



From mountain to sea

Community Impact Assessment – COVID-19

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Hilary Birnie
Council & Partnership Analysts
Business Strategy
Customer and Digital Services



ABERDEENSHIRE OVERVIEW

Contextual Summary

Labour Market Update

Headline Figures in Scotland and Aberdeenshire

Workforce data from the Office of National Statistics (ONS) July 2021, shows that the number of payroll employees increased to 28.9 million, up 356,000 in June. This remains 206,000 below COVID-19 pandemic levels. In the latest period (March to May 2021), there was an increase in the employment rate of 0.1 percentage points, to 74.8%, and a decrease in the unemployment rate of 0.2 percentage points, to 4.8%. The economic inactivity rate is up 0.1 percentage points on the previous quarter, to 21.3%.

Annual growth in average employee pay is being affected by temporary factors that have inflated the increase in the headline growth rate. These are compositional effects where there has been a fall in the number and proportion of lower-paid employee jobs so increasing average earnings and base effects where the latest months are now compared with the start of the coronavirus pandemic, when earnings were first affected and pushed down.

Table 1 below shows the Labour Market Indicators for the four nations and English regions. Employment and inactivity in Scotland are just below the average for the UK whereas unemployment is higher in the UK than in Scotland.

Table 1: Labour Market indicators by nation and region of the UK (%)

Nation/Region	Employment	Unemployment	Inactivity
South East	77.7	4.1	18.9
East	77.6	4	19.1
South West	77	3.7	20
England	75.1	5	20.9
East Midlands	74.8	4.9	21.3
United Kingdom	74.8	4.8	21.3
London	74.5	6.5	20.2
Scotland	74	4.4	22.6
West Midlands	74	5.7	21.4
Wales	73.6	3.9	23.4
North West	73	4.9	23.2
Yorkshire and The Humber	72.9	5	23.2
North East	72	5.8	23.6
Northern Ireland	70.3	3.6	27.1

Source: [Labour Market Overview: July 2021](#)

There are four tables below: The first is of the Labour market indicators for all people in Scotland (%). It shows that the situation is getting back to where it was a year ago (4 mths into the pandemic)

The second is the Labour market indicators for women in Scotland (%) and the situation has improved slightly with unemployment down 0.6%. The third table compares the situation for men shows that unemployment and inactivity is slightly up (0.3%) but employment is down by 0.4%

The fourth which shows Labour market indicators rates by age in Scotland (%) split by age groups 16-24, 25-34 and 35-49. Unemployment and inactivity is highest in the 16-24 age group. Employment is low in this group at 55.2% compared with 25 + age groups which are over 80%.

Table 2: labour market indicators rates for all people in Scotland (%)

	Same quarter previous year	Previous quarter	Latest Quarter
Unemployment	4.5	4.6	4.4
Employment	73.7	74.4	74.0
Inactivity	22.7	22.0	22.6

Table 3: labour market indicators rates for women in Scotland (%)

	Same quarter previous year	Previous quarter	Latest Quarter
Unemployment	4.4	4.4	3.8
Employment	71.4	72.8	72.4
Inactivity	25.3	23.8	24.7

Table 4: labour market indicators rates for men in Scotland (%)

	Same quarter previous year	Previous quarter	Latest Quarter
Unemployment	4.6	4.7	5.0
Employment	76.1	76.0	75.6
Inactivity	20.1	20.1	20.4

Table 5: labour market indicators rates by age in Scotland (%)

	16-24	25-34	25-35	35-49
Employment	55.2	81.7	83.0	70.2
Unemployment	9.0	4.5	3.6	3.0
Inactivity	39.3	14.4	13.9	27.6

Source: Labour market overview: July 2021

Inactivity due to caring responsibilities are likely to be one of the reasons that the figure for female inactivity is higher than male inactivity. Table 5 shows the disparity in unemployment by age with the 16-24 yrs. age group highest at 9%, at least twice the amount of the other age groups shown.

Figure 1 below shows the change in the number of jobs in Scotland over the relevant period. The data shown in the chart above comes from two experimental sources including online job adverts and vacancies by size of business (not designated as National statistics). They are used in the Labour Market Overviews produced by the ONS.

Scotland follows the 'All Regions' trend quite closely but tend to be at or below that of the 'All Regions' average. In June 2021, Scotland delayed moving to the lowest level zero restrictions to allow time for more people to be vaccinated due to concerns about high levels of new cases (highest rate in Europe and since January 2021). The delay until 9th August would have impacted on the number of vacancies advertised in Scotland.

Figure 1 – Change in the number of jobs in Scotland between Jan 2020 July 202, Source ONS

