include migration within Scotland, between Scotland and the rest of the UK, and between Scotland and overseas. They do not include asylum seekers and armed forces movements.

3. Businesses

Tables 3.1, 3.2 and 3.3 show the breakdown of the business base by Broad Industrial Group in East Ayrshire, Ayrshire and the Wider Area[21].

The business base of East Ayrshire has declined marginally since 2009, with declines in 'Construction', 'Retail' and 'Education' offset by rises in 'Professional scientific & technical' and 'Health', Table 3.1.

Table 3.1 East Ayrshire Business Base by Broad Industrial Group

	2009	2013	Change	% Change
Agriculture, forestry & fishing	470	450	-20	-4%
Production	230	235	5	2%
Construction	375	355	-20	-5%
Motor trades	115	125	10	9%
Wholesale	140	135	-5	-4%
Retail	475	450	-25	-5%
Transport & storage (inc. postal)	125	120	-5	-4%
Accommodation & food services	265	265	0	0%
Information & communication	75	90	15	20%
Finance & insurance	65	50	-15	-23%
Property	75	65	-10	-13%
Professional, scientific & technical	260	305	45	17%
Business administration and support services	390	385	-5	-1%
Public administration and defence	75	90	15	20%
Education	145	130	-15	-10%
Health	235	270	35	15%
Arts, entertainment, recreation and other services	340	325	-15	-4%
TOTAL	3,855	3,845	-10	0%

Source: Office of National Statistics (ONS)

[21] Data are not available for the Local Area, while only trends between 2009 and 2013 are shown due to substantial breaks in the data due to changes in how data are collected and how businesses are classified.

Ayrshire has experienced a 3% drop in the number of businesses since 2009 with relatively larger falls in 'Construction', 'Retail' and 'Education'. On the other hand there has been rises in the numbers of 'Professional, Scientific & Technical' and 'Health' businesses, Table 3.2, over.

Table 3.2 Ayrshire Business Base by Broad Industrial Group

	2009	2013	Change	% Change
Agriculture, forestry & fishing	1,130	1,110	-20	-2%
Production	645	660	15	2%
Construction	1,165	1,055	-110	-9%
Motor trades	350	355	5	1%
Wholesale	455	425	-30	-7%
Retail	1,710	1,590	-120	-7%
Transport & storage (inc. postal)	435	390	-45	-10%
Accommodation & food services	1,090	1,035	-55	-5%
Information & communication	285	310	25	9%
Finance & insurance	210	190	-20	-10%
Property	260	270	10	4%
Professional, scientific & technical	1,005	1,170	165	16%
Business administration and support services	970	905	-65	-7%
Public administration and defence	220	225	5	2%
Education	410	330	-80	-20%
Health	745	790	45	6%
Arts, entertainment, recreation and other services	1,095	1,065	-30	-3%
TOTAL	12,180	11,875	-305	-3%

Source: ONS

The Wider Area experienced a similar proportionate fall in the total number of businesses to Ayrshire. The sectors contributing most to the decline are also the same, 'Construction', 'Retails' and 'Education', while those exhibiting relatively strong growth are also the same, 'Professional, Scientific & Technical' and 'Health', Table 3.3. over.

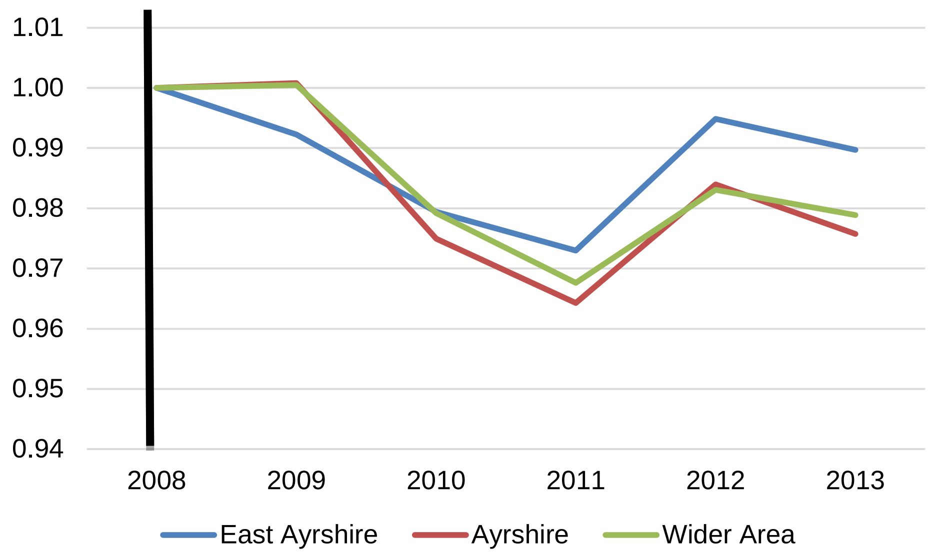
Although the breakdown of business type is not comparable before 2009, the data for the total number of businesses from 2008 are. Figure 3.1, over shows that there has been a decline in the business base since 2008, with the beginning of recovery in 2011, followed by a slight downturn in the past year. The business base in East Ayrshire has recovered better that both Ayrshire and the Wider Area.

Table 3.3 Wider Area Business Base by Broad Industrial Group

	2009	2013	Change	% Change
Agriculture, forestry & fishing	3,815	3,795	-20	-1%
Production	1,760	1,705	-55	-3%
Construction	3,090	2,790	-300	-10%
Motor trades	835	855	20	2%
Wholesale	1,235	1,175	-60	-5%
Retail	3,770	3,530	-240	-6%
Transport & storage (inc. postal)	1,125	1,045	-80	-7%
Accommodation & food services	2,470	2,335	-135	-5%
Information & communication	770	830	60	8%
Finance & insurance	505	485	-20	-4%
Property	625	695	70	11%
Professional, scientific & technical	2,360	2,770	410	17%
Business administration and support services	2,135	1,940	-195	-9%
Public administration and defence	470	435	-35	-7%
Education	895	775	-120	-13%
Health	1,625	1,795	170	10%
Arts, entertainment, recreation and other services	2,350	2,235	-115	-5%
Total	29,835	29,190	-645	-2%

Source: ONS

Figure 3.1 Change in Business Base 2008 = 1



Source: ONS

Table 3.4 displays location quotients for the business base in the three areas compared to Scotland. Location quotients (LQ) are calculated by comparing the proportions of businesses in each sector in an area and comparing it to the equivalent figures in another. For instance, manufacturing equals 11.7% of total Local Area businesses, but only 8.8% of Scottish businesses giving the Local Area an LQ of 1.4 (i.e. 11.7/8.8).

Figures are colour coded as follows:

- red indicates that the LQ is less than(or equal to) 0.8 – e.g. there is a much lower concentration of businesses locally than in Scotland;
- yellow indicates that the LQ is between 0.8 and 1.2; and
- green indicates that the LQ for this measure is more than (or equal to) 1.2 – e.g. the area has a substantially greater concentration of businesses in this sector than Scotland as a whole.

Table 3.4 Location Quotient Analysis

	East Ayrshire	Ayrshire	Wider Area
Agriculture, forestry & fishing	1.3	1.1	1.5
Production	1.1	1.0	1.1
Construction	1.0	1.0	1.0
Motor trades	1.3	1.2	1.1
Wholesale	0.9	1.0	1.1
Retail	1.0	1.1	1.0
Transport & storage (inc. postal)	1.0	1.0	1.1
Accommodation & food services	0.9	1.2	1.1
Information & communication	0.5	0.6	0.6
Finance & insurance	0.6	0.7	0.8
Property	0.6	0.8	0.8
Professional, scientific & technical	0.5	0.7	0.7
Business administration and support services	1.6	1.3	1.1
Public administration and defence	1.5	1.2	1.0
Education	1.2	1.0	1.0
Health	1.1	1.1	1.0
Arts, entertainment, recreation and other services	1.2	1.2	1.1

Source: ONS

All three areas have relatively low representation of businesses in the high value areas of 'information and communication', 'finance and insurance' and 'professional, scientific and technical', with relatively high concentrations in 'business administration and support services', 'agriculture, forestry and fishing' and 'education'.

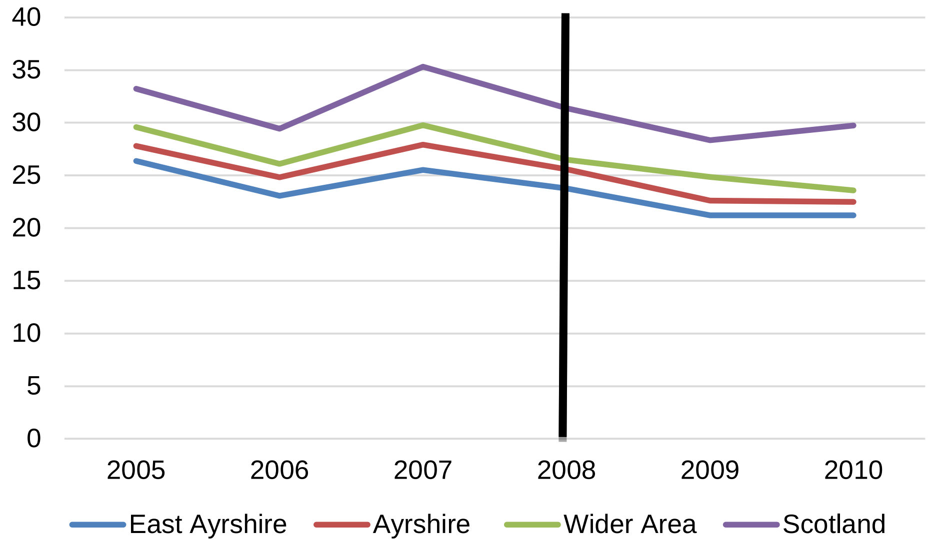
Table 3.5 shows the number of business births in the comparator regions up to 2010 and Figure 3.2 shows the number of births per 10,000 populations. The rate of business births in East Ayrshire in particular and Ayrshire and the Wider Area more generally is below that of Scotland as a whole: this is commonly taken as an indicator of a relative enterprise deficit.

Table 3.5 Business Births

	2005	2006	2007	2008	2009	2010
East Ayrshire	315	275	305	285	255	255
Ayrshire	1,020	910	1,025	940	830	825
Wider Area	2,430	2,145	2,455	2,190	2,055	1,950
Scotland	16,935	15,070	18,165	16,225	14,725	15,530

Source: ONS Business Demography

Figure 3.2 Business Births per 10,000 Population



Source: ONS Business Demography

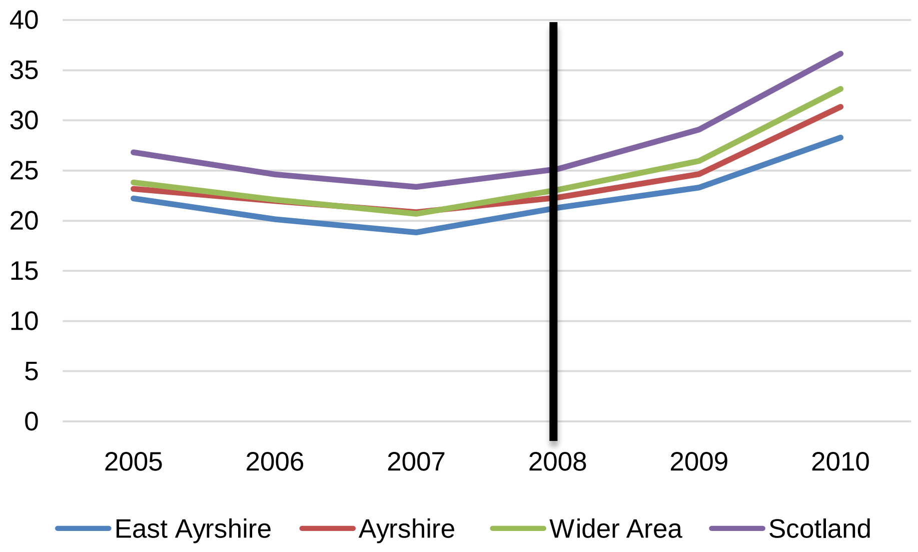
Table 3.6 shows the number of business deaths in the comparator regions up to 2010 and Figure 3.3 shows the number of deaths per 10,000 population. Similarly to business births, East Ayrshire has a lower rate than the comparators, with Scotland having the highest rate. The trend of business deaths has been upward since 2008 across all regions.

Table 3.6 Business Deaths

	2005	2006	2007	2008	2009	2010
East Ayrshire	265	240	225	255	280	340
Ayrshire	850	805	765	820	905	1,150
Wider Area	1,955	1,815	1,705	1,905	2,145	2,740
Scotland	13,660	12,595	12,020	12,995	15,110	19,140

Source: ONS Business Demography

Figure 3.3 Business Deaths per 10,000 Population



Derelict and Vacant Land

Based on data available through the Scottish Vacant and Derelict Land Survey (SVDLS) in 2012 there were 123 sites classed as either vacant or derelict, which accounts for 325 hectares (around 3% of the entire region). Around 52% of this land is made up of ex collieries that have been derelict for over 20 years.The closure of coal mines is likely to significantly add to the amount of derelict and vacant land in the Local Area.

