Acknowledgement

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Skills Assessment 2015 Update: Dumfries and Galloway

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Introduction

What is this report?

This is the 2015 summary Regional Skills Assessment (RSA) for Dumfries and Galloway. It has been developed by Skills Development Scotland (SDS) in partnership with Scottish Enterprise (SE), the Scottish Funding Council (SFC) and the Scottish Local Authorities Economic Development (SLAED) Group. It updates the 2014 RSA evidence base with the latest data, refreshing and developing what this means for skills investment planning.

The 2015 RSA areas now align with Regional Outcome Agreement areas. As part of this realignment, the regional footprint for some RSAs remains unchanged, whilst for others, there has been some change. Dumfries and Galloway was previously combined with Borders to make the South of Scotland RSA, whereas now it stands on its own. The update is therefore designed to support the SFC and Regional Colleges in negotiating Regional Outcome Agreements. The update also supports SDS in planning its provision for individuals and businesses, whilst also helping regional partners with their skills investment planning.

The 2015 series of update reports highlight some of the key messages for the regions. They are summary reports, underpinned by the full data matrix, available at sds.co.uk/what-we-do/partnerships/regional-skills-assessments/. The data matrix has been redesigned to be more user-friendly, and accompanying guidance on how to use the matrix can be found alongside the full data matrix.

What has changed since 2014?

The economic situation in Scotland has continued to improve in the last year, and the recovery evident at the time of the last RSA is more firmly established, with rising GVA and falling unemployment. Against many indicators, Scotland has returned to pre-recession levels. There continues to be a rise in the participation of women and older workers, and youth unemployment previously apparent has started to fall. Still, under-employment remains an issue and productivity growth in Scotland (and the UK) remains weak and largely consumer-driven.

In policy terms, a new Economic Strategy for Scotland is in place. It puts the 4 ‘I’s – Internationalisation, Investment, Innovation and Inclusive Growth – as central to the strategy. Increasing exports continues to be a key policy objective, and the prominence of Inclusive Growth reflects the desire for a re-balancing form of economic growth. Innovation, including workplace innovation, continues to be highly important. Investment continues to be necessary for firms to be successful. Existing strategies and policies also remain important, including the 2010 Skills Strategy and the 2014 Developing the Young Workforce - Scotland’s Youth Employment Strategy.

The 2015 RSA update seeks to reflect some of these policy developments. For the first time the data matrix includes deprivation indicators, and there is greater attention paid to inequality issues such as age, disability and gender indicators. There is also more detail on school-level provision, migration, travel to work/study, claimant counts and employment projections.

The Dumfries and Galloway RSA

This 2015 RSA update covers the geographic area of Dumfries and Galloway, which is coterminous with the local authority area.
### Selected headline indicator changes