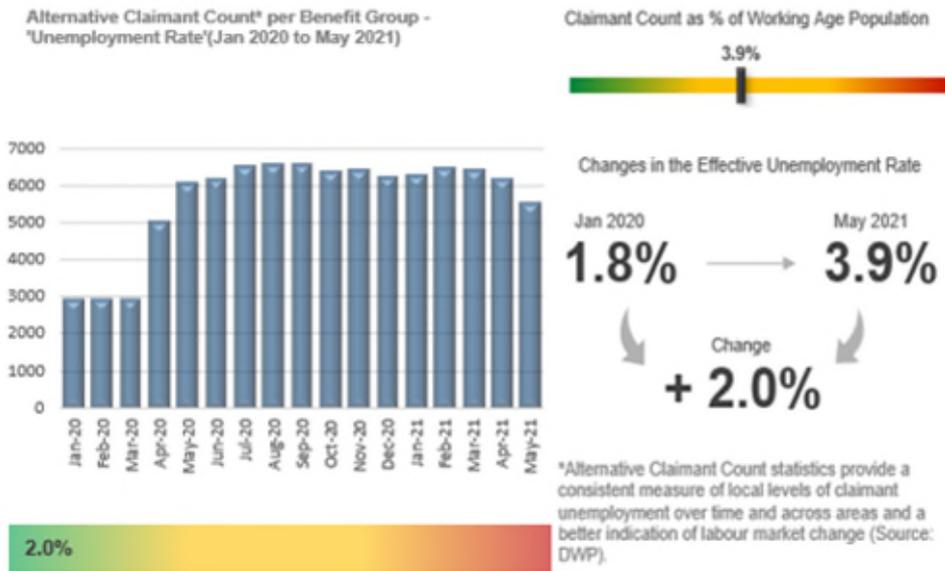
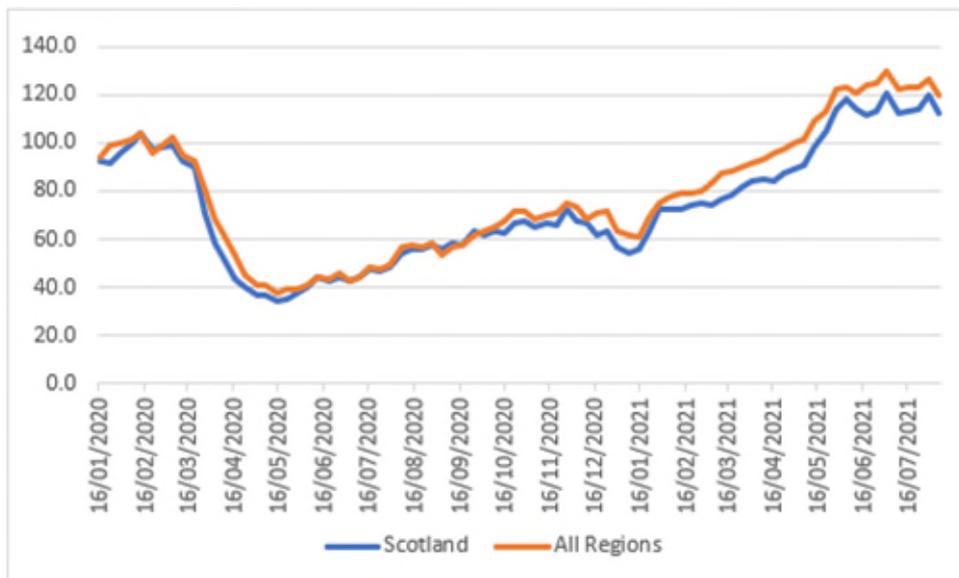


Figure 2 Alternative Claimant Count Aberdeenshire Jan 2020-May 2021



Source: DWP

The main points from the most recent update on Vacancies and Jobs in UK: July 2021 published by ONS report that

- The number of job vacancies in April to June 2021 was 9.9% (77,500) above its pre-pandemic level in January to March 2020 the first time it has surpassed this level in 15 months.
- From April to June 2021 there were an estimated 862,000 job vacancies, with growth of 38.8% (241,200) compared with last quarter; all but one industry saw increases in their number of vacancies; the largest percentage increase was seen in arts, entertainment and recreation.
- The rate of recovery has varied across industries since the coronavirus (COVID-19) pandemic began with the majority of industries displaying higher vacancy numbers than in January to March 2020; with human health and social work increasing the most by 18,400.
- Since lockdown restrictions eased, all company size bands have displayed improved

vacancy numbers on the quarter.

Not all lack of vacancies was due to COVID-19 - almost 11,000 retail jobs disappeared from communities in Scotland in the five years to 2019.

Digital Exclusion/Vulnerability

During COVID-19 pandemic with face to face meetings not possible, many organisations and partners found that there was a need for a rapid shift to signposting and online delivery of support. While most of us benefited from online services, lockdown had a greater effect on people who are digitally excluded. Across the UK, 6% of households did not have home internet access in Mar 2021 (down from 11% in Mar 2020) and 14% of adults access the internet only infrequently. Older people are less likely to have home internet access (18% of over-64s do not have access), but so too are those in lower socio-economic households (11% in DE households). In Aberdeenshire's top three most deprived Intermediate Zones, the proportion of residents with a social grade DE is over 44%. Digitally vulnerable areas tend to have relatively high rates of child poverty, pensioner poverty, single person households and households with no access to van or car.

People who rely on a mobile phone for internet access might struggle to work or learn from home or complete online forms – this represents 10% of all adults, and 18% of adults in lower socio-economic households. Even among those who do have access to the internet, 5% say they are not confident in using it, again with higher proportions among over-64s (9%) and those in lower socio-economic households (10%)ⁱ.

Digital exclusion/vulnerability is not just about availability of superfast broadband but can include having access to an appropriate device for personal or schoolwork. The Council's libraries were closed for most of the last 18 months and therefore the existing free access for the public to the internet was not available.

This will have posed challenges for the more deprived and vulnerable groups who are digitally excluded and would not have access to a smart phone or a computer. Digital would not be the first-choice communication method of many vulnerable groups who tend to opt for face-to-face advice however this was not an option that was available during the pandemic and high-demand periods. Digitally vulnerable areas are likely to contain relatively high rates of child poverty, pensioner poverty, single person households and households without access to a van or a car. They are also likely to contain a relatively high proportion of the population in receipt of Personal Independence Payments suggesting that the recipients may be more at risk from COVID-19 and require additional support or assistance.