4. Employment

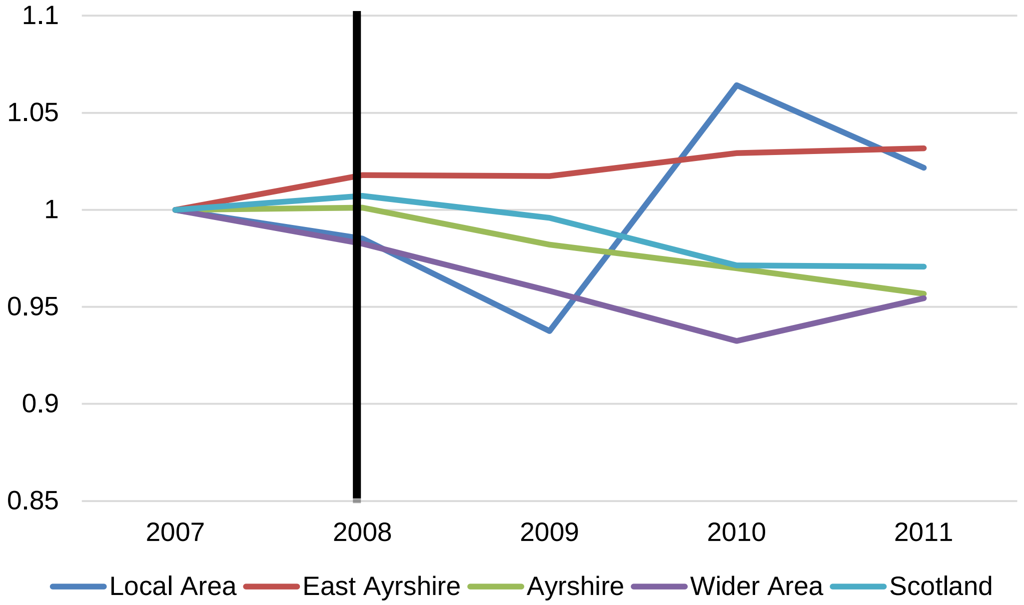
Table 4.1 shows the total levels and rates of employment within each comparator area.Rates are not comparable as the smaller the region is the more likely people are to travel outside the region to find work, i.e. the employment rate of 52% in East Ayrshire does not mean that the other 48% are out of work, most of them will travel outwith the local area for work.Figure 4.1 shows the trend since 2007.

Table 4.1 Local Employment

	2007	2008	2009	2010	2011
Scotland	2,208,900 (85%)	2,224,800 (85%)	2,199,900 (84%)	2,145,800 (82%)	2,144,100 (82%)
Wider Area	309,600 (76%)	304,200 (76%)	296,700 (74%)	288,700 (73%)	295,500 (75%)
Ayrshire	127,000 (72%)	127,100 (72%)	124,700 (72%)	123,200 (71%)	121,500 (72%)
East Ayrshire	38,800 (67%)	39,500 (67%)	39,500 (67%)	40,000 (67%)	40,000 (70%)
Local Area	8,600 (50%)	8,400 (49%)	8,000 (47%)	9,100 (53%)	8,700 (52%)

Source: Business Register and Employment Survey (BRES). All figures rounded to nearest hundred

Figure 4.1 Change in Employment



Source: BRES

Ayrshire, Wider Area and Scotland have exhibited a similar downward trajectory, with the Wider Area showing a slight recovery from 2010. East Ayrshire has bucked this trend, with levels of employment rising every year. The Local Area saw the strongest decline to 2009 but then rebounded strongly between 2009 and 2010.

Table 4.2 shows the data on sectoral employment for the Local Area.

Table 4.2 Local Area Employment

	2007	2009	2011	Change	%Change
Agriculture, forestry & fishing	-	-	-	-	0%
Mining, quarrying & utilities	500	600	800	300	43%
Manufacturing	800	500	500	-300	-35%
Construction	700	600	600	-100	-20%
Motor trades	300	200	200	-100	-39%
Wholesale	300	300	300	-	3%
Retail	800	800	800	-	-2%
Transport & storage	500	600	600	100	19%
Accommodation & food services	400	500	400	0	-3%
Information & communication	-	-	-	-	-25%
Finance & insurance	100	100	100	-	-8%
Property	100	100	100	-	-35%
Professional, scientific & technical	100	100	100	-	13%
Business administration & support services	600	500	600	-	-8%
Public administration & defence	600	300	400	-200	-30%
Education	800	800	800	0	-3%
Health	1,400	1,600	2,100	700	48%
Arts, entertainment, recreation & other services	400	200	400	-	-4%
Total	**8,600**	**8,000**	**8,700**	**100**	**2%**

Source: BRES. Change and % Change are for the period 2007-2011

There has been an increase in employment of 2% since 2007 in the Local Area, with the main increases coming from 'Mining, Quarrying & Utilities' and 'Health' accompanied by large declines in 'Manufacturing' and 'Public Administration & Defence'. Indeed, the growth in mining jobs of 300 over the period is equivalent to the drop in manufacturing and if it had not occurred then total employment would have fallen by 200 over the period 2007 to 2011.

The spike in the data that can be seen in 2010 in Figure 4.1is primarily due to around 600 jobs being temporarily created in 'General public administration activities' concentrated in a single datazone in North Cumnock. These jobs are presumably related to a one off event.

Table 4.3 provides similar data for East Ayrshire.

Table 4.3 East Ayrshire Employment

	2007	2009	2011	Change	%Change
Agriculture, forestry & fishing	100	-	100	-	8%
Mining, quarrying & utilities	1,200	1,100	1,300	100	10%
Manufacturing	5,000	3,200	3,100	-1,900	-37%
Construction	2,600	2,200	2,100	-500	-20%
Motor trades	1,000	800	700	-300	-29%
Wholesale	900	1,200	1,100	200	24%
Retail	4,300	4,300	4,000	-300	-5%
Transport & storage	1,400	1,600	1,600	200	9%
Accommodation & food services	1,900	2,000	1,600	-300	-15%
Information & communication	300	400	200	-100	-15%
Finance & insurance	700	500	500	-200	-25%
Property	200	300	200	-	5%
Professional, scientific & technical	1,000	1,400	1,100	100	8%
Business administration & support services	3,100	3,400	4,500	1,400	43%
Public administration & defence	2,400	3,300	3,100	700	30%
Education	3,000	2,700	2,800	-200	-6%
Health	7,800	9,500	10,000	2,200	29%
Arts, entertainment, recreation & other services	2,000	1,500	1,900	-100	-3%
Total	**38,800**	**39,500**	**40,000**	**1,200**	**3%**

Source: BRES. Change and % Change are for the period 2007-2011

The local authority area has experienced growth in employment since 2007 despite the recession. Relatively large falls in employment in ‘Manufacturing’ and ‘Construction’ have been more than offset by growth in ‘Business Administration & Support Services’, ‘Health’ and ‘Public Administration & Defence’.

These figures demonstrate the relative importance of Mining and Quarrying to the Local Area, without which it would have lost employment overall. It also demonstrates that the Local Area has not enjoyed the same levels of growth in other relatively buoyant sectors such as ‘Health’, ‘Business Administration and Defence’ and ‘Public Administration and Defence’.

Comparable figures for all of Ayrshire are given inTable 4.4.

Table 4.4 Ayrshire Employment

	2007	2009	2011	Change	%Change
Agriculture, forestry & fishing	400	300	300	-100	-13%
Mining, quarrying & utilities	2,700	2,500	2,900	200	4%
Manufacturing	15,900	12,400	11,800	-4,100	-25%
Construction	6,900	7,000	6,300	-600	-9%
Motor trades	2,900	2,500	2,200	-700	-23%
Wholesale	3,000	3,500	3,300	300	10%
Retail	16,100	15,700	15,300	-800	-5%
Transport & storage	6,000	5,700	5,300	-700	-11%
Accommodation & food services	10,400	10,800	10,100	-300	-3%
Information & communication	1,500	1,300	1,000	-500	-31%
Finance & insurance	1,800	1,700	1,500	-300	-19%
Property	1,400	1,500	1,000	-400	-25%
Professional, scientific & technical	3,400	4,200	4,200	800	23%
Business administration & support services	6,200	7,100	7,400	1,200	20%
Public administration & defence	9,500	8,000	7,000	-2,500	-27%
Education	10,200	9,500	9,400	-800	-8%
Health	21,600	25,200	25,700	4,100	19%
Arts, entertainment, recreation & other services	7,000	5,800	6,800	-200	-4%
Column Total	**127,000**	**124,700**	**121,500**	**-5,500**	**-4%**

Source: BRES. Change and % Change are for the period 2007-2011

Despite rises in employment in East Ayrshire, Ayrshire has experienced a 4% decline since 2007. Like in East Ayrshire, there was a large decline in 'Manufacturing', but in contrast, there was a large fall in 'Public Administration & Defence', an area of growth in East Ayrshire.

The sectors exhibiting strongest growth are the same, 'Business Administration & Support Services' and 'Health', but to a lesser extent than in other areas.

Comparable figures for the wider area are given in Table 4.5.

Table 4.5 Wider Area Employment

	2007	2009	2011	Change	%Change
Agriculture, forestry & fishing	1,200	800	900	-300	-23%
Mining, quarrying & utilities	7,300	8,800	10,400	3,100	41%
Manufacturing	39,500	32,300	30,600	-8,900	-23%
Construction	22,600	18,900	18,800	-3,800	-17%
Motor trades	6,500	6,000	5,300	-1,200	-19%
Wholesale	9,100	10,500	9,700	600	6%
Retail	34,800	34,700	34,400	-400	-1%
Transport & storage	14,800	14,000	13,300	-1,500	-10%
Accommodation & food services	23,600	22,800	21,100	-2,500	-10%
Information & communication	3,800	4,200	2,900	-900	-25%
Finance & insurance	5,900	5,600	5,100	-800	-14%
Property	2,700	3,100	2,800	100	3%
Professional, scientific & technical	9,100	10,800	10,200	1,100	12%
Business administration & support services	24,100	17,500	19,600	-4,500	-18%
Public administration & defence	21,100	20,800	18,000	-3,100	-15%
Education	21,900	21,700	21,400	-500	-2%
Health	46,700	51,100	57,700	11,000	24%
Arts, entertainment, recreation & other services	14,600	13,200	13,200	-1,400	-9%
Total	**309,600**	**296,700**	**295,500**	**-14,100**	**-5%**

Source: BRES. Change and % Change are for the period 2007-2011

The Wider Area has seen a slightly larger drop in employment than Ayrshire due to larger falls in 'Manufacturing', 'Business Administration & Support Services' and 'Construction' amongst others. The most significant increases in employment have been in 'Health' and 'Mining, Quarrying & Utilities'. Only 10% of employment is due to open cast coal mining operations in the wider area with the sub-sector contributing most to the growth being 'Distribution of gaseous fuels through mains'.

Table 4.6, overoutlines the Location Quotients for employment in the four areas compared to Scotland on the same basis as the businesses base in Table 3.4 above. As with businesses, all areas have a low amount of employment in the high value areas of 'information and communication', 'finance and insurance' and 'professional, scientific and technical' compared to Scotland.

The Local area has a particular concentration in employment in ‘health’, ‘transport and storage’ and ‘motor trade’; with the most striking aspect of this being the dependence of mining & quarrying, 89% of which is open cast coal mining. In addition, the relatively higher dependence on other sectors, particularly ‘transport and storage’ is likely to be in some way related to the mining sector.

Table 4.6 Employment Location Quotient

	Local Area	East Ayrshire	Ayrshire	Wider Area
Agriculture, forestry & fishing	0.19	0.14	0.18	0.21
Mining, quarrying & utilities	3.14	1.18	0.86	1.28
Manufacturing	0.73	1.01	1.27	1.34
Construction	1.17	0.96	0.93	1.15
Motor trades	1.21	1.13	1.13	1.11
Wholesale	1.08	0.94	0.95	1.13
Retail	0.89	0.99	1.23	1.14
Transport & storage	1.69	0.92	1.05	1.07
Accommodation & food services	0.66	0.58	1.17	1.01
Information & communication	0.14	0.23	0.34	0.40
Finance & insurance	0.22	0.34	0.34	0.48
Property	0.60	0.47	0.65	0.72
Professional, scientific & technical	0.26	0.45	0.55	0.55
Business administration & support services	0.88	1.46	0.80	0.87
Public administration & defence	0.73	1.21	0.90	0.96
Education	1.14	0.86	0.95	0.89
Health	1.50	1.54	1.29	1.20
Arts, entertainment, recreation & other services	0.98	1.06	1.25	1.01

Source: BRES

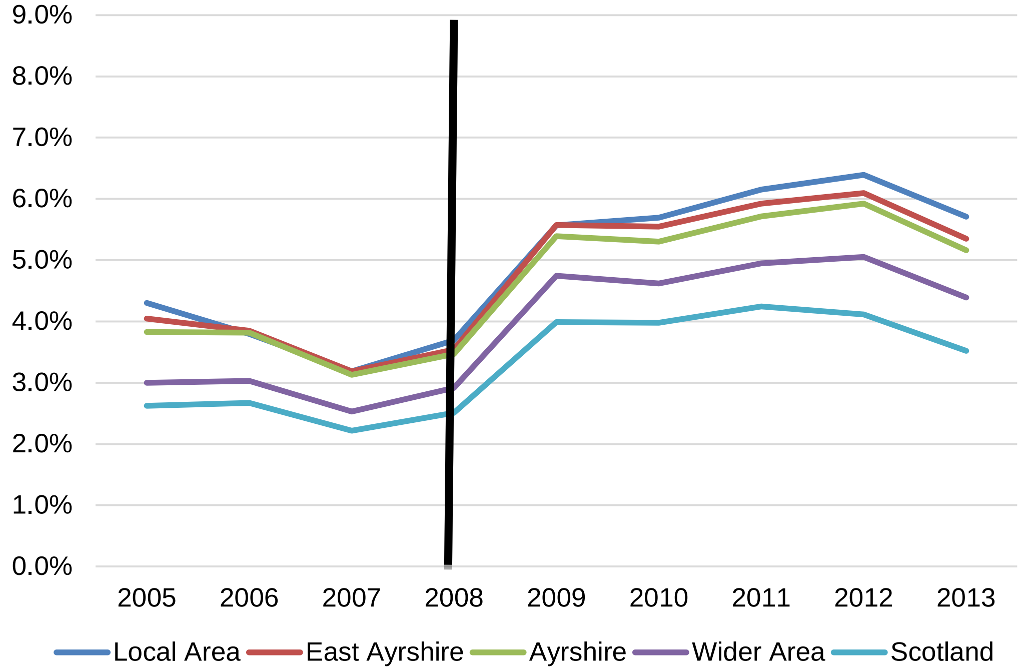
5. Unemployment

5.1 Claimant Count

One measure which can be used to measure unemployment is through the claimant count – the proportion of the working age population who are claiming Jobseeker's Allowance (JSA). Claimant count rates in the four comparator areas and Scotland between 2005 and 2013 is documented inFigure 5.1.