<table>
<thead>
<tr>
<th>Economic performance</th>
<th>2014 RSA</th>
<th>2015 RSA</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Value Added (GVA) (£m)</td>
<td>£2,297 (2012)</td>
<td>£2,329 (2013)</td>
<td>+1.4%</td>
</tr>
<tr>
<td>GVA per worker</td>
<td>£35,400 (2012)</td>
<td>£35,100 (2013)</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Number of businesses</td>
<td>7,370 (2013)</td>
<td>7,445 (2014)</td>
<td>+1.0%</td>
</tr>
<tr>
<td>Business births per 10,000</td>
<td>21 (2012)</td>
<td>29 (2013)</td>
<td>+38.1%</td>
</tr>
<tr>
<td>BERD per head</td>
<td>£32 (2012)</td>
<td>£33 (2013)</td>
<td>+3.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profile of the workforce</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total employment</td>
<td>57,100 (2013)</td>
<td>58,700 (2014)</td>
<td>+2.8%</td>
</tr>
<tr>
<td>Professional occupations</td>
<td>8,400 (2013)</td>
<td>7,700 (2014)</td>
<td>-8.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>People and skills supply</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>150,300 (2013)</td>
<td>149,900 (2014)</td>
<td>-0.3%</td>
</tr>
<tr>
<td>ILO unemployed</td>
<td>4,700 (2013/14)</td>
<td>3,900 (2014/15)</td>
<td>-17.0%</td>
</tr>
<tr>
<td>16-24 unemployed</td>
<td>573 (Sep 2014)</td>
<td>306 (Sep 2015)</td>
<td>-47%</td>
</tr>
<tr>
<td>18-24 unemployed (claimants)</td>
<td>585 (Aug 2014)</td>
<td>280 (Aug 2015)</td>
<td>-52%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deprivation</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Workless households</td>
<td>11,646 (2012)</td>
<td>10,414 (2013)</td>
<td>-10.6%</td>
</tr>
<tr>
<td>% of children with free school meals</td>
<td>n/a</td>
<td>36% (2015)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education and training</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MA starts</td>
<td>710 (2013/14)</td>
<td>755 (2014/15)</td>
<td>-6.3%</td>
</tr>
<tr>
<td>MA achievements as % of all leavers</td>
<td>80% (2013/14)</td>
<td>76% (2014/15)</td>
<td>-4%</td>
</tr>
<tr>
<td>Employability Fund starts</td>
<td>-</td>
<td>455 (2014/15)</td>
<td>-</td>
</tr>
<tr>
<td>College provision (headcount)</td>
<td>n/a</td>
<td>6,377 (2013/14)</td>
<td>n/a</td>
</tr>
<tr>
<td>College provision of HE</td>
<td>11%* (2012/13)</td>
<td>9% (2013/14)</td>
<td>-2%</td>
</tr>
<tr>
<td>Total Higher Education students</td>
<td>n/a</td>
<td>1,175 (2013/14)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Skills mismatches</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% of employers reporting hard to fill vacancies</td>
<td>3%* (2014)</td>
<td>(next updated 2016)</td>
<td>n/a</td>
</tr>
<tr>
<td>% of employers reporting skills shortage vacancies</td>
<td>2%* (2014)</td>
<td>(next updated 2016)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Please note, these figures are for the South of Scotland (Scottish Borders and Dumfries and Galloway)
1 Economic performance

Headline summary

- GVA continued to rise by 1.4% in the region between 2012 and 2013, 2% of the national total, largely due to the production sector.
- Productivity levels remain below the Scotland and UK averages, and have fallen slightly since 2011, despite a 19% growth since 2006.
- Average workplace earnings in Dumfries and Galloway remain below Scottish and UK averages, and earnings fell in the last year while they rose nationally.
- The business base continued to grow, although at a lower rate than nationally, and it is dominated by the agricultural sector which makes up almost a third of the entire base.
- Business Expenditure on Research and Development (BERD) per head continues to be low, around one fifth of the Scottish average.

Gross Value Added (GVA)

Output in Dumfries and Galloway grew between 2012 and 2013, after it had contracted the previous year. The region accounts for 2% of Scotland’s total output in 2013, the same as the previous year, although one percentage point lower than the region’s share of national population. Output from the region is dominated by the production sector which accounts for 30% of total GVA.

The growth rate to 2013 (latest data) was at 1.4%, higher than the annual average growth rate from 2010 to 2013 of 0.6%.

Productivity

Levels of productivity in Dumfries and Galloway are below the Scottish and UK averages and have declined slightly in recent years. GVA per worker as a measure of productivity in the region was £35,100 in 2013, 25% lower than the Scottish average of £47,000 and 31% above the UK average of £51,000. Despite GVA per worker in Dumfries and Galloway falling more recently by 4% between 2011 and 2013, it grew by 19% between 2006 and 2013, slightly above the 18% growth in Scotland and 17% for the UK.

Earnings

Most recent (2014) data shows that jobs in Dumfries and Galloway, at £432 per week, pay well below the Scotland average of £519 and the UK average of £518. Since 2013, these full time worker earnings in the workplace have actually fallen by 1% in Dumfries and Galloway, while they have risen by 2% across Scotland.