During 2020, the coronavirus pandemic pushed people in the UK to use video-calling services to keep in touch with friends and family as well as for business purposes and education. More people have taken part in online gaming, video-calling and online health services (NHS) during the pandemic. Platforms used primarily for work and training (e.g., MS Teams and Zoom) have shown a sustained increase in use (13.7m users in March 2021, up by 5.3m year on year).

In an increasingly digital age, those who are not engaging effectively with the digital world are at risk of being left behind. Technological change means that digital skills are increasingly important for connecting with others, accessing information and services, and meeting the changing demands of the workplace and economy. The last eighteen months have increased the speed of uptake of digital technologies. This is leading to a digital divide between those who have access to information and communications technology and those who do not, giving rise to inequalities in access to opportunities, knowledge, some health provision, services and goods. However, it is important to recognise that digital skills are as important as internet

usage. Users of the internet can still be digitally excluded because they lack the skills to be able to confidently and safely navigate the digital world.

Digital inclusion will be essential in the future as any skills refresh/training required during the transition to low carbon technologies may well require access to devices and appropriate broadband to enable participation.

Long Covid

Long Covid has been defined as “not recovering [for] several weeks or months following the start of symptoms that were suggestive of covid, whether you were tested or not.” Profound fatigue” was a common symptom in most people with long covid, however a wide range of other symptoms included cough, breathlessness, muscle and body aches, and chest heaviness or pressure, but also skin rashes, palpitations, fever, headache, diarrhoea, and pins and needles.

There is some evidence to say that long covid is twice as common in women as in men and that the average age of someone presenting with it is about 4 years older than people who had what might be termed “short Covid”.

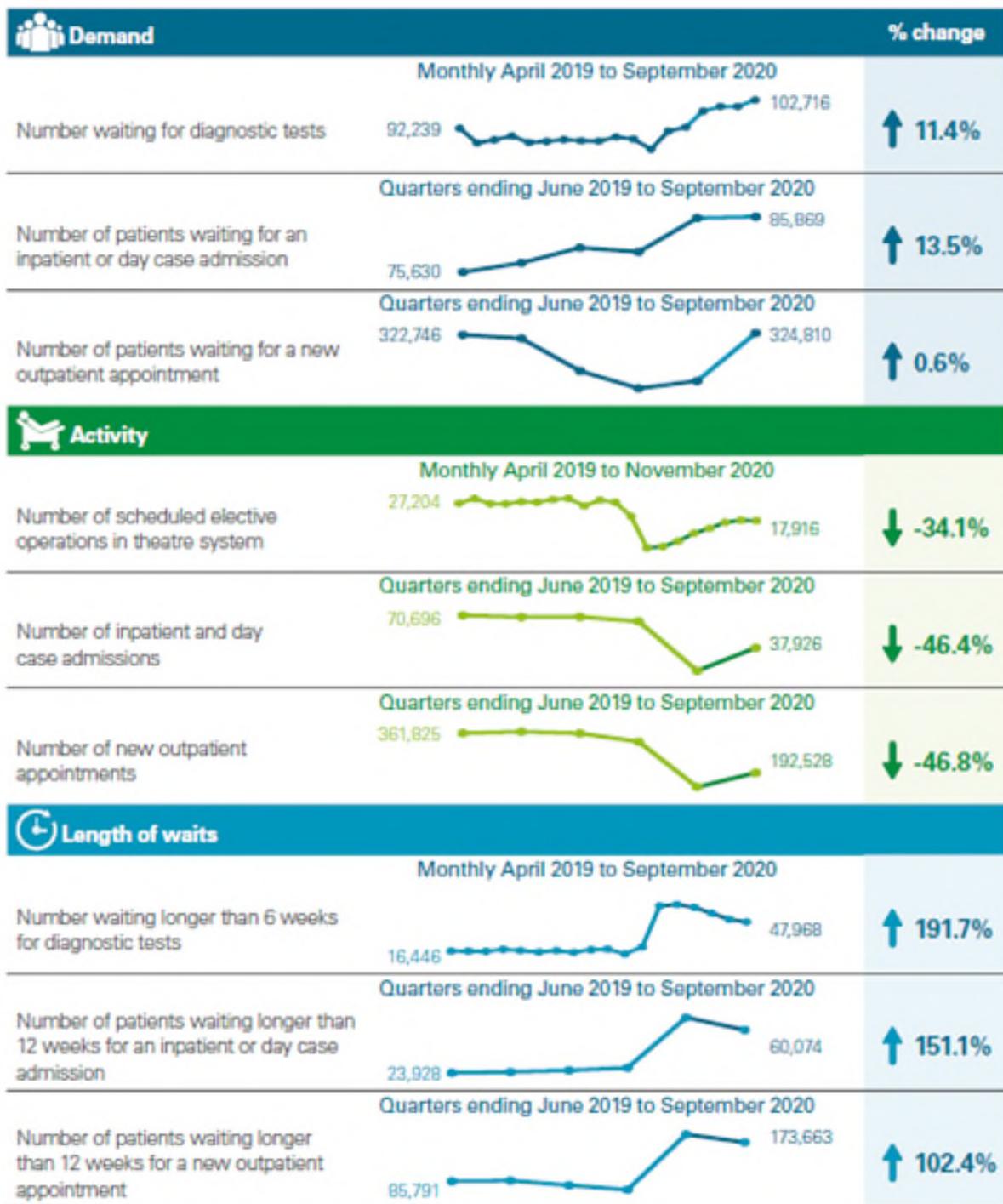
The ONS has estimated that there are about 75,000 Scots living with Long Covid. Around one in ten people who test positive will go on to develop long Covid, a catch all term to describe a host of ongoing symptoms in coronavirus patients. More than 1.7 million Covid-19 infections have been reported since Christmas Day in the UK. The chair of the All Party Parliamentary Group at Westminster looking into Long Covid has been quoted as saying that the emerging crisis is comparable to the impact rheumatoid arthritis has on the health service. In Scotland the setting up of specialist clinics to deal with the long-term effects has been ruled out for the time being to prevent resources being taken away from other parts of the NHS.