All four areas have experienced a similar pattern of claimant count – a decrease to 2008, before a sharp increase thereafter – presumably due to the impacts of the global financial crisis of that year, and the subsequent recession. For each year, the Local area has had the highest claimant count of the comparator regions, with Scotland continually having the lowest rate.

Figure 5.1: Claimant Count Rate[22]



Source: Claimant Count

[22] Working Age Population estimates are not available for Local Area Intermediate zones for 2012 or 2013; thus, rates have been calculated against 2011 population.

This would appear inconsistent with the figures which show employment holding up strongly in the Local Area and East Ayrshire, while declining in the Wider Area[23], but can mostly be explained by the fact that large numbers of people work outwith the area in which they reside.

While the latest data on travel to work patterns is from the 2001 census, it does give a rough idea of the magnitudes of the travel to work flows. Table 5.1, over, shows that 42% of people resident in the Local Area worked outwith the area compared with 36% for East Ayrshire. The Table also gives a gender breakdown which shows that males were generally more likely to travel further to work. The high levels of people travelling to South Ayrshire to work indicated that Ayr is a more natural feeder town for many East Ayrshire residents than Kilmarnock.

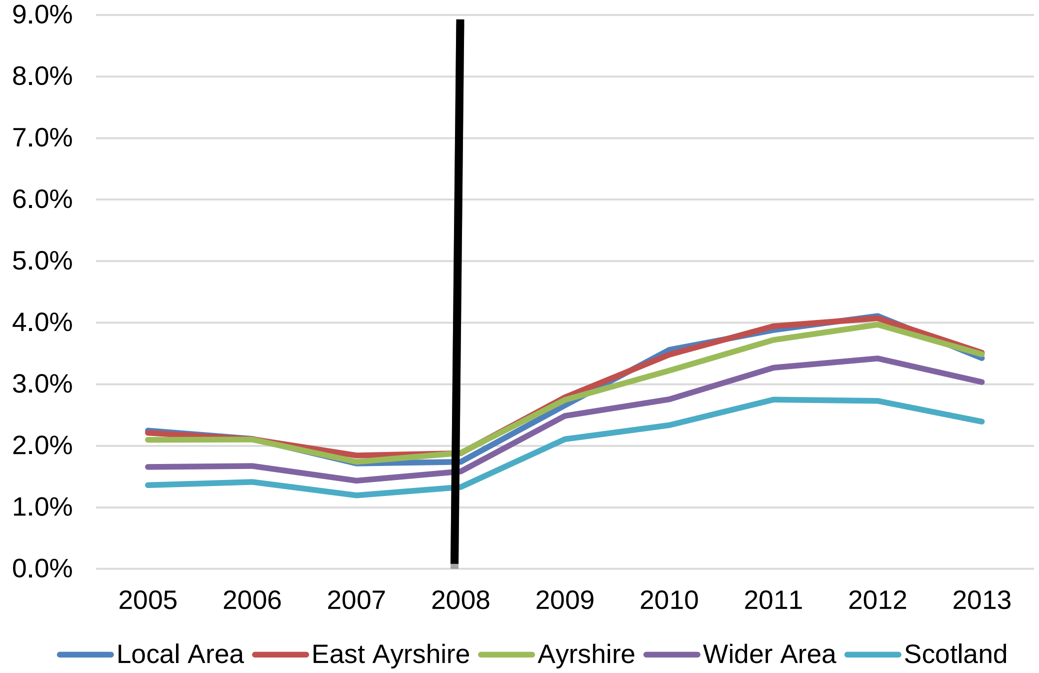
Table 5.1: Travel to Work 2001

	Local Area	East Ayrshire	South Ayrshire	Glasgow	North Ayrshire	Other
Males and Females						
Local Area	58%	64%	26%	2%	3%	5%
East Ayrshire	-	64%	14%	8%	7%	7%
Males						
Local Area	56%	61%	24%	3%	5%	4%
East Ayrshire	-	59%	15%	8%	8%	10%
Females						
Local Area	61%	67%	27%	2%	2%	2%
East Ayrshire	-	69%	14%	7%	5%	5%

Figures 5.2 and 5.3 show the differences in the claimant count rate between the genders, with female unemployment being consistently lower and rising much slower than the male rate. There are a number of potential explanations for this, but the most plausible are that the big declines in employment were in the male dominated industries of manufacturing and construction, while women tend to have a lower labour force participation rate and may have been more likely to leave the labour force rather than seek work at times when opportunities were lacking.

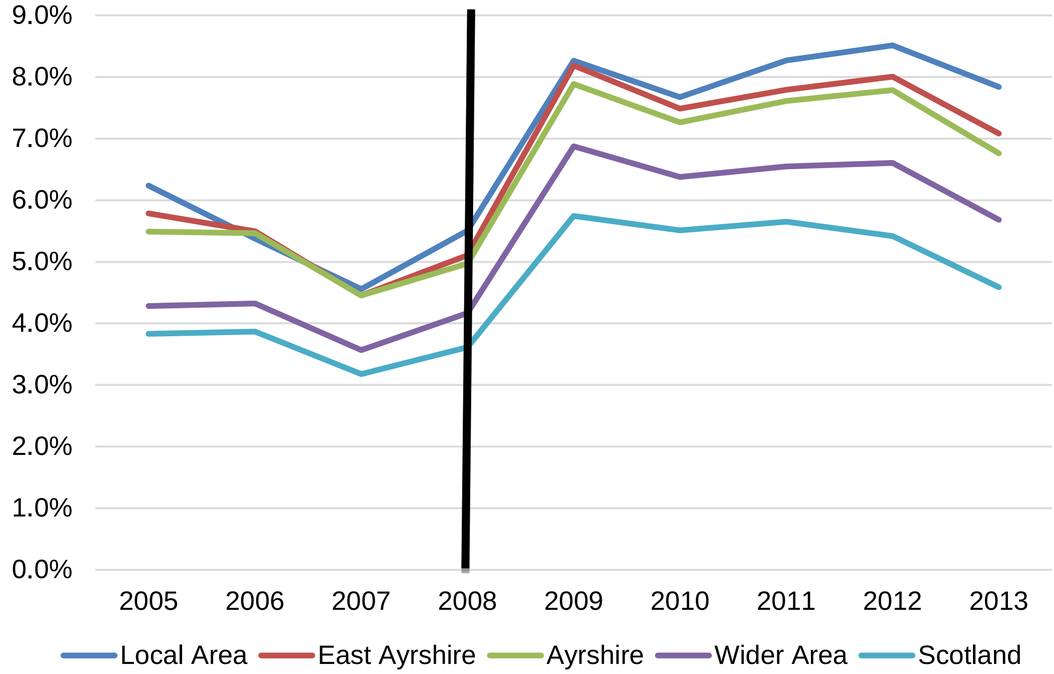
[23] 2012 and 2013 rates calculated using 2011 populations due to the unavailability of more recent data

Figure 5.2: Female Claimant Count Rate



Source: Claimant Count

Figure 5.3: Male Claimant Count Rate



Source: Claimant Count

As with the total claimant count (Figure 5.1), for both genders, the Wider Area and Scotland have the have the lowest level of unemployment but Local area unemployment is higher than the other comparators amongst males.

Table 5.2details the absolute numbers of claimant count in the comparator areas across recent years. Corroborating the evidence shown above, male claimant rate has consistently been higher than the female rate in all comparator areas. Further, claimant count numbers have decreased in all areas between 2010 and 2013, having previously increased.

Table 5.2:Claimant Count Absolute Numbers

	Male			Female			Total		
	2008	**2010**	**2013**	**2008**	**2010**	**2013**	**2008**	**2010**	**2013**
Local Area	644	897	909	189	385	370	833	1,282	1,279
East Ayrshire	1,947	2,854	2,697	671	1,243	1,261	2,618	4,097	3,958
Ayrshire	5,657	8,219	7,628	2,029	3,447	3,750	7,686	11,666	11,378
Wider Area	10,726	16,358	14,549	3,852	6,663	7,395	14,578	23,021	21,944
Scotland	60,427	93,096	77,863	20,816	36,868	38,339	81,243	129,964	116,202

Source: Claimant Count as of September of the relevant year

5.2 ILO Unemployment

Whereas the claimant count measures the number of people claiming unemployment related benefits, the ILO unemployed population is defined as

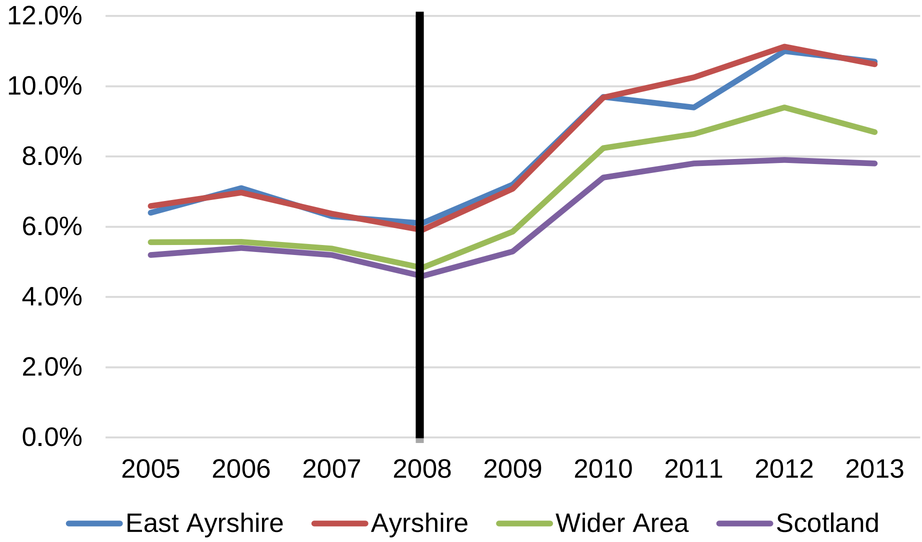
> "*persons above a specified age who are available to, but did not, furnish the supply of labour for the production of goods and services. When measured for a short reference period, it relates to all persons not in employment who would have accepted a suitable job or started an enterprise during the reference period if the opportunity arose, and who had actively looked for ways to obtain a job or start an enterprise in the near past.*"[24]

Under this definition, unemployment should be higher and perhaps provide a more accurate measure than the claimant count – not all unemployed persons will claim Job Seekers Allowance or other unemployed-related benefits, for a variety of reasons.

24 ILO Online, 2013.

The annual population survey supplies model based estimates of ILO unemployment for Scottish local authorities which are presented in Figure 5.4 for the relevant areas. The trajectory is the same as the claimant count rate, with unemployment increasing from 2008 onwards and falling from 2012, but it is consistently around two percentage points higher.

Figure 5.4: Model Based Estimate of Unemployment



Source: Annual Population Survey

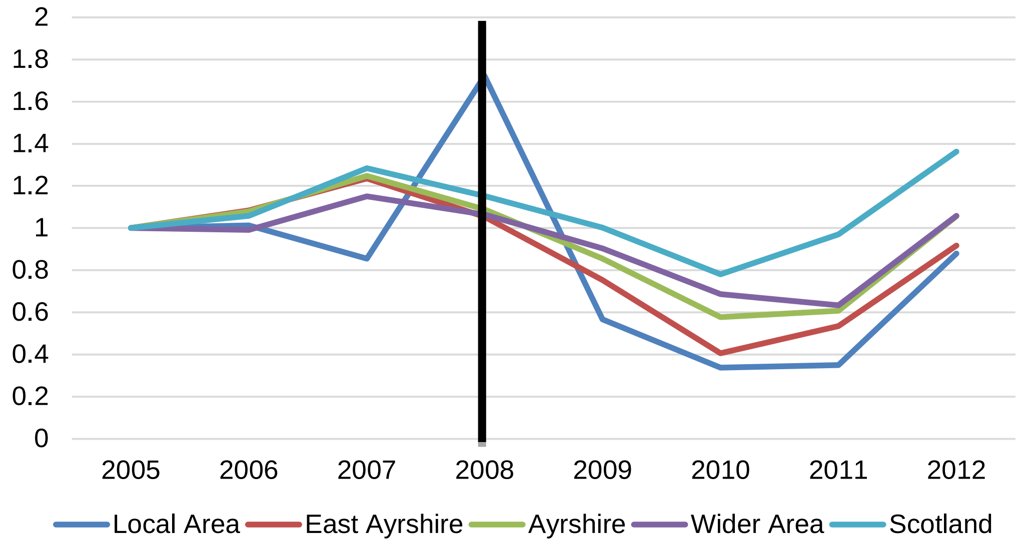
5.3 Notified Vacancies

Recent trends in notified vacancies are given in Figure 5.5. These are vacancies that have been submitted to the job centre for advertisement and as such, only represents a fraction of the total vacancies in the economy. However, it is a consistent dataset and gives a useful idea as to the trends in job creation.