However, those living in Dumfries and Galloway earn more than those working in the region - £454 per week. Many may commute to slightly better paid jobs in the surrounding local authority areas. For residence-based earnings, this is below the national average, £518. This is for those in full time work.
Business base

There were 7,445 VAT/PAYE registered businesses in 2014, up 1.0% between 2013 and 2014, lower than the 2.8% Scotland increase.

The base has shrunk by 1.1% since 2010, in contrast to the 5% increase in Scotland and 6% increase in the UK.

The business base is dominated by the agriculture, forestry and fishing sector, which accounted for 28% of all businesses in 2014, over three times the Scotland proportion, and higher than the 25% in 2013. The retail, accommodation and food services and professional, scientific & technical sectors all make up a smaller proportion of the business base than nationally.

<table>
<thead>
<tr>
<th>Business base by sector</th>
<th>Dumfries and Galloway</th>
<th>Scotland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry &amp; fishing</td>
<td>28%</td>
<td>9%</td>
</tr>
<tr>
<td>Retail</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Construction</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Professional, scientific &amp; technical</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td>Health</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Arts, entertainment, other services</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Production</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Transport &amp; storage</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Business admin &amp; support</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Motor trades</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Information &amp; communication</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Property</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Education</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Finance &amp; insurance</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Public admin &amp; defence</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Total</td>
<td>7,445</td>
<td>203,760</td>
</tr>
</tbody>
</table>

The profile of businesses by size remains fairly similar to Scotland, where 83% of registered businesses in Dumfries and Galloway are micro firms employing fewer than 10 people. Around 2% employ more than 50. In 2014, there were 15 businesses in Dumfries and Galloway employing more than 250. There were 435 business births in 2013, and at 29 per 10,000 population, this was a significant increase on the 21 per 10,000 in 2012, but still below the Scottish average of 40.

Levels of Business Expenditure on R&D (BERD) continue to be well below the national average – at £33 per head compared to £150 per head nationally.
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There are 50 Scottish Enterprise account managed companies, compared to 116 across the whole of South of Scotland a year previously; 2% of the lowland Scotland total, lower than the region’s share of businesses.

Infrastructure

Current major developments occurring in the region include the c.£240m refurbishment of Dumfries General Hospital acute in-patient facilities and £24m development of the new shared Dalbeattie Learning Campus. There are also a number of planned developments including Dumfries Learning Town, a £50m programme of work to bring together all schools, FE/HE and local businesses in the town (which includes Dalbeattie Learning Campus), which has the potential to rise to £100m; the Whitesands Regeneration project (£18m); the Stranraer Waterfront Regeneration project (£10m); and the Stranraer and Dumfries Town Centre Regeneration programmes (£6m combined).

2 Profile of the workforce

Headline summary

• Total employment continued to rise at an increasing rate in 2013 and 2014, and at a rate equal to the Scottish average.
• The health sector continues to dominate the employment base, with some 11,000 jobs.
• There was significant employment growth in residential care between 2012 and 2014, over 750 jobs, and a decline in sawmilling.
• 11% of the workforce is employed in professional occupations in the region, likely down from last year and well below the national average. Over 11,000 are employed in skilled trades.

Total employment

This update provides new employment data for 2013 and 2014. Total employment rose over the period 2009 to 2014 to 58,700. This represents a growth rate of 1%, equal to the Scotland rate, with the growth rate increasing between 2013 and 2014.
The employment by industry sector broadly mirrors the business base, with two exceptions. The top employing sector continues to be health. Some 19%, or 11,000, are employed in the sector, above the Scottish and Great Britain proportions, although the sector only accounts for 6% of the business base, reflecting a small number of large employers in the sector, such as local hospitals. Similarly, agriculture represents just 2% of employment but 28% of the business base, suggesting lots of small farms/employers and reflecting the fact that agriculture is not a highly labour intensive sector.

Retail and production are the two other key sectors of employment in the area, and both have a high employment concentration in Dumfries and Galloway, again signifying the predominance of lower paid jobs in the area. Other large employment sectors include education and accommodation & food services, both of which are also over-represented in the region.