Health Debt

Remobilising health services is challenging and maintaining innovation and learning from the pandemic will be essential. The pandemic led to a substantial backlog of patients waiting to be seen, with NHS boards prioritising those in most urgent need.

Two of the key messages from Audit Scotland’s NHS in Scotland Report February 2021 states:

- Remobilising the full range of NHS services is challenging and maintaining innovation and learning from the pandemic will be essential. Covid-19 has led to a substantial backlog of patients waiting for treatment. NHS boards are prioritising those in most urgent need; those who are of lower clinical priority will have to wait longer. NHS leaders need to work collaboratively, in partnership across public services, to deal with the ongoing challenges caused by Covid-19 and to remobilise services.
- Covid-19 has exacerbated the existing financial and operational challenges in the NHS and is predicted to cost £1.67 billion in 2020/21. Most NHS boards achieved their savings targets in 2019/20, but four NHS boards needed additional financial support from the Scottish Government to break even. Responding to the pandemic has resulted in significant additional expenditure across health and social care and there is uncertainty about the longer-term financial position



Source: Audit Scotland using Public Health Scotland data

It is likely that it will take several years to catch up on surgeries and treatments put on hold during the first wave of the pandemic. There are also patients being admitted with other complex, more advanced disease who put off seeking treatment in lockdown. The Scottish Government is preparing a Covid recovery plan for the NHS which should be released shortly. Spending on healthcare already accounts for around half of the entire Scottish budget, and there have been long standing difficulties recruiting staff - it is unlikely to improve in the short term.

Vaccination Programme

Since the first report was prepared, a mass vaccination programme began on 8th December 2020 with 4,054,842 people in Scotland now having received their first dose and 3,449,901 having received their second dose. The booster vaccine drive is expected to begin in September 2021 with all over-50s being offered a third dose – possibly at the same time as the

flu jab. In Aberdeenshire 193,150 had had their first dose and 172,083 their second dose meaning that almost 90% of adult residents in Aberdeenshire are fully vaccinated.

Mental Health

Back in April 2020 the First Minister said that Scotland will be left with a “mental health legacy” from COVID-19 long after social distancing restrictions are lifted. Pre Covid rising public awareness and demand for mental health treatment was outstripping supply. Spending on mental health is roughly 12% of total NHS health spend, although it is difficult to calculate its totality from the cost book. However, the broader societal costs of mental health problems are considerable when taking into account lost productivity.

A recent study by the Office of National Statistics in relation to Coronavirus and depression in adults (June 2020) looked at the proportion of the population with depressive symptoms in Great Britain between 4 and 14 June 2020, based on the Opinions and Lifestyle Survey (a nationally representative survey of adults in Great Britain) including how symptoms of depression have changed since before the pandemic (July 2019 to March 2020). Main findings include:

- Almost one in five adults (19.2%) were likely to be experiencing some form of depression during the coronavirus (COVID-19) pandemic in June 2020; (9.7% pre-pandemic)
- One in eight adults (12.9%) developed moderate to severe depressive symptoms during the pandemic, while a further 6.2% of the population continued to experience this level of depressive symptoms; around 1 in 25 adults (3.5%) saw an improvement over this period.
- Adults 16 to 39 years old, female, unable to afford an unexpected expense, or disabled were the most likely to experience some form of depression during the pandemic.
- Feeling stressed or anxious was the most common way adults experiencing some form of depression felt their well-being was being affected, with 84.9% stating this.
- Over two in five (42.2%) adults experiencing some form of depression during the pandemic said their relationships were being affected, compared with one in five (20.7%) adults with no or mild depressive symptoms.

Analysis of pre and post COVID self-reported mental health data from the UK Understanding Society study indicates that mental health in the UK worsened substantially as a result of the COVID-19 pandemic – by 8.1% on average and by much more for young adults and for women, which are groups that already had lower levels of mental health before COVID-19. Hence inequalities in mental health have been increased by the pandemic.

Studies that make comparisons to pre COVID indicators of mental health and well-being are limited and need to be interpreted with caution but give an indication of the initial impacts and decline in levels of wellbeing. These include increasing anxiety and depression and reducing life satisfaction. In 2020 a report provided an indicative monetary value for the total wellbeing cost to adults in the UK to be around £2.25bn per day, or around £43 per adult per day.

In the Council's first Community Impact Assessment survey, the residents gave views on both the positive and negative aspects of the coronavirus pandemic including some people being more active; making positive changes to their lifestyle etcetera, however they were concerned that there are gaps in the support available for certain groups e.g., single parents and young people. A substantial number of people are concerned about the impact of the pandemic on other people's mental health and are concerned about access to health care services and the impact of the last few months on long term health. In Aberdeenshire there is also anecdotal information locally about increased concern for young men – 16-24yrs old.

Feeling Safe – a more detailed report on the Council's Covid-19 Community Impact Assessment survey is available as a separate document.

For the economy to recover, people need to feel safe to resume/reengage in their normal activities. These can be going to work, travelling on public transport, visiting a hairdresser/barber or other business that provides close contact service. In the first Community Impact Assessment survey, residents reported that they were concerned about their jobs, education for others and safety in their community with almost one third of respondents saying that they feel less safe in their local areas and less likely to visit public places. In the Council's recent survey this had dropped to around one in four respondents indicating that they felt unsafe when outside their home due to COVID-19.