Notified vacancies have declined in all areas since 2008, with the scale of reduction most notable at the Local Area, and East Ayrshire levels. The large spike in Local Area data is due to a large increase in notified vacancies in 'Care assistants and home carers' in Cumnock and Auchinleck.

This would appear to have been a one-off occurrence. There has, however, been a recent increase from 2011 across all areas, but all are lagging behind the strong Scotland level growth.

Figure 5.5: Notified Vacancies 2005 = 1



Source: Jobcentre Plus Vacancies

Table 5.3 shows the numbers of notified vacancies in the Local Area over the last few years in more detail. While there have been few job opportunities generally, trends do vary marginally across sectors.

Table 5.3: Notified Vacancies[25] by Type Local Area

	2005	2006	2007	2008	2009	2010	2011	2012
Managers and Senior Officials	2	3	2	7	2	0	1	1
Professional Occupations	1	4	7	1	0	2	2	8
Associate Professional and Technical Occupations	3	3	3	8	5	3	2	20
Administrative and Secretarial Occupations	9	7	5	8	1	4	4	1
Skilled Trades Occupations	20	11	23	5	0	2	7	12
Personal Service Occupations	9	8	6	87	24	10	5	3
Sales and Customer Service occupations	9	13	10	4	1	2	1	6
Process, Plant and Machine Operatives	6	22	1	15	6	4	4	6
Elementary Occupations	24	13	14	8	8	1	3	16
Total	**83**	**84**	**71**	**143**	**47**	**28**	**29**	**73**

Source: Jobcentre Plus Vacancies

[25] Coverage relates just to vacancies notified to JobCentre Plus and as such represent a market share of vacancies throughout the whole economy.

A comparison of Table 5.3 with information on the occupations being sought by unemployment claimants, (Table 5.4, over) shows that there are nowhere near enough vacancies to satisfy local demand.

Table 5.4: Claimants by Occupation Sought in Local Area

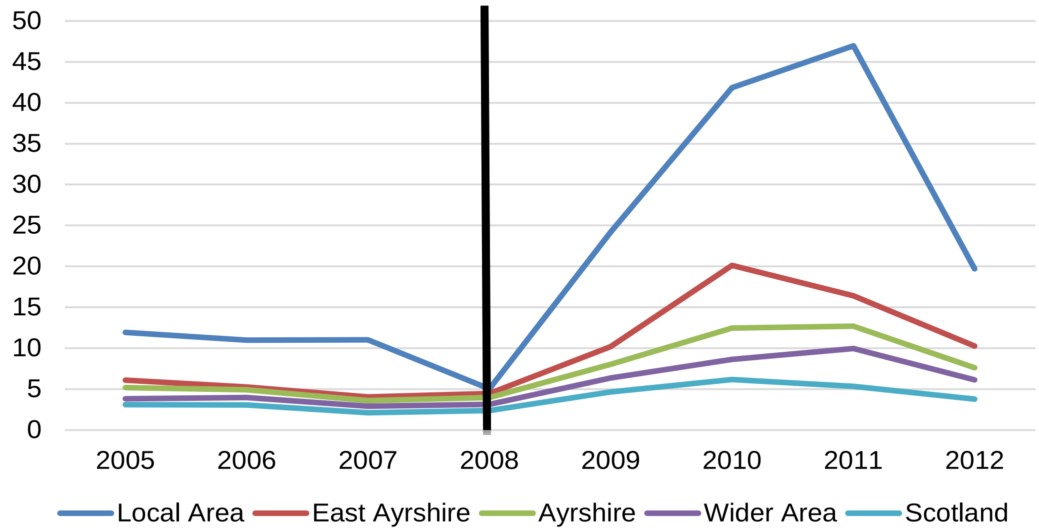
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Occupation Unknown	0	0	0	0	0	0	0	10	40
Managers and Senior Officials	20	10	10	0	25	45	30	25	10
Professional Occupations	10	15	15	5	15	35	15	40	10
Associate Professional and Technical Occupations	35	40	25	20	45	40	40	50	35
Administrative and Secretarial Occupations	85	65	50	60	80	65	100	115	95
Skilled Trades Occupations	135	145	115	110	235	205	215	225	185
Personal Service Occupations	120	85	80	55	100	95	140	150	135
Sales and Customer Service occupations	105	110	95	105	155	185	240	280	260
Process, Plant and Machine Operatives	170	170	130	115	215	215	215	220	245
Elementary Occupations	370	345	300	270	370	405	450	465	405
Total	1,060	1,000	830	770	1245	1,270	1,455	1,555	1,425

Source: Jobcentre Plus Vacancies

Figure 5.6, over, shows trends in the ratio of claimant count to notified vacancies, where a high ratio implies that there are large numbers of unemployed people for each notified vacancy.

The Local Area has performed poorly compared to the other areas, with over ten claimants for every vacancy in the pre-recession period, rising to a peak of 47 claimants for every vacancy in 2011. These are much higher than for the comparator areas indicating a relative lack of local employment opportunities.

Figure 5.6: Claimant Count Notified Vacancies Ratio



Source: Claimant Count &Jobcentre Plus Vacancies

5.4 Long Term Unemployed

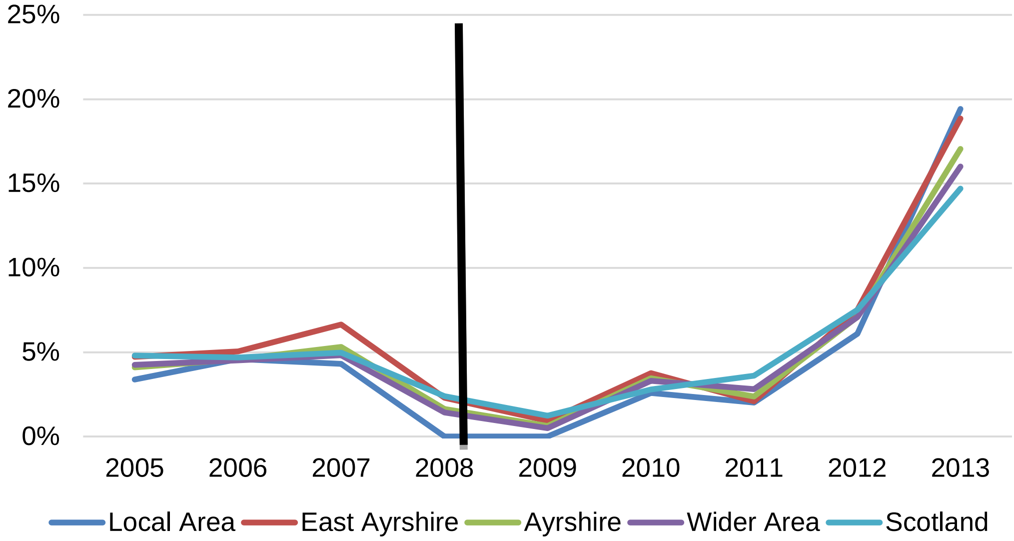
Figure 5.7 and Table 5.5 show levels of long term unemployment, with the numbers claiming for over two years rising significantly over the last two years. This is particularly acute in the Local Area with the percentage of long term claimants nearing 20%.

Table 5.5: Number of Claimants Claiming for Two or More Years

	2008	2009	2010	2011	2012	2013
Local Area	0	0	35	30	95	270
East Ayrshire	60	40	165	100	375	830
Ayrshire	130	80	435	325	1005	2160
Wider Area	210	125	815	745	1915	3935
Scotland	1,860	1,640	3,825	5,270	10,940	19,445

Source: Claimant Count

Figure 5.7: Percentage of Claimants Claiming for Two or More Years



Source: Claimant Count

6. Benefits

Table 6.1 shows the number of people claiming benefits and the percentage of the working-age population that are doing so for each individual benefit[26].

Table 6.1: Benefit Claimants

	East Ayrshire		Ayrshire		Wider Area		Scotland	
	No.	%	No.	%	No.	%	No.	%
Carers Allowance	870	1%	2,470	1%	5,420	1%	27,610	1%
Disability Living Allowance (DLA)	1,020	1%	7,660	3%	6,940	1%	42,110	1%
Incapacity Benefit (IB)	2,600	4%	6,170	3%	16,060	3%	102,120	3%
Income Support/ Pension Credit	1,340	2%	3,920	2%	7,490	1%	41,920	1%
Job Seekers Allowance	4,490	6%	13,110	6%	25,440	5%	138,590	4%
Severe Disablement Allowance	10	0%	30	0%	60	0%	360	0%
Widows Benefit	60	0%	190	0%	420	0%	2,470	0%
Multiple Claimants	5,450	7%	16,120	7%	35,160	7%	205,930	6%
Of which DLA & IB[27]	2,780	4%	8,290	4%	18,340	4%	107,680	3%
Total	15,820	21%	46,420	21%	96,940	19%	561,110	17%

Source: Work and Pensions Longitudinal Study (WPLS)

There is little difference between East Ayrshire and Ayrshire, but there is a clear difference between these and the Wider Area and Scotland in which there are smaller proportions of the working age population claiming some form of benefit.

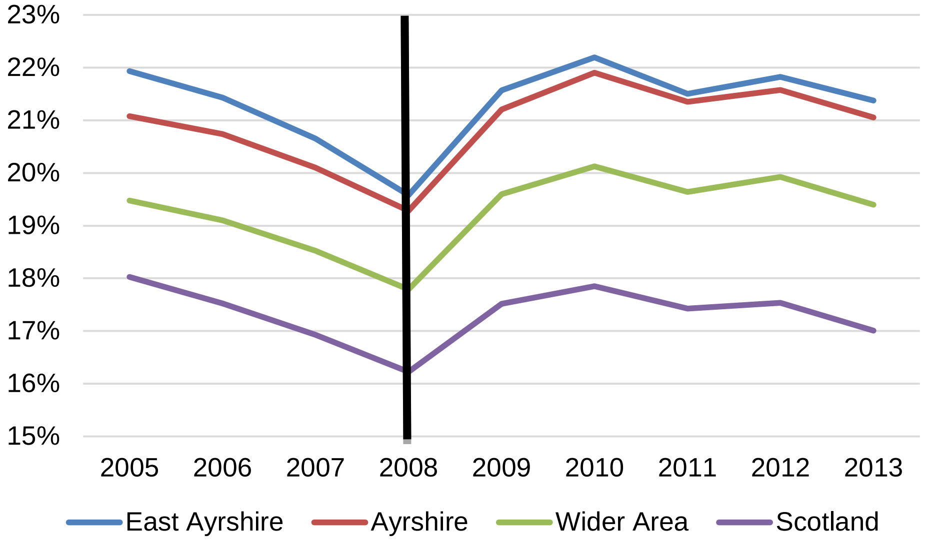
The most common type of benefits claimant across all four areas claims multiple benefits, with the most prominent amongst these being those claiming both Disability Living Allowance (DLA) and Incapacity Benefit (IB).

The other most commonly claimed benefit is Job Seekers Allowance (JSA), which is dealt with in the previous section.

[26] Data for the Local Area is not presented as they are only available at the local authority level.
[27] This figure is a subset of Multiple Claimants and should not be added to the total

Figure 6.1shows the change in the total number of claimants over time

Figure 6.1: Total Number of Claimants



Source WPLS

There was a sharp increase in 2008, which can be attributed in the main to the increase in JSA claimants. Beyond this, the figure illustrates that both East Ayrshire and Ayrshire have persistently higher proportions of claimants than the Wider Area and Scotland as a whole.

7. Skills and Education

7.1 Working Age Skills

Statistics on working age skills are only available for local authority levels and above so East Ayrshire will be the lowest level considered. Table 7.1 shows that East Ayrshire has a lower levels of skills at all levels, as well as a larger number of people with no qualifications, than the comparator areas.