<table>
<thead>
<tr>
<th>Dumfries and Galloway region sector specialisation (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor trades</td>
</tr>
<tr>
<td>Retail</td>
</tr>
<tr>
<td>Production</td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
</tr>
<tr>
<td>Transport &amp; storage (inc postal)</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>Wholesale</td>
</tr>
<tr>
<td>Property</td>
</tr>
</tbody>
</table>

The 2014 RSA identifies the top 20 sectors in 2012 (of 616 sectors). The key changes over the 2012-2014 period were the expansion in employment in residential care, an increase of over 750 jobs. There were few significant job loss sectors, although there was a decline of almost 150 jobs in sawmilling activities. The key changes over the two years were:

- Residential nursing care (+34%)
- Restaurants (+34%)
- Other residential care (+33%)
- Sawmilling and planing (-20%)
- Beverage serving (-10%)
- Other social work activities (-7%)

In 2013, there were 19,600 jobs in the Scottish Government’s identified growth sectors in the region, the majority being in Food and drink (9,300). As noted in the 2014 RSA, Dumfries and Galloway has a concentration of employment in two of the Scottish Government’s growth sectors – Food and drink and Sustainable tourism. This has continued with Food and drink employment standing at over three times the Scottish average (346%), and Sustainable tourism at 129%.

£300,000 of Regional Selective Assistance was awarded to businesses in the region between 2011 and 2014, 0.2% of the national total. This is much lower than the region’s share of the national business base (4%). Approximately half of this grant funding went to the Food and drink sector, and these grants are estimated to have created/safeguarded some 33 jobs in the region.
Occupational profile

The occupational profile in Dumfries and Galloway is different to that of Scotland. The key occupation in Dumfries and Galloway is skilled trades, with 11,300 employed in these. This is just under one in five of all those in employment, and is around a third higher than the Scotland and UK averages.

Dumfries and Galloway has a significantly low proportion of professionals, 11% of the workforce compared to 20% nationally. The figure in the last RSA was 16%² but this is not directly comparable as it was for the South of Scotland which included the Scottish Borders. The region also has lower proportions of associate professional and technical and sales and customer service employees than the Scotland and UK averages. A higher proportion is employed in elementary occupations and caring, leisure and other service occupation.

![Occupational Profile, 2014](image)

*Source: Annual Population Survey*

The number of sales and customer service jobs in the region continues to fall. Almost one third of these jobs have been lost or relocated since 2004. Also, the number of process, plant and machine operatives, elementary occupations, administrative and technical and professional occupations fell. The number of associate professionals and technical employees in the region grew by one third (33%) over this period.

² Please note this figure includes Scottish Borders.
3 People and skills supply

**Headline summary**

- The population has decreased slightly, with particular decline in younger age groups.
- The employment rate remains comparable with Scotland, although there is a bigger proportion of part-time jobs than nationally.
- Unemployment fell between 2012/13 and 2014/15. The number of young people out of work and not in education or training is well below 2013 levels.
- Around 15,000 in the region are work-limiting disabled, although the proportion of the workforce this represents is above the Scotland average.
- The proportion of school leavers in the region entering Higher Education stayed largely constant in the year to 2013/2014. Fewer have high level qualifications than in Scotland and the UK.

**Population**

Dumfries and Galloway had an estimated population of 149,900 in 2014, slightly below the 150,300 in 2013. Over the period 2004-2014, growth has been relatively stagnant, with a 1% population increase compared to 5% growth in Scotland and 8% growth in the UK over the same period.

Dumfries and Galloway has experienced a decline in the younger age groups and those most economically active, with -9% decrease of 0-15 year olds, -5% amongst 16-19 year olds and -28% amongst 35-44 year olds.

![Index of Total Population, 2004-14](source: Mid-Year Population Estimates)

The largest increases have been in those aged 20-24 (21%) and 65+ (20%), both higher than the growth in these age groups in Scotland. There is little population churn, with only around 4,000 leaving the area over the 10 year period, although population has increased marginally overall.