During the pandemic NESTRANS also conducted monthly travel behaviour and attitude surveys to better understand changes occurring in the north east of Scotland during the current Covid-19 restrictions, and during the recovery period.

In response to questions around current safety concerns and measures:

Around eight in ten respondents were very or fairly concerned about people spreading or contracting the virus whilst using:

- Taxis/minicabs (81%);
- Public transport (79%);
- Shared transport methods, including car clubs or car sharing (78%).

Similarly, three quarters of the wider Scottish population reported being concerned about spreading or contracting the virus whilst using public transport (75%) and taxis or minicabs (75%). Around seven in ten (69%) suggested that the use of face coverings makes them feel safer when using public transport.

All respondents were asked what could be done to make them feel safer when using public transport. The most common measures were:

- Deep cleaning of the interiors of vehicles, stations and bus stops (31%);
- Actively enforced social distancing on-board, through staff presence and CCTV (30%);
- Access to hand sanitiser at stations/stops (29%);
- Limiting the number of people that can board the train/tram/bus (29%); and
- Actively enforced social distancing when queuing for tickets through staff presence and CCTV (21%)

Education

Digital technologies have been crucial to the continuity of Education and Children's Services, allowing the work of Education, Social Work and Resources and Performance teams to continue uninterrupted, and for some service provision to continue in Live Life Aberdeenshire.

With the closure of many educational institutions and nurseries for all but the children of key workers and vulnerable children, many children and young people have had to continue their learning at home with a shift to online learning. Parents have therefore had to take a much greater role in supporting their children's learning while also providing care and managing home working. With an increased expectation for parents to support home learning, this has impacted families differently dependent on their socio-economic circumstances. Moreover, it has been argued that the equalising environment that schools provide through standardised curriculums and safe learning settings may have been jeopardised by their closures. Given pre-existing differences across families, this crisis and resultant school closures could lead to a widening of educational inequalities such as attainment, through the period of remote learning as discussed below.

An assessment led by the Children and Young People's Commissioner Scotland also suggests that there may be additional barriers (e.g., communication and language) to home learning for pupils and parents or carers for whom English is an additional language. This could also impact

parents and carers' ability to access and understand information, guidance and support that is available.

Earlier this year the BBC reported that the number of children registering for home education in the UK rose by 75% in the first eight months of the current school year. Home schooling registrations have more than doubled in Aberdeenshireⁱⁱ. More than 40,000 pupils were formally taken out of school in the UK between September 2020 and April 2021, compared with an average of 23,000 over the previous two years. Some parents reported that children who might once have struggled are now thriving and others that is due to covid-19 anxiety. It should be noted that there are over 700,000 pupils in Scotland, so the numbers involved are not very high although the rate of increase is faster than before the pandemic.

For two consecutive years students have had their learning disrupted by the pandemic. Wide ranging changes have been announced to the education system, with the SQA to be replaced with a new agency overseeing the curriculum. The Scottish Government's own paper on the Impacts of COVID-19 on equality in Scotlandⁱⁱⁱ reviewing emerging evidence on the impact of the COVID-19 crisis on equality across several key domains including education, says that evidence suggests that some groups are more likely to experience negative effects in many different areas of their life, including in employment, future career prospects, educational opportunities, social outcomes and health and wellbeing.

Automation

Due to the nature of COVID-19 one area that has seen a rapid rise in development is automation. Economic forces are continuing to drive rapid advances in Artificial Intelligence (AI), and covid-19 is adding impetus to these forces. The covid-19 pandemic has increased the risk and raised the cost of direct physical contact between humans, as is particularly visible in healthcare. It has accelerated advances in AI and other forms of automation to decrease physical contact and mitigate the risk of disease transmission in the health care sector.

The public sector continues to automate more transactions including applying for benefits and booking leisure activities. The pandemic has meant that where the public once wanted a human element to their interactions, Covid-19 has changed that although it is not clear how that will change going ahead.

Young people are more likely to be working in hard-hit sectors and in jobs more susceptible to automation, mean that they are especially vulnerable to unemployment and long-term employment 'scarring'. Post-Brexit, any roll-back in EU-derived employment protections for pregnant and part-time workers could adversely affect the capacity of pregnant women and mothers to stay in/enter the labour market. Around twice as many jobs held by women than men may be at risk of automation.

Impact on Inequalities

A key feature of the crisis is how it is impacting differently on different groups. The higher rate of health impact on Black and Minority Ethnic populations have been widely documented and include being more likely to work in some 'shut down' sectors, particularly hospitality, and less likely to have savings to rely on. They are more likely to live in overcrowded and or damp households and to live in the most overall deprived 10% of neighbourhoods^{iv}.

Excluding key workers, most people in the bottom tenth of the earnings distribution are in sectors that have been forced to shut down, and 80% are either in a shut-down sector or are unlikely to be able to do their job from home – compared with only a quarter of the highest-earning tenth. Young people and those of Pakistani, Bangladeshi or black ethnicity are also more affected than others in these respects. Disruption to schooling may have a particularly

negative effect on Gypsy/Travellers, and further exacerbate the inequalities in educational outcomes that they already experience.