Table 7.1: Working Age Skills 2012

	East Ayrshire	Ayrshire	Wider Area	Scotland
NVQ 4+	27%	29%	33%	39%
NVQ 3+	47%	51%	55%	59%
NVQ 2+	64%	67%	71%	73%
NVQ 1+	75%	78%	82%	83%
Other Qualifications	7%	7%	6%	6%
No Qualifications	18%	15%	12%	11%

Source: SNS

7.2 Leaver Destinations

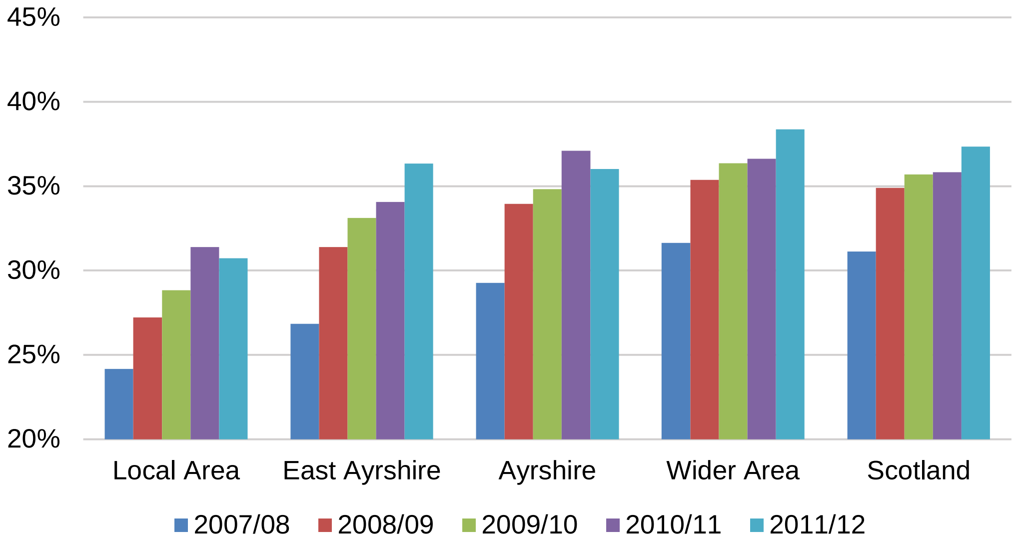
Table 7.2 shows the number of school leavers in 2011/12 and Figure 7.1 shows trends in school leavers going on to Higher or Further Education.

Table 7.2: Numbers of School Leavers 2011/12

	Male	Female	Total
Local Area	211	186	397
East Ayrshire	600	567	1,167
Ayrshire	1,898	1,839	3,737
Wider Area	4,161	4,084	8,245
Scotland	25,693	25,192	50,885

Source: SNS

Figure 7.1: School Leavers Entering Higher Education

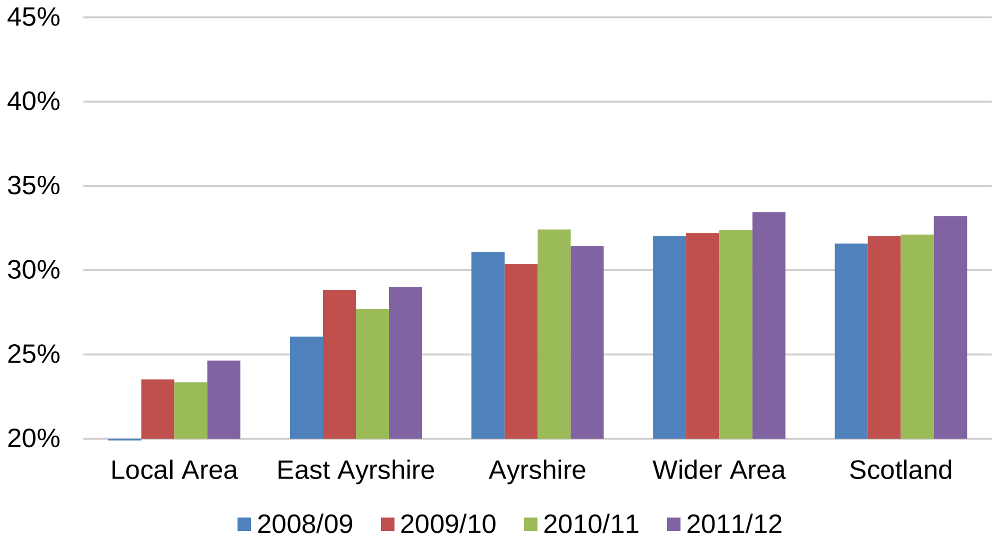


Source: SNS

A smaller proportion of school leavers from the Local Area, East Ayrshire and Ayrshire go on to higher education than in the Wider Area and in Scotland.

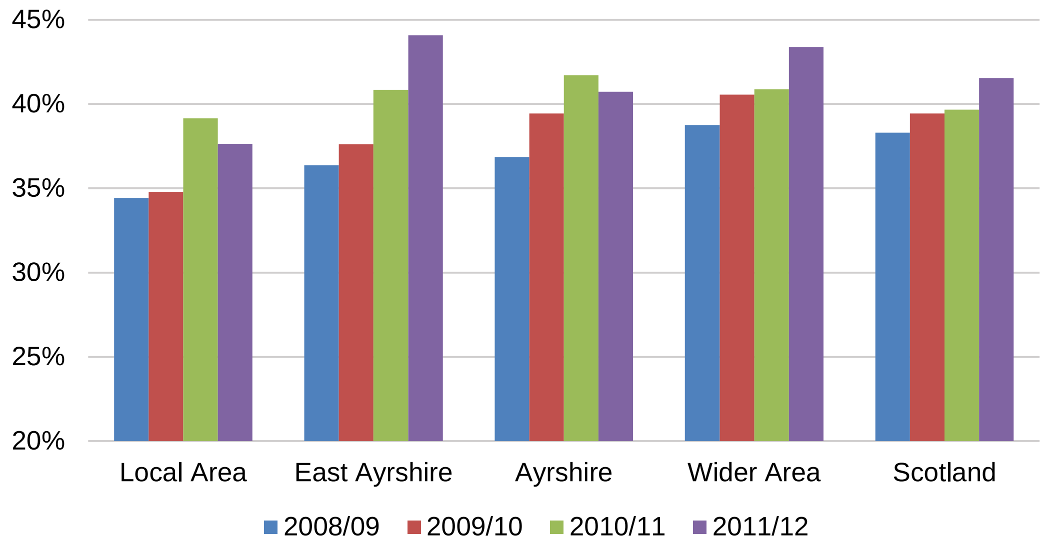
Figures 7.2 and 7.3 give the data for males and females.

Figure 7.2: Male School Leavers Entering Higher Education



Source: SNS

Figure 7.3: Female School Leavers Entering Higher Education

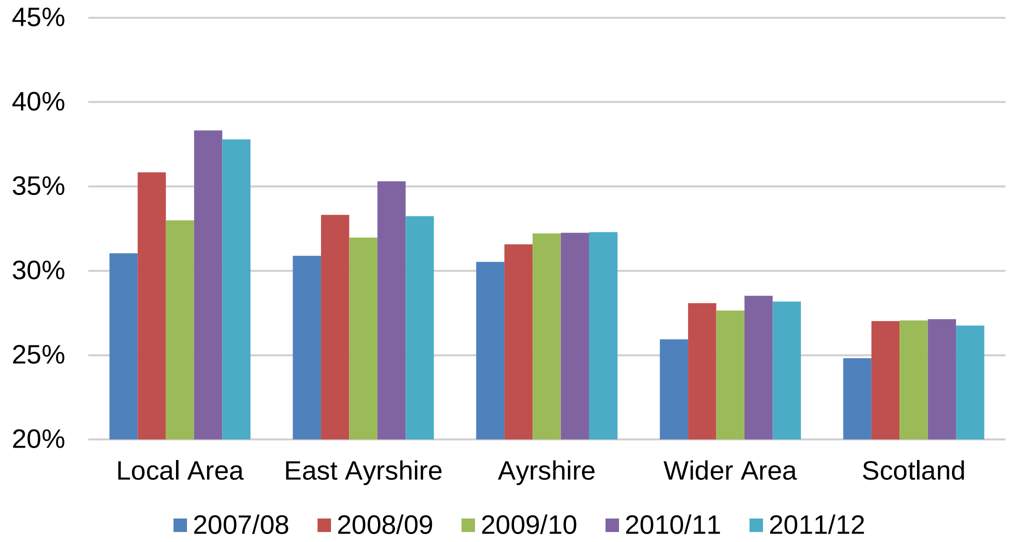


Source: SNS

There is a general trend across areas that females are more likely to go on to higher education than males, however males are less likely to go on to higher education if they live in the Local Area or East Ayrshire compared to the other comparators than females.

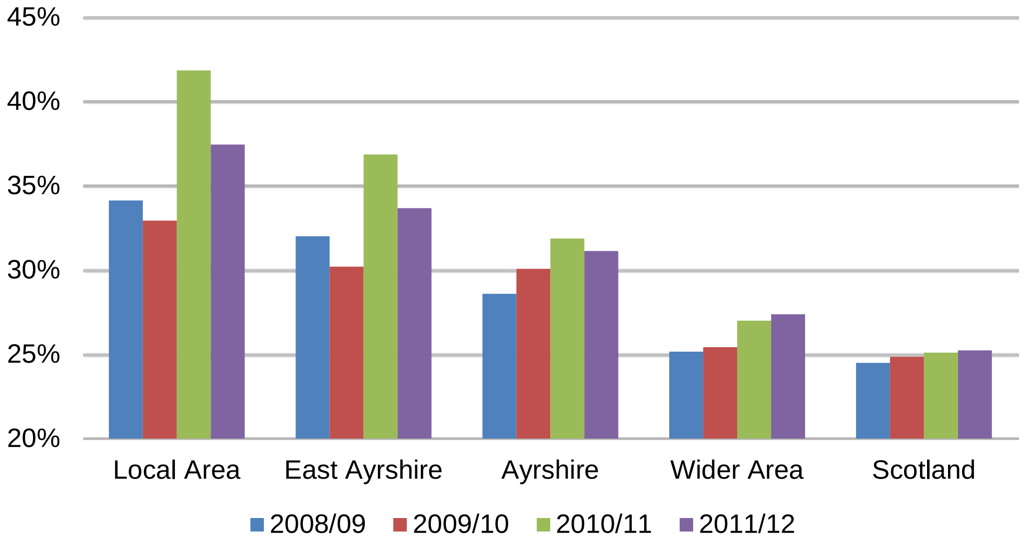
Figures 7.4, 7.5 and 7.6 give comparable data for those entering further education.

Figure 7.4: School Leavers Entering Further Education



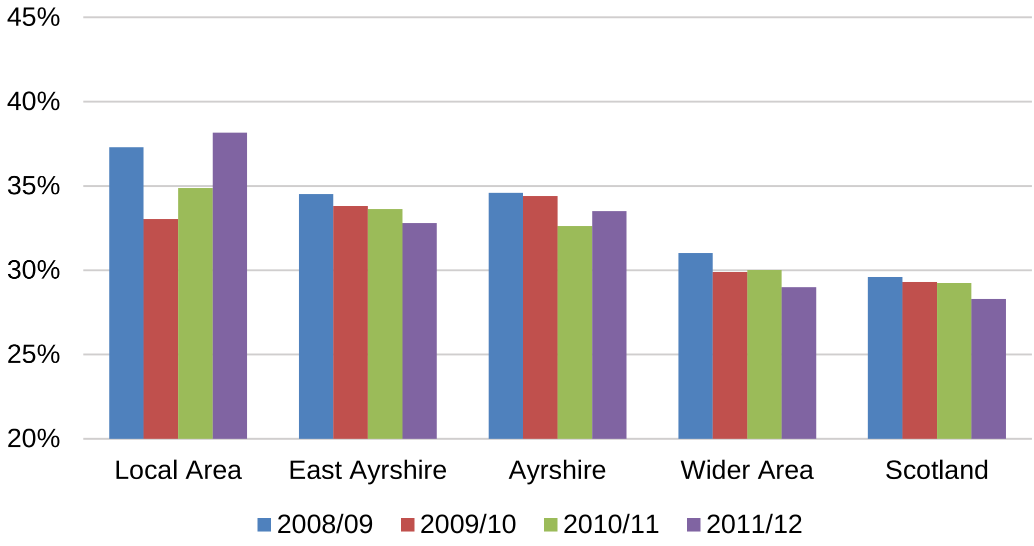
Source: SNS

Figure 7.5: Male School Leavers Entering Further Education



Source: SNS

Figure 7.6: Female School Leavers Entering Further Education

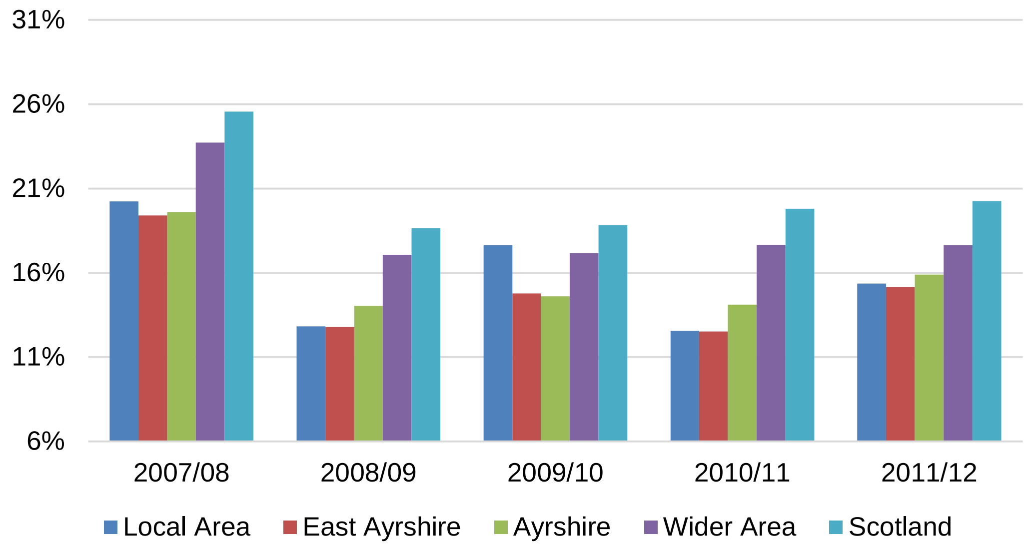


Source: SNS

School leavers in the Local Area, East Ayrshire and Ayrshire are much more likely to go on to further education than those in the Wider Area and Scotland, with this difference particularly noticeable amongst males.