**Labour market participation**

The employment rate for Dumfries and Galloway in 2014 was 73%, equal to the Scotland and UK averages.
67% of jobs in the region are full time, lower than 74% in Scotland. A third of all jobs in Dumfries and Galloway are part time, compared to 26% in Scotland.

In 2013/2014 there were 4,700 ILO unemployed (those out of work and actively seeking work), and this decreased to 3,900 in 2014/2015. The ILO unemployment rate in 2013 was 6% in Dumfries and Galloway, in line with the Scotland and UK rates.

In 2015 there were 306 unemployed young people aged 16-24 in the region, down by 47% from the previous year. There were 280 young people aged 18-24 out of work and claiming Jobseekers Allowance (as of August 2015). There were also 460 young people described as Not in Employment, Education or Training in 2014. This has fallen by around 20% since 2010, a slower pace than the corresponding fall at a Scottish level. The rate of young people who are NEET in Dumfries & Galloway is 7.0%, above the 6.4% average across Scotland.

17% of all those aged 16-64 in Dumfries and Galloway are work-limited through disability, just above the 15% in Scotland and the UK. This applies to 15,400 in the region who are work-limited through disability.

A higher proportion than nationally work mainly or from home (16% in Dumfries and Galloway, compared to 11%), and 21% work less 2km away (compared to 13% nationally). 17% travel more than 20km, compared to 13% nationally.

Qualifications and Attainment

The proportion of school leavers in Dumfries and Galloway entering Higher Education increased slightly from 2013/14 to 2014/15, at 36% and 37% of all school leavers respectively. 30% entered Further Education and 22% entered employment, which fell from 28% in 2013/14. The proportion unemployed (seeking or otherwise) decreased from 9% in 2013/14 to 6% in 2013/14, in line with the Scottish average. In 2007/2008, this was around 15%.

13% of those aged 16-64 years in Dumfries and Galloway have no qualifications, higher than the Scotland UK rate of 9%. Just over one in ten have lower level qualifications – broadly in line with the 10% in Scotland and 12% in the UK. In contrast, almost three in ten (30%) have high level qualifications (at SCQF 7-12), below the 41% in Scotland and 36% in the UK – reflecting the lower level of those in professional occupations.
4 Deprivation

**Headline summary**

- Average household earnings throughout the region are lower than those nationally.
- There are over 10,000 workless households in the region.
- However the proportion of school pupils entitled to free school meals is lower than Scotland.

The 2015 data matrix includes data on deprivation for the first time. This affects both labour market supply and the skills support needs of individuals. On the whole, when considering these indicators, Dumfries and Galloway is less affluent than the national average.

**Key messages**

Around 17% of households in Dumfries and Galloway have average household earnings of less than £10,000 per year, higher than the 13% across Scotland.

By contrast, just over a quarter of households (26%) have incomes above £30,000, compared to 31% across Scotland.

22% of Dumfries and Galloway households are workless, just above the 20% in Scotland, and 17% in the UK. **This equates to some 10,400 workless households in the region** (2013). There has been a significant increase in the percentage of workless households since 2004, when the rate was 17%. This peaked at 24% in 2012.

The employment domain of the latest (2012) Scottish Index of Multiple Deprivation (SIMD) provides further information on employment deprivation. Dumfries and Galloway has 193 datazones, 7% (13) of which are in the most 15% deprived datazones in Scotland.

In all, 36% of those at school in Dumfries and Galloway are entitled to free school meals, just below the national average of 39%.
5 Education and training provision

Headline summary

- The number of MA starts in the region slightly increased in the last year, with business administration, hospitality and freight logistics being the most popular frameworks.
- There were over 6,377 FE students at Dumfries and Galloway College and the Barony campus of SRUC in 2013/14, with care and engineering the most common courses taken. 9% of these students were studying HE at college.
- 1,175 students were studying at Higher Education Institutions in the region in 2013/2014, with 70% of the students from within the region.
- There were 379 graduates from the region in 2013/14 which accounts for 5% of all Scotland graduates. Over half of these went into full-time work and 27% of which were employed in the human health and social care sector.