COVID job disruption is likely to have a disproportionate impact on women's employment, as a result of low-paid women being particularly affected by job disruption; and women were potentially faced with an increase in childcare responsibilities as a result of school and nursery closures in the shorter term. Aside from those key workers, women are more likely to work in shut-down sectors and, crucially, have been taking a disproportionate share of the huge childcare responsibilities parents are shouldering, with likely long term impacts on earnings. Women (in particular young women) seem to have suffered most from mental health deterioration too^v

In terms of generational equalities, the younger generation face the largest scarring effects on job prospects, paying a larger amount of the cost of lockdown via higher taxes in both the short and longer terms. They are more likely to have lost their job and experienced a reduction in earnings during lockdown as they are disproportionately concentrated in the sectors most affected by the economic shutdown and so faced heightened exposure to job loss or furlough. Future employment will depend on labour market demands.

The Institute for Public Policy Research estimates that 41% of young people in work in Scotland were furloughed in April, compared to 22% of all workers in Scotland. This is similar to research from the Institute for Fiscal Studies (IFS)³ that found that workers under the age of 25 are two and half times more likely than those aged 25 and older to work in sectors that have been shut down and is reinforced by work from the Resolution Foundation for the Nuffield Foundation that estimates that youth unemployment could rise by 600,000 across the UK, affecting the least qualified the most.

Older people who become unemployed are far more likely to be at risk of long-term unemployment than young people. On average, six months after becoming unemployed, almost three-quarters of 16–49-year-olds had returned to employment, compared to fewer than two-thirds of those aged over 50. There are likely to be significant challenges for many people in their 50s and 60s finding new jobs after the end of the furlough scheme.

Findings from a recent report by the IFS Changing Patterns of work at older ages^{vi} included:

- Older workers have been more likely to be furloughed than middle-aged workers
- There are a number of reasons that finding new work may be challenging for people in their 50s and 60s
- Older jobseekers from lower socio-economic groups are more likely to struggle to find new work after a period of unemployment
- The working lives of men and women who are approaching retirement over the next decade will be very different from those of people who did so over the last decade.

These changes are coming at a time when the furlough scheme winds down, Universal Credit is due to be cut back to pre-covid levels and energy price rises are on the horizon.

Sector shutdowns and homeworking have hit low-paid workers the hardest. Those on a higher income have been more likely to work from home (and save money) those on a lower income have had to go to work with an increased risk of catching COVID and having to isolate. It is now clear from emerging evidence that the impacts of the COVID-19 crisis arising from the direct and indirect effects of contracting the illness, as well as the lockdown measures put in place to control spread of the virus, are significant and unequal. While the pandemic and lockdown initially resulted in a twin public health and economic crisis, its effects transcend far beyond health and economics, with some impacts potentially having long term consequences.

If policies aimed at economic recovery and job stimulation are focused on 'green' sectors, based on current occupational segregation these may benefit men more than women. Periods of part-time employment or unemployment have long-term effects on pay and progression, and overall, the fallout from the COVID-19 pandemic as well as Brexit may put pressure on both

the gender employment gap and the gender pay gap in coming years. Women are more likely to live in poverty and more may be pushed into poverty, which in turn has negative impacts on outcomes in a range of areas.

However, it should be noted that many inequalities are interrelated – health inequalities exacerbate social and economic inequalities, for example, while societal and economic inequalities could impact on inequalities in physical and mental health and wellbeing.

Impact on Oil and Gas

The oil & gas sector has recovered and reinvented itself through innovation before. However, between March and September 2020, Aberdeen topped the list of Partnership Action for Continuing Employment (PACE) notifications (Scottish Government's national strategic framework for responding to redundancy situations), accounting for 35% of all PACE notifications, some 6,400 jobs. Aberdeenshire had second ranking, accounting for a further 10% (1,838 jobs). Aberdeen's notifications amounted to more than four times that of Edinburgh and six times that of Glasgow. By September 2020, the number of available vacancies in Aberdeen had fallen by about 60% since the start of the pandemic, more than the Scottish average of a 40% decline.

But as the extent of damage wrought by COVID-19 becomes apparent, the sector appears to be preparing for change. Demand for oil and gas fell sharply because of the pandemic and at the same time demand for green energy is increasing the rate of diversification into new and renewable energy technologies. The latest data on the UK Oil and Gas industry shows the sector is on the cusp of dramatic transformation as it recovers from the impact of the coronavirus and positions itself for a low carbon future.

The 33rd AGCC Oil and Gas Survey^{vii} reports that 75% of contractors anticipate moving into renewables work over the coming three-to-five-year period, the highest level recorded since the question was asked in 2015. On average they believe oil and gas will account for less than three quarters of their business activity by 2025 – down from the current average of 86%. The findings which cover the six months to April 2021, show contractor confidence in the UK Continental Shelf (UKCS) has significantly improved from a net balance of -76% reported six months ago to +6%. The challenges faced over the past year are however reflected in the reduced level of reported activity in production and exploration work. The net balance reported for production related activity of -15% indicates a continued overall decline, although this has eased from the -47% reported in 2020. Industry body Oil and Gas UK revealed that the number of people working offshore had returned to levels not seen since the beginning of the national lockdown in March 2020 with the average daily numbers of workers on board installations for the week ending 13 June at 11,238 - 4,037 more than in April 2020.

More than £16m has been announced for projects to reduce emissions in the North Sea oil sector. key projects underway in the energy transition sector and the Aberdeen Region (Aberdeen and Aberdeenshire) need to focus on the diversification, infrastructure and skills, transitioning to Net Zero.