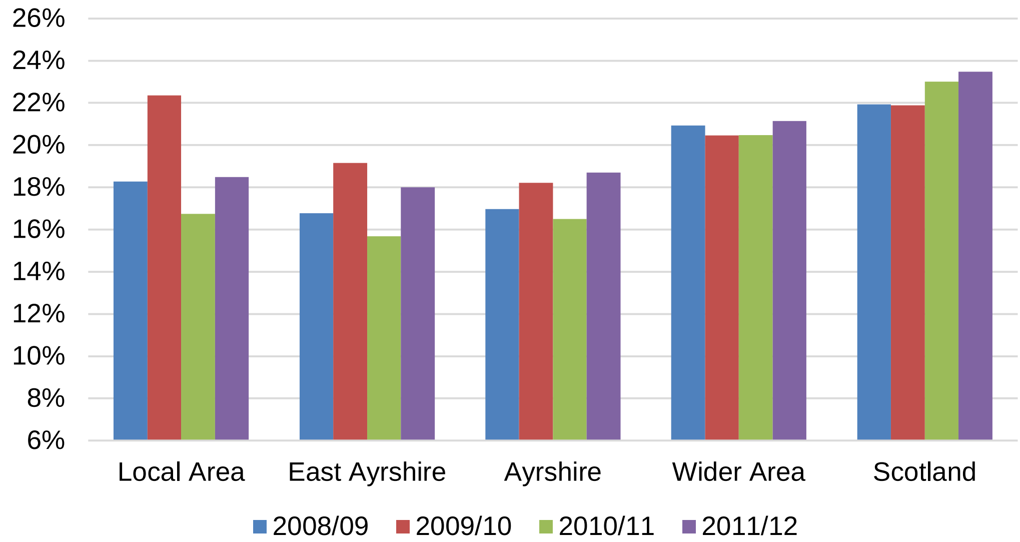
Figures 7.7, 7.8and 7.9 give comparable data for those entering employment.

Figure 7.7: School Leavers Gaining Employment



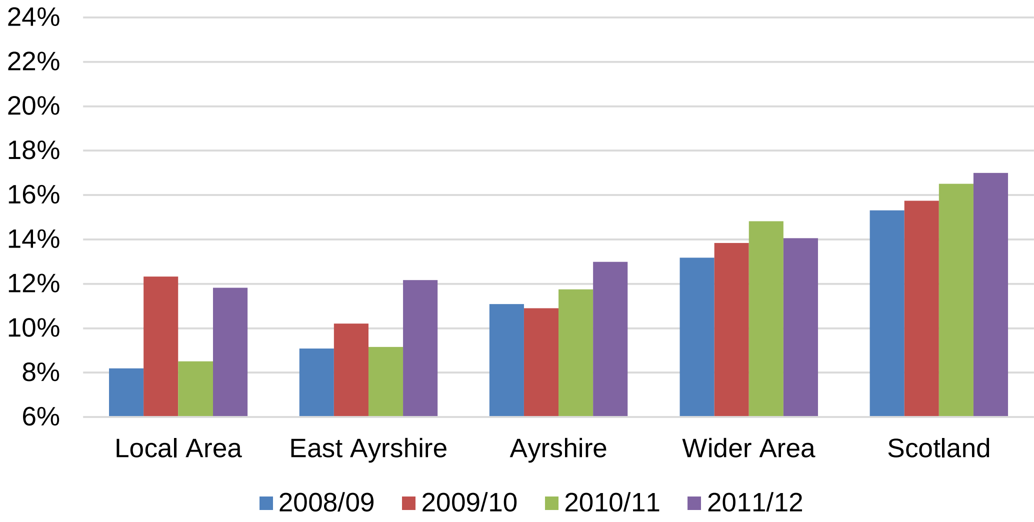
Source: SNS

Figure 7.8: Male School Leavers Gaining Employment



Source: SNS

Figure 7.9: Female School Leavers Gaining Employment

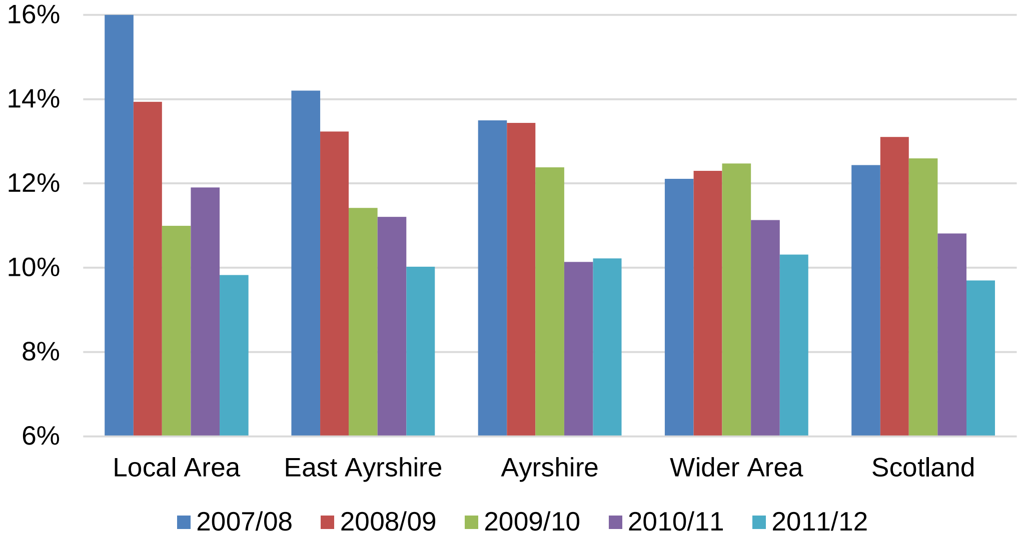


Source: SNS

These data show that males, in general, and those from the Wider Area and Scotland are more likely to gain employment when leaving school and that the proportions of school leavers going into jobs fell sharply after 2008/09. This lack of job opportunities in the Local Area partially explains the high levels of school leavers going on to tertiary education.

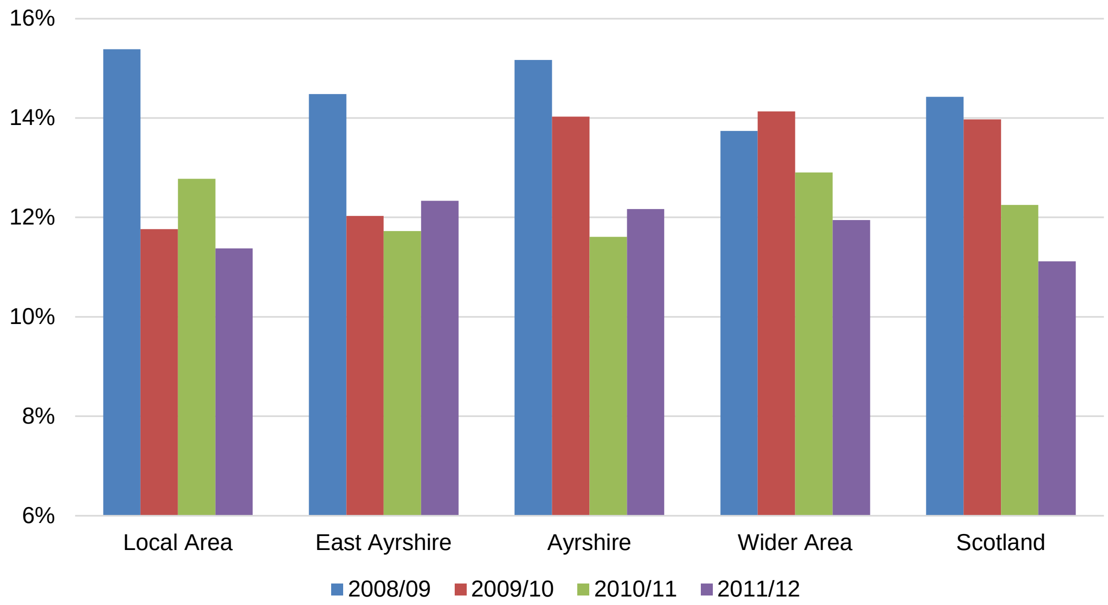
Figures 7.10, 7.11and 7.12show trends in school leavers becoming unemployed after leaving.

Figure 7.10: School Leavers Unemployed



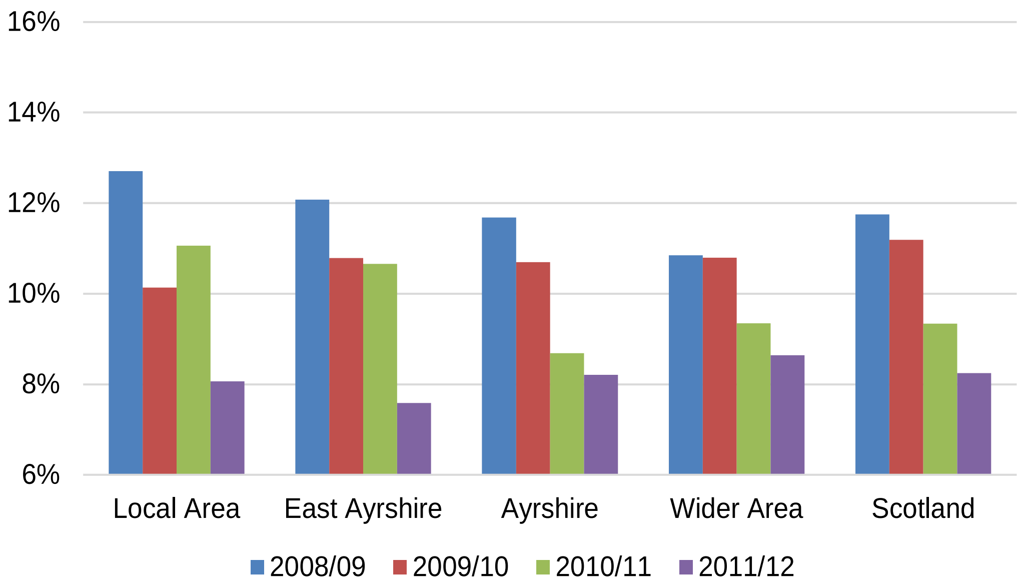
Source: SNS

Figure 7.11: Male School Leavers Unemployed



Source: SNS

Figure 7.12: Female School Leavers Unemployed



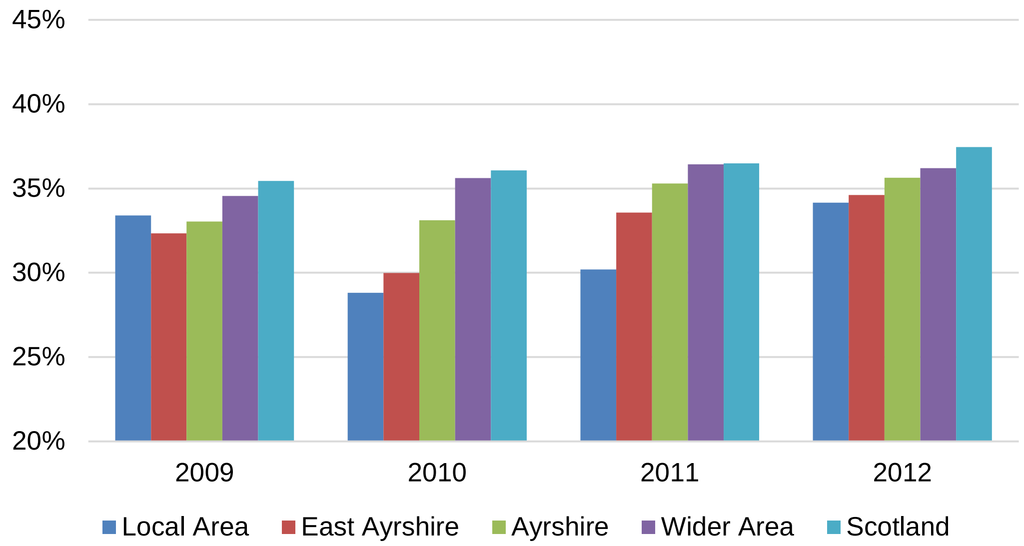
Source: SNS

There has been a decline in school leavers becoming unemployed in all areas and for both genders. Males are more likely to have become unemployed than females, due mainly to the lower proportions going on to tertiary education.

7.3 Exam Results

Figures 7.13, 7.14and 7.15, over,show exam results, by gender, for S4 pupils.