Modern Apprenticeships (MAs)

*There were 755 SDS-funded MA starts in 2014/2015*, a marginal increase on the 710 in 2013/2014. Almost six in ten of these starts were male (57%). There were 790 leavers in 2014/2015.

The most popular frameworks for starts were in business and administration (100), hospitality (90), freight logistics (85), food and drink operations (65) and social services: children and young people (60).

*Some of these remain dominated by one gender or the other*, including automotive and building construction (male) and social services: children and young people (female). Engineering too remains dominated by males, although in other sectors, such as hospitality, there is more of a gender balance.

In all, 53% of MA starts in Dumfries and Galloway in 2014/2015 were 16-19, which is in line with the average in Scotland.

*Achievements at 76% in 2014/2015, as a percentage of all leavers, is slightly lower than the previous year at 80%. This is the lowest rate of achievements of leavers in the last four years.*

Employability Fund (EF)

The EF supports a range of interventions to support employability. There were 455 EF starts in 2014/2015. 190 (42%) of the starts were female, higher than the Scottish average female starts at 37%. EF starts are typically older than the Scotland average.

Within this, there were 130 starts on the Certificate of Work Readiness (CWR), the new national work placement and class-based Award, involving up to 70 employers.

Further/ Higher Education provision

School provision

For the first time the data matrix provides information on school provision. *There were 8,148 pupils enrolled at secondary school across Dumfries and Galloway in 2014, 28% of whom were S5 and S6, a little lower than the 29% across Scotland.*
Skills Assessment 2015 Update: Dumfries and Galloway

The school roll is projected to fall by around 2% by 2018. Across Scotland, the trend is for a 2% fall over the period to 2018.

College provision

College provision is via Dumfries and Galloway College and the Scottish Rural College (SRUC). 81% of Dumfries and Galloway residents who are at college study locally.

6,377 students (headcount) were studying at Dumfries and Galloway College and the Barony campus of SRUC in 2013/2014. It was previously reported that 8,760 students were at college in the South of Scotland\(^3\). 91% of this was at FE level, 9% at HE level. A higher proportion than the national average (46% compared to 39%) are aged over 25. A higher proportion of students aged 16-19 are enrolled on part time courses whereas in 2012/13, a larger proportion was enrolled on full time courses in the South of Scotland although this is not directly comparable.

56% of college students in the area are male, and 19% of all students were from outside the region.

Just 8% of the total student population are from the most deprived 10%, compared to 16% in Scotland.

Care (18% of FE students) and Engineering (14%) were those most taken up, both above the national average, with the engineering rates higher than in 2012/2013. Hairdressing, Beauty and Complementary Therapies is the third most popular with a 13% enrolment, 3% higher than the national 10% figure.

University provision

In all, 1,175 students (headcount) were studying at the three Higher Education Institutes (HEIs) in the region (The University of Glasgow, The University of West of Scotland (both with a campus in Dumfries) and the Barony campus of SRUC). Of these, 70% were from within the region, higher than the figure for students from within the region attending HEIs in the South of Scotland (54%) in 2012/13. A lower proportion than the national average are aged between 20 and 24 (33% compared to 41%).

Overall, 76% of HEI students in the area are male, a higher proportion than nationally (58%) and 24% of HEI students in the area are female compared to 42% in Scotland. Combined studies (25%), Subjects allied to medicine (21%), Education (12%) and Vet sciences, Agriculture and related (12%) were the most popular courses in 2013/14.

Graduates

There were 379 graduates from Dumfries and Galloway in 2013/14, compared to 430 from the South of Scotland in 2012/2013, which is around 5% of all graduates from Scotland’s HEIs. This included 338 graduates (89%) with a first degree, and a further 41 postgraduates (11%).

\(^3\) The South of Scotland which was previously reported included colleges in the Scottish Borders.
Skills Assessment 2015 Update: Dumfries and Galloway

Six months after graduating, over half of graduates were in full time work (57%), less than the 61% nationally and the figure from the South of Scotland in the previous year (73%). A further 11% were in part time work, 19% were in further study and 8% working and studying. In line with the national figure, 5% were unemployed.