The North Sea Transition Deal March 2021^{viii} sets out an ambitious plan for how the UK will 'Build Back Greener' building on the UK's global strength in offshore oil and gas production and seeks to maximise the advantages for the UK's oil and gas sector from the global shift to clean growth. In 2020, the UK Government announced an ambitious emissions target which aims for at least 68% reduction in greenhouse gas emissions by the end of the decade, compared to 1990 levels. innovation and new infrastructure required to meet stretching greenhouse gas emissions reduction targets. The Deal aims to support and anchor the expert supply chain that has built up around oil and gas in the UK, to both safeguard and create new high-quality jobs. The Deal will transform the sector in preparation for a net zero future and catalyse growth throughout the UK economy.

An energy transition zone in Aberdeen is being allocated £26m by the Scottish Government to help the transition from oil and gas jobs to green energy, a similar amount to funds provided by the UK government. The zone aims to transform the area into a hub for cleaner energies such as offshore wind and hydrogen. Planned projects include manufacturing for floating offshore wind farms, a skills academy and facilities for testing hydrogen power. The Aberdeen Energy Transition Zone (ETZ) is being built south of Aberdeen harbour and is expected to directly support 2,500 green jobs by 2030, alongside a further 10,000 transition-related jobs. All this comes at a time when the UN's Intergovernmental Panel on Climate Change published a major scientific report on the impacts of global warming of 1.5°C above preindustrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate changes, unsustainable developments and efforts to eradicate poverty^{ix}.

The region faces long-term challenges - for example, the population is ageing, and the region continues to face challenges in attracting workers with the right skills – an issue likely to be exacerbated by Brexit or national policy choices. In 2017, almost a quarter (21%) of all vacancies in the Aberdeen Region were skills shortage vacancies. A major challenge is of course the transition from oil and gas to renewables sources of energy. The North Sea has been a major source of wealth for the region for more than five decades. But this transition brings opportunities too, particularly in transforming the region into a European energy hub. These economic indicators point to the region having strong foundations to build upon, but they also offer an important signal of the need to diversify and to future-proof this economic success for the next generation and beyond.

Brexit and Covid-19 have the potential to heighten existing skills gaps in the region and highlight the importance of providing re-training and re-skilling opportunities for people. There is a need to build on the existing focus within the Regional Skills Strategy on the challenges faced by young people entering the labour market, particularly in terms of apprenticeship provision and Developing the Young Workforce - given they appear to be one of hardest hit groups in the Covid-19 economic crisis. UK and Scottish Government youth employment schemes Kickstart and the Young Person Guarantee will help to address the challenges faced by the young workforce. The two universities have quickly offered digital skills programmes as a result of the pandemic. More collaboration between the universities and the private sector will continue to be necessary to plug this gap.

The energy transition will open up significant new demand for different types of skills than in the past. In the Aberdeen Region, this will mean a huge investment in skills for the green economy. Good infrastructure will be required – connectivity, digital, natural infrastructure (green space).

The Council Plan has four main priorities for economic development over the next two years including:

- supporting Aberdeenshire businesses through the pandemic, Brexit and energy transition
- a location of choice that has a diverse economic base of innovative companies with a skilled workforce and return to full employment.

Making Aberdeenshire attractive as a place to live, work, and do business will lay the foundations for further diversification. Moving away from energy will not be easy, few sectors can compete in terms of economic value and earnings. However, the need for diversification arises from:

- Oil and gas has helped create enormous wealth, but leaves the region exposed to global shocks outside of its control;
- The oil and gas sector is maturing towards the end of its lifetime;

- Oil & gas extraction will no longer be considered a viable cash-generating activity for some businesses;
- The transition to new energy sources is vital to meeting Scotland's and the UK's net zero commitments.

Notification to participate in a competitive freeport selection process for Aberdeen City & Peterhead Region^x has been made to the Scottish Government. Conservative estimates suggest that securing the Aberdeen City & Peterhead Region Freeport will deliver between 14,000-22,000 jobs over a 10–15-year period, many of which will be high-skilled and high-value jobs, attracting new talent and new investment into the region to cement its status as a major UK economic hub.

Tourism

Key to the success of the region's economic future is the transition from oil and gas to green energy and the broadening out of its economic base to sectors outside of energy. More recently the focus has included tourism, food and drink and the life science sectors. The diversification challenge has become more urgent and further compounded as a result of COVID with the economic landscape in the UK (and globally) evolving post COVID.

One effect of the COVID-19 border travel restrictions and the possible need to quarantine has been to increase the number of people taking 'staycations'. Modelling done by the FAI using World Tourism Organisations and Visit Britain data estimates that spend in international travel for Scotland will reduce by 93% on pre-pandemic levels in the first seven months on 2021 and will recover slightly over the rest of the year. Normally 45% and 27% of the output of the accommodation and food and beverages sectors – which are two of 98 sectors identified in the economic accounts – are sold to international tourists. These international tourists spending in Scotland is focused in these same two sectors, but more than 40% of their spending is outside – in other sectors across the economy such as gifts. On the other hand, in 2014 Scottish tourists spent £2.4 billion outside of Scotland so it is to be expected that there will be some retention of this money which would in a normal year be spent abroad.

Combining the domestic day and overnight scenarios with international case, they currently estimate that Scotland will see a £5.5 billion (49.3%) reduction in tourism spend in 2021 compared to their estimated baseline. This takes into account spend on goods and services for tourists. Tourism-facing industries such as accommodation or food and beverages services are strongly connected with other parts of the economy. For example, accommodation purchases 56% of its inputs from the services sector (an aggregation based on, for instance financial services, travel agencies, and business services), but it also has links with construction, utilities (energy, water and sewage) and retail. Relative to the accommodation sector, the food and beverages sector purchases a greater proportion of their input from agriculture, food and fishing industries and from retail (and a lower share from the services sector).