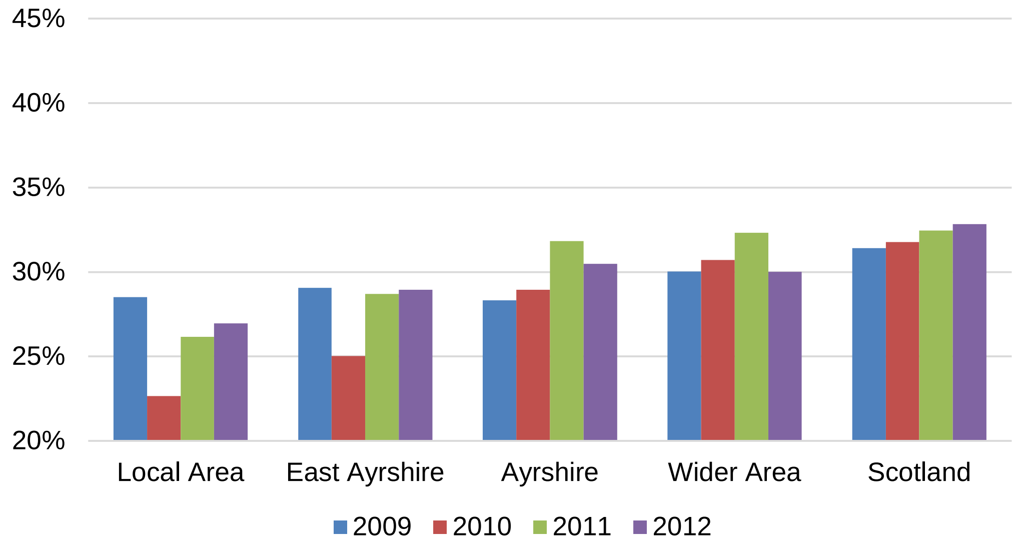
Figure 7.13: % S4 Pupils with 5 or more SCQF Level 5 or above awards



Source: SNS

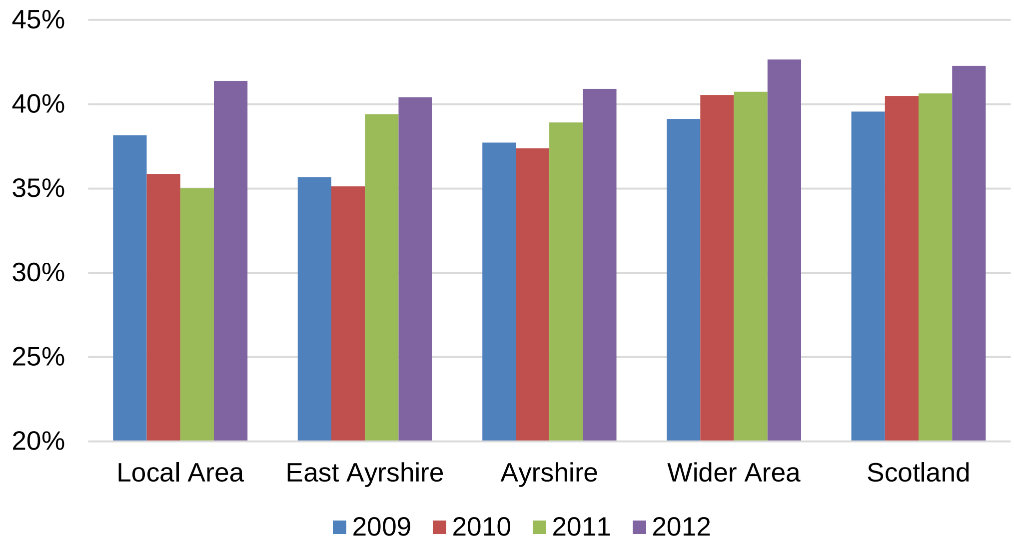
Results for S4 pupils have improved across all areas, although they have varied substantially year-on-year. Wider Area and Scotland-wide results are consistently been better than those for others, whilst Local Area exam results have generally been the poorest.

Figure 7.14: % S4 Male Pupils with 5 or more SCQF Level 5 or above awards



Source: SNS

Figure 7.15: % S4 Female Pupils with 5 or more SCQF Level 5 or above awards

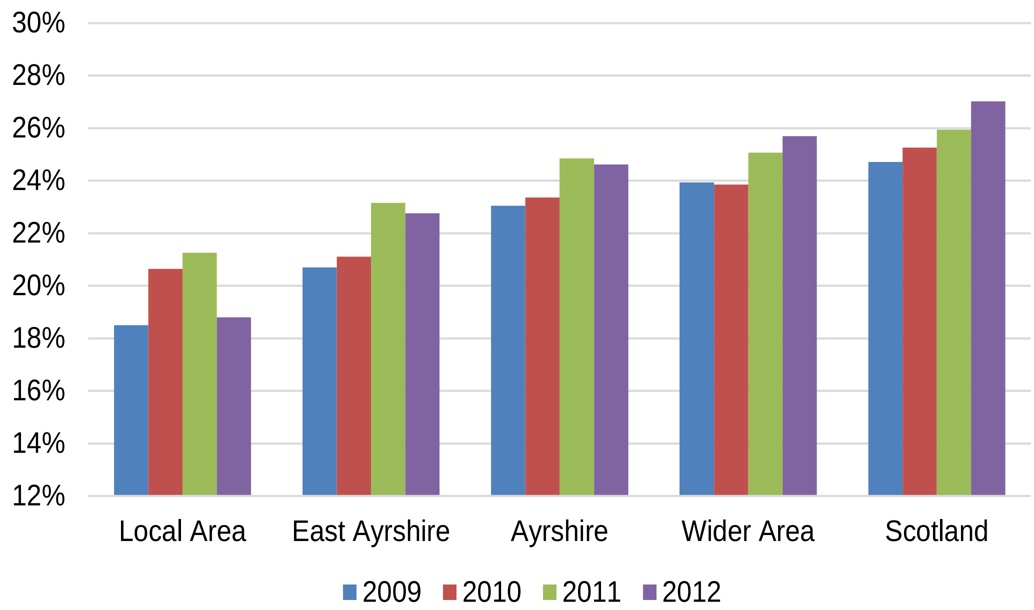


Source: SNS

Males in the Local Area have consistently achieved worse results than in the comparator areas, and below the levels achieved in 2009 levels. Female pupils in the Local Area have better exam results, at comparable levels to elsewhere.

Figure 7.16shows trends for all S5 and S6 pupils.

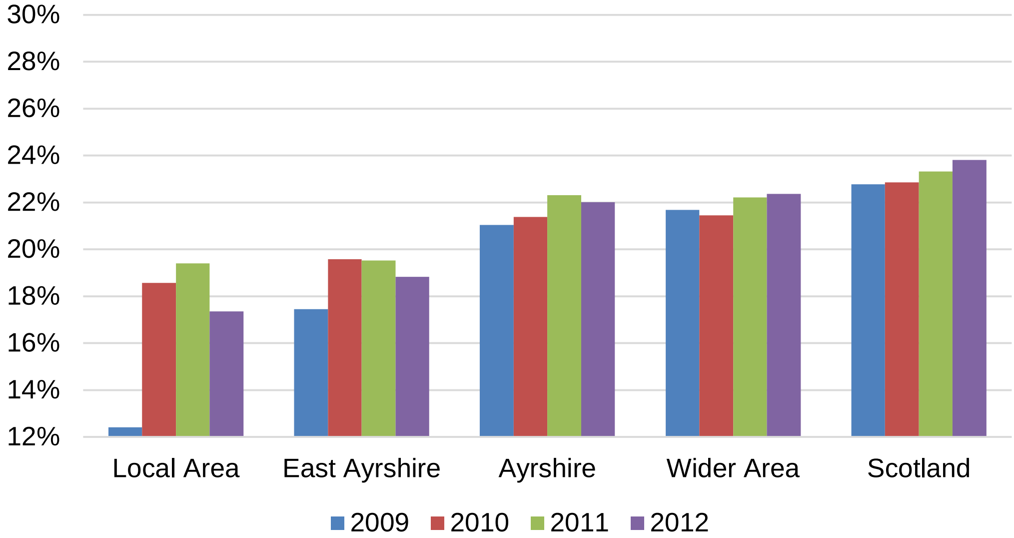
Figure 7.16: % S5/S6 Pupils with 5 awards at SCQF Level 6



Source: SNS

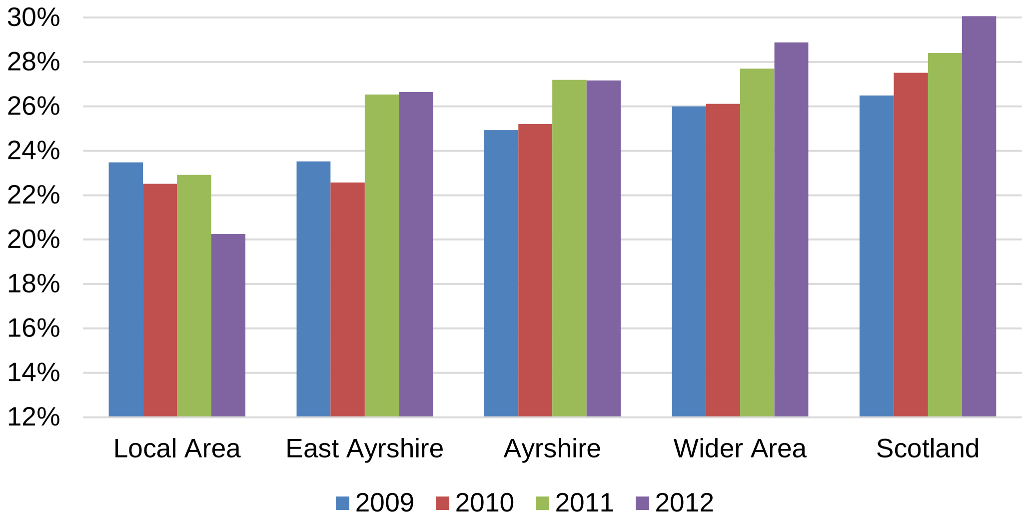
A similar picture emerges for S5/S6 pupils with achievement rates generally rising but with the Local Area having significantly worse results. These data are presented by gender in Figures 7.17and 7.18.

Figure 7.17: % Male S5/S6 Pupils with 5 awards at SCQF Level 6



Source: SNS

Figure 7.18: % Female S5/S6 Pupils with 5 awards at SCQF Level 6



Source: SNS

The data again show that female pupils perform better than their male counterparts. It is noticeable also that performance in the Local Area lags behind that achieved in all of Ayrshire and the Wider Area, for both genders.

Overall, people living in the Local Area have lower levels of skills and educational attainment than the comparator areas, especially the Wider Area and Scotland as a whole. There are larger proportions of school leavers going on to tertiary education in all areas of Ayrshire than in the Wider Area and Scotland; this might be due to the lack of employment opportunities and is primarily made up of school leavers moving into further education, which generally supplies students with lower value skills than higher education. There is a significant gap in educational attainment levels between the genders, but this is common across all comparator areas and is not specific to the Local Area

8. Scottish Index of Multiple Deprivation

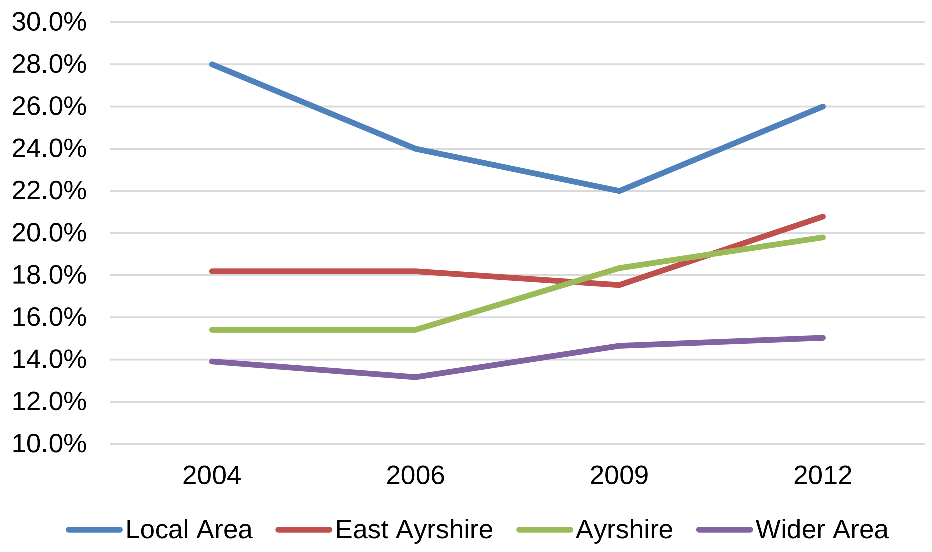
The Scottish Index of Multiple Deprivation (SIMD) indexes deprivation across small areas throughout the country, ranking each datazone from 1 to 6,605 (the total number of datazones in Scotland), with 1 being the most deprived area, and 6,605 being the least. The following figures will show what percentage of datazones in each of the comparator areas are in the bottom 15% most deprived in Scotland, according to various different metrics. All Figures below present comparative data from four SIMD indexes – 2004, 2006, 2009, and 2012.

Changes in these rankings should be treated with caution, however, since they measure deprivation relative to the rest of Scotland rather than on an absolute basis. For example, if all datazones in Aberdeen and Dundee significantly worsened and Ayrshire datazones remained static, the Ayrshire datazones would climb the SIMD rankings without any change in absolute levels of deprivation.

Overall SIMD

Figure 8.1presents the proportion of datazones in each comparator area which are among the 15% of most deprived datazones in Scotland.