Dumfries and Galloway graduates were most commonly employed in the public sector - human health and social work (27%) and education (16%) – as was the case nationally. A higher proportion than nationally (13% compared to 9%) were employed in professional, scientific and technical activities.

6 Skills mismatches

<table>
<thead>
<tr>
<th>Headline summary</th>
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<tr>
<td>• The majority of employers in the South of Scotland have recruited in the past 2-3 years, with many employing leavers from Scottish education institutions.</td>
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<tr>
<td>• FE/HE and school leavers in the region are deemed more work-ready by employers than the national average.</td>
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<tr>
<td>• Employers were less likely to report vacancies than the Scottish average, including those hard to fill or skills shortages.</td>
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<tr>
<td>• Skills gaps are most likely in sales, customer service roles and elementary occupations.</td>
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There is no new data on skills mismatches from last year’s RSA, given that the survey is undertaken every two years. The previous survey was conducted for the South of Scotland. The key messages to re-emphasise are:

61% of employers in South of Scotland had recruited in the 2-3 years prior to the survey, and around a fifth (21%) had taken on leavers from Scottish education institutions (both below the Scotland averages).

Of employers recruiting leavers, 86% of those recruited from universities were regarded as well or very well prepared for work, and the corresponding figure for colleges is 91%, 13% above the national average. The percentage of school leavers regarded as well or very well prepared for work was also above the national average (68% compared to 65%).

Of those reported to be poorly prepared, the main reasons cited are a lack of world/life experience, poor attitude/personality, a lack of motivation or lack of required skills or competencies.

Employers in the region were less likely to report: current vacancies than the Scotland average (10%, compared to 15%); less hard to fill vacancies (3% compared to 6% nationally) and skills shortage vacancies (2% compared to 4%).

Around a fifth of employers in the South of Scotland (17%) reported that not all of their staff are fully proficient, above the average for Scotland of 19% - with skills gaps most likely in sales, customer service roles and elementary occupations.

The South of Scotland has high concentrations of employment in tourism. A Skills Investment Plan has been produced for tourism in Scotland, highlighting a series of priority actions to address current and future skills gaps and shortages.

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4 The South of Scotland region includes data for Dumfries and Galloway and the Scottish Borders.
Skills Assessment 2015 Update: Dumfries and Galloway

The Skills Investment Plans can be found here: sds.co.uk/what-we-do/partnerships/skills-investment-plans/

7 Looking forward

Headline summary

- The population of the region is forecast to continue to fall, by over 2,000 (2%) to 2024, while there is growth across Scotland and the UK.
- The greatest increases are forecast for those of retirement age, and school roll numbers are set to fall in the next five years, in line with the Scotland level.
- Employment growth is also forecast, of more than 5% to 2022, with the proportion growing fastest in information technology and health and social work.

Population projections

2012 based projections indicate that the population of Dumfries and Galloway is forecast to fall by a further 2,358 over the 2014-2024 period, a decrease of 2%. This compares to 5% growth at the UK level, and a 4% rise at the Scotland level.

Despite a projected decline in the total population, there is a large increase expected in those of retirement age, an increase of almost one third (31%) in those aged over 75 (slightly above the national average) and an 8% increase in those aged 65-74 (below the national average). There is a projected decline in those aged 0-15, 16-29, and, particularly, those aged 30-49 (a 17% fall).

Education provision projections

As the summary indicates, the school roll is projected to fall slightly to 2018, by around 2%. This is in line with the projections for Scotland, where the trend is for a 2% fall over the period to 2018.

Employment projections

Based on 2012 figures, national employment figures are projected to rise by 5.3% between 2012 and 2022, with the fastest increases occurring between 2017 and 2020.

The sectors with the largest projected employment growth over the period are Information technology (32%), health and social work (17%), real estate (14%) and electricity and gas, finance and insurance and construction (all 13%). As the top employer in Dumfries and Galloway, an anticipated 17% rise in health sector employment could see new jobs created in the region.