Figure 8.1: Overall SIMD Rankings

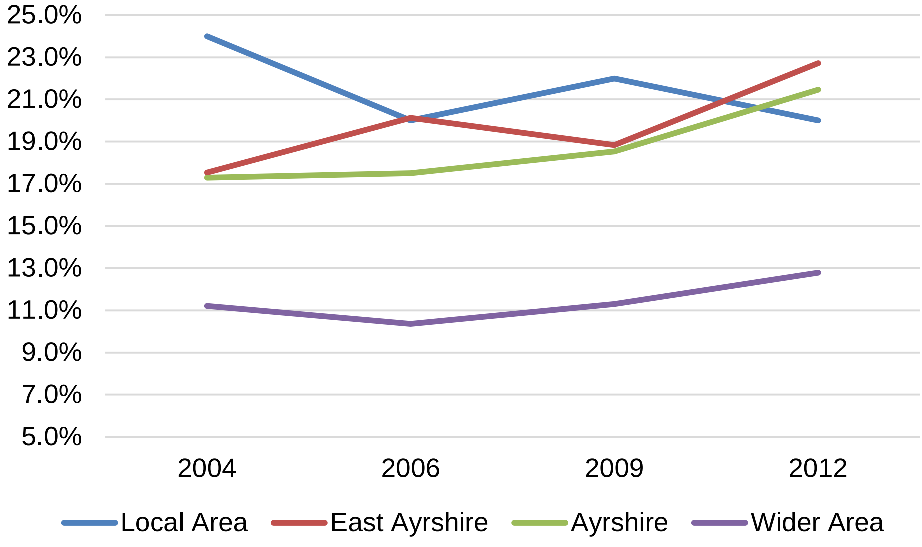


Source: Scottish Index of Multiple Deprivation (SIMD)

The Local Area has consistently had the highest proportion of datazones among the 15% most deprived, and whilst this decreased prior to 2009, there has been an increase since, to 26% in 2012. The rates of both East Ayrshire and Ayrshire have gradually increased, whilst the wider area has remained largely constant – this area has had the lowest rates every year.

Income deprivation is particularly high in all three Ayrshire areas, as shown in Figure 8.2. The Wider Area has consistently had fewer income deprived areas, almost half of the area with the highest rates across the years.

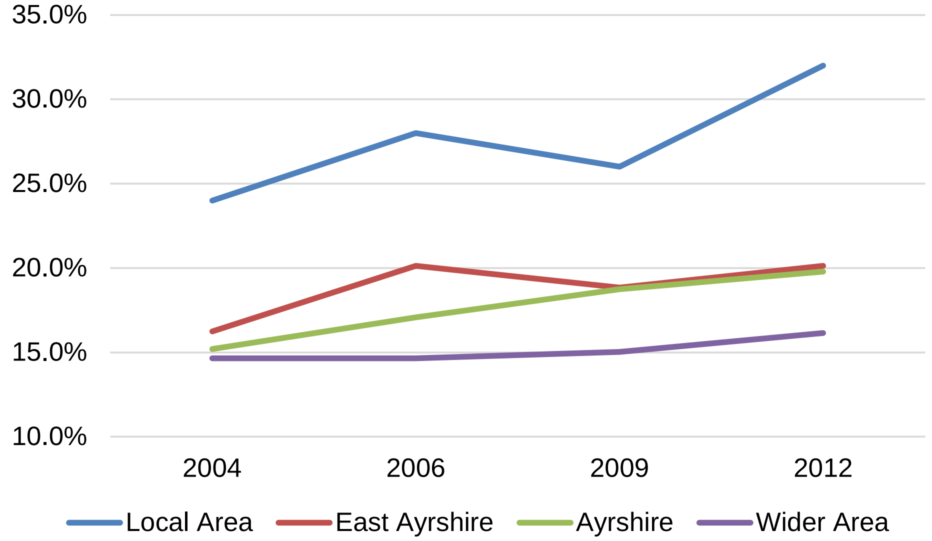
Figure 8.2: Income Deprivation



Source: SIMD

Employment deprivation in all areas is increasing, and is particularly high in the Local Area, being significantly higher than all other comparator areas, Figure 8.3. This is consistent with our earlier observations around unemployment and notified vacancies.

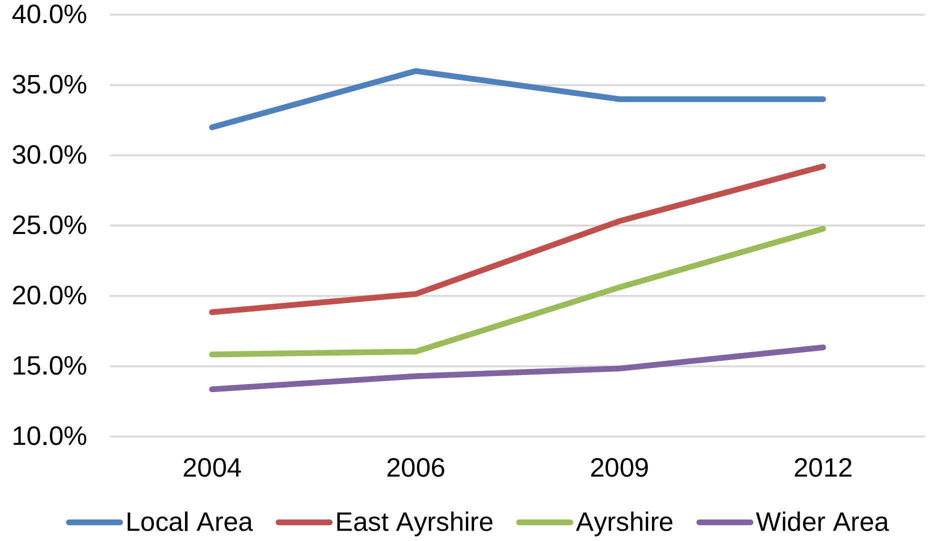
Figure 8.3: Employment Deprivation



Source: SIMD

Health deprivation is significantly higher in the Local Area than the comparator areas, however, there has been a sharp increase since 2006 throughout both East Ayrshire and Ayrshire. The same period has seen a decrease in the Local Area, Figure 8.4.

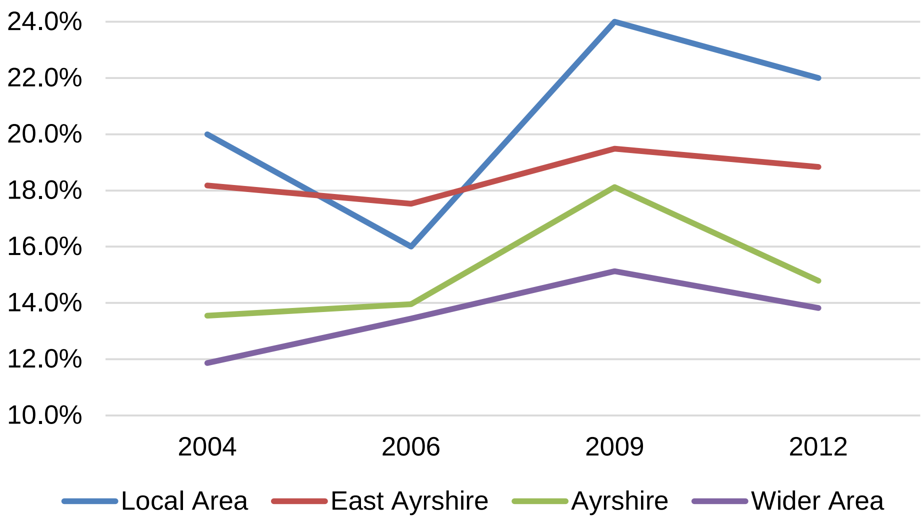
Figure 8.4: Health Deprivation



Source: SIMD

Education deprivation, shown in Figure 8.5, in the Local Area is above average and worse than all comparator areas. Deprivation in all areas increased between 2006 and 2009 – this was particularly pronounced in the Local Area – before a decrease thereafter.

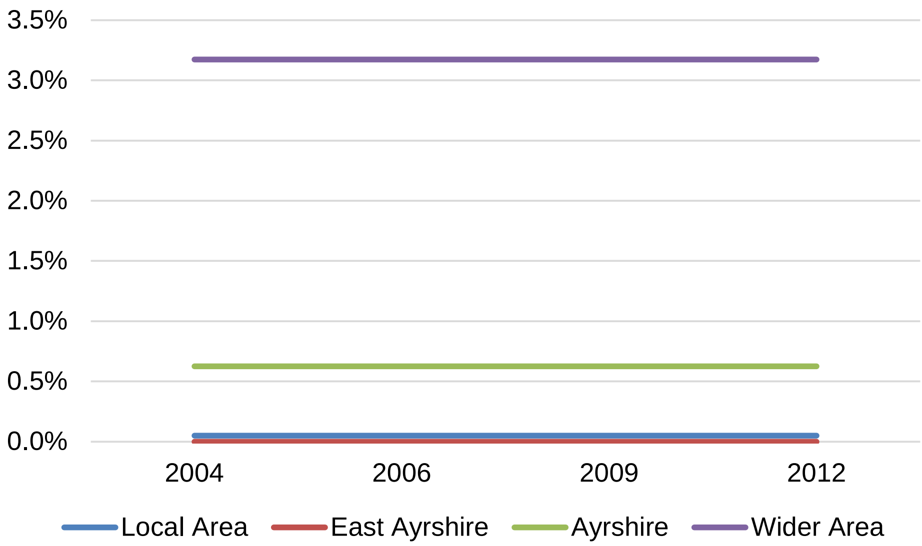
Figure 8.5: Education Deprivation



Source: SIMD

Housing deprivation is a negligible problem in all areas, with the Local Area and East Ayrshire having no datazonesin the 15% most deprived areas, Figure 8.6.

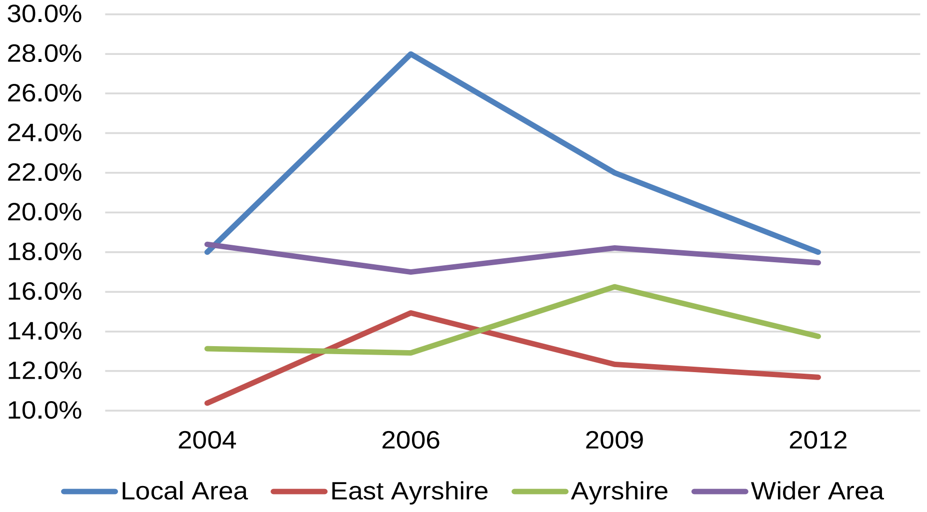
Figure 8.6: Housing Deprivation



Source: SIMD

Geographic access to services deprivation remains a significant problem in the Local Area relative to its comparators - due to its largely rural nature, however, this has reduced significantly since its 2006 peak, demonstrated in Figure 8.7.

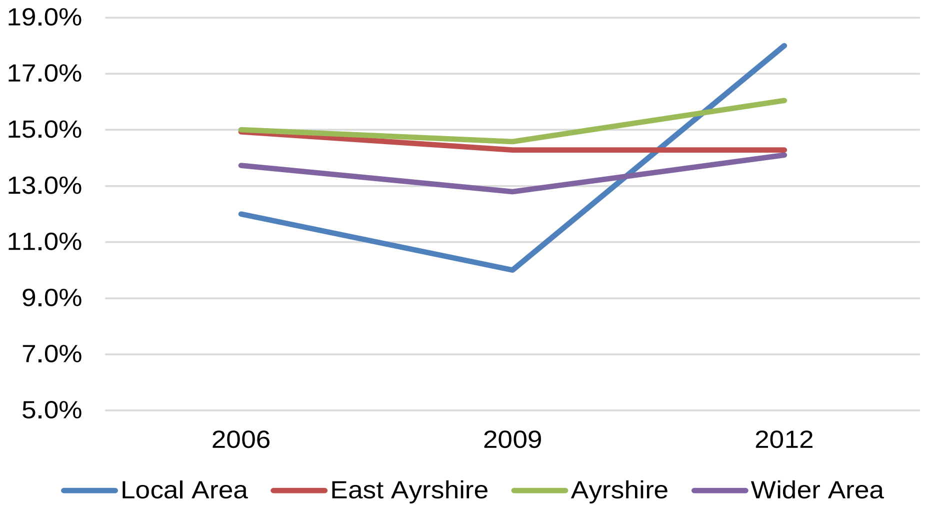
Figure 8.7: Geographic Access to Services Deprivation



Source: SIMD

Crime deprivationis an issue for all areas – having increased slightly in Ayrshire and the Wider Area over the period. This domain is becoming of greater concern to the Local Area, which has moved from the area with the lowest rate, to that with the highest in six years, Figure 8.8.

Figure 8.8: Crime Deprivation[28]



Source: SIMD

[28] N.B. The Crime domain was only included in SIMD from 2006 onwards