There is, however, projected to be considerable fall in agriculture employment (-15%), other manufacturing (-12%), public administration (-11%) and mining and quarrying (-10%). The expected decline in agriculture is likely to have implications for employment and the business base in Dumfries and Galloway.
8 Conclusions and considerations

The 2015 RSA update indicates a growth in the GVA in Dumfries and Galloway but at a lower rate than the Scottish average of 2.9%. Overall, the business base grew between 2013 and 2014 and there was an uplift of almost 40% in new business births between 2012 and 2013 although it remains below the Scottish rate. Low productivity levels remain an issue – they are significantly below the Scottish and UK averages and have been declining since 2011.

Employment is characterised by low paid, part time and less secure jobs with a low proportion of jobs being professional and managerial and a high proportion in elementary jobs and skilled trades. There has been an expansion in health and social care employment and given the aging population, this is likely to remain a key and expanding employment sector. There is also a concentration of employment in Food and drink and Sustainable tourism, both of which are identified as growth sectors by the Scottish Government.

Dumfries and Galloway is one of Scotland’s less affluent regions with concentrations of deprivation and people who are work limited due to a disability. Reflecting the employment profile, average household earnings are low and there is a significant number of workless households although the number declined between 2012 and 2013. The number of people of working age without any qualifications is also a cause for concern along with a corresponding smaller proportion of people with high level qualifications.

Having said that, young people are faring better in the region than they were previously in terms of employment. They are more likely to be working and much less likely to be Not in Employment Education or Training although the proportion is slightly above the Scottish average.

Employers in the South of Scotland are more likely than their Scottish counterparts overall to report that young people leaving HE, FE and school are well prepared for work. Despite this, there is a continuing need to help school leavers meet the expectations of employers, in particular to develop soft skills such as attitude and motivation with Awards such as the Certificate of Work Readiness which is in place to help prepare young people for work.

MA starts have grown although achievements in 2014/15 were at the lowest rate for four years. The most popular frameworks are Business and Administration and Hospitality whilst Care, Engineering and Hairdressing, Beauty and Complementary Therapies are the most popular College courses and there is a very clear split by gender. The labour market tends to favour employers more than in other parts of Scotland and they are less likely to find vacancies hard to fill or to report skills shortages. Any skill gaps tend to be in sales, customer services and elementary occupations (which accounts for a high proportion of the occupation base).

The population decline experienced in recent years is predicted to continue and, reflecting the national picture, the population in Dumfries and Galloway is ageing. This poses questions about the pressure on the health and social care sectors, how to ensure there is an adequate workforce to provide the services required and the balance between economically active and inactive populations.
Skills Assessment 2015 Update: Dumfries and Galloway

What remains clear is that, as an economic region, **Dumfries and Galloway is facing a number of challenges with projected falls in employment** in some important sectors. This could be countered by the anticipated rises in jobs in sectors such as health, information technology, real estate, electricity and gas, finance and insurance and construction. The challenge will be to make sure that the available workforce has the skills and attributes demanded by employers in these sectors to help fuel their growth.

Some **key considerations** arising are therefore:

- How to increase productivity levels and reverse the recent decline.
- How to boost and diversify the business base for example by encouraging and supporting new start-ups and encouraging businesses to locate into Dumfries and Galloway?
- How can the region best maximise the benefits of the current and planned developments in the construction phase and beyond?
- How to retain skilled, qualified young people in the region?
- How to give young people the soft and technical skills they need to benefit from opportunities in the sectors that are predicted to expand and ensure there is sufficient throughput of young people in to these sectors?
- How to tackle the issue of worklessness and the lack of skills and qualifications amongst the working age population.
- How to ensure that the reduction in jobs in sectors that are projected to decline is more than offset by new employment creation.
- How to increase average household earnings by increasing opportunities for higher paid, reliable employment for people of all ages.
- How can the gender domination in certain college/MA subjects be overcome when this has persisted over time?