Fishing

As mentioned earlier, notification to participate in a competitive freeport selection process for Aberdeen City & Peterhead Region^{xi} has been made to the Scottish Government. Peterhead is already the largest fishing port in the UK and a major European hub for the sector, handling over £210m of fish each year. However too much of this high value commodity leaves Scotland with little or no value-added processing. The port aims to develop a seafood processing hub, targeting indigenous growth as well as inward investment from large scale international processors. The modern facility will encourage the use of the latest technology and

environmental standards. The port has been negotiating with a specific anchor tenant who would establish a large facility at the port site and work with partners over development of a remote seafood processing hub

Aberdeenshire is home to two of Europe's biggest fishing ports – Fraserburgh and Peterhead but there are also many smaller businesses focusing on shellfish operating along the North east coastline. Coronavirus started to have an impact on the fishing industry right from the start with reported landings by the UK fleet 15% down on the previous year.

Seafood processors provide many jobs and support others in the north-east of Aberdeenshire, but COVID-19 meant that many were furloughed. According to a recent Seafish report, it is estimated that one employee in the pelagic catching sector supports 5.6 jobs in the wider UK economy and one employee in the pelagic processing sector supports 5.9 jobs in the wider UK economy. Many of the workforce in the industry came from Europe.

The most recent Seafish survey published in July 2021, found that it was a period of uncertainty and volatility for many UK seafood businesses as Covid-19 infections increased and restrictions remained. New requirements to trade with the EU also came into effect. Many exporting businesses experienced major disruptions in January and February, with increased transit time and cost still being an issue to the end of March.

- Businesses trading with the EU experienced major disruptions and delays due to new trading requirements and logistical issues.
- Shellfish exporters saw the greatest disruption, with live bivalve mollusc producers in class B and C waters unable to sell into EU markets.
- Retail sales dropped back year-on-year from the unprecedented levels seen in March 2020 but remained strong, continuing to outperform sales in recent years.
- Processing businesses faced a range of supply and demand constraints.
- Many UK businesses reliant on seafood imports did not face significant sourcing issues, having stockpiled frozen material in 2020.
- Covid-19 continued to impact the workforce, but increased asymptomatic testing helped control the spread of the virus in processing environments.
- The catching sector was affected by depressed markets, including those targeting shellfish species.
- Aquaculture businesses continued to deal with the impacts of disruptions in production cycles that began in early 2020.

Extra payments were available to help the sector through the covid pandemic with an initial package of more than £5 million in financial support to assist businesses during the coronavirus (COVID-19) outbreak. In January 2021, £23m was made available for seafood exporters and catching and shellfish aquaculture businesses.

With many Europeans heading home during the pandemic, there are now labour shortages. There are concerns within the industry that Brexit and Covid-19 have combined to create a perilous situation for processors with production and export capacity severely reduced leading to a critical shortage of labour to stem the haemorrhage of overseas workers that has occurred since the start of the year. The industry will look to encourage young people into the industry. Many fish and chip businesses have adapted during the pandemic and have implemented new ordering options, such as home delivery, click & collect and 'drive-through' to attract customers. Competition across the foodservice sector is expected to return as restrictions continue to ease and more dining in options return. However, demand for fish and chips is expected to remain strong as many opt for staycations and holidays closer to home.

Brexit

The role that Brexit will play in the social and economic future of Aberdeenshire is by no means clear. Myriad rights and laws have been created by EU membership over the 40 years the UK has been a member. Over the longer term (15+ years), many economists have predicted that the decision to leave the EU will damage trade, labour mobility, and investment.

The transition period was scheduled to end on 31 December 2020. New economic modelling by the Scottish Government indicates that ending the transition this year would result in lowered Scottish GDP of between £1.1 billion and £1.8 billion by 2022 (0.7 to 1.1% of GDP), compared with ending transition at the end of 2022. That would be equivalent to a cumulative loss of economic activity of between nearly £2 billion and £3 billion over those two years. A proportionate impact would be likely for the UK economy. This will clearly hamper recovery from the impact of the pandemic⁶.

The combined impact of these effects on businesses that are already severely affected by COVID-19 could result in widespread business closures and job losses over and above those resulting from COVID-19 alone.

In early 2020, Citizens Advice Scotland (CAS) commissioned Ipsos MORI to undertake exploratory research on the impact of Brexit on individuals, businesses and communities across Scotland. The research consisted of qualitative research amongst EU nationals, UK nationals and Scottish based businesses across three different geographic case study areas: Glasgow, **Aberdeenshire**, and the Highlands. The findings in terms of the impact on the economy are:

- Participants reported that they had experienced an increased cost of living since the EU referendum in 2016. They raised concerns that Brexit may result in further increases in the cost of living, citing the likelihood of prices increasing after the UK has withdrawn from the customs union.
- Businesses reported that they had made operational changes to their business plans as a result of a decrease in job applications from EU nationals and anticipated changes to import and export regulations.
- Participants, particularly in the Highlands and Aberdeenshire, were concerned that Brexit may have a detrimental impact on their local economies and noted that the hospitality and tourist industries were a vital part of these local economies.

The “Social and Equality Impacts of Brexit^{xiii}” – an independent report commissioned by the Scottish Government identified 137 potential impacts on those facing inequality, discrimination, or social inclusion. It highlighted consequences including the loss of legal rights, employment protections and healthcare rights. It also said Brexit could affect supply and access to food, fuel and medicines.

European Structural Funds:

The UK will not receive support from the European Structural Funds, after the current funding period. The purpose of these funds is to “invest in job creation and a sustainable and healthy European economy and environment.” In Scotland, they have played a vital role in reducing disparities across different parts of the country for over 40 years. Brexit means that Scotland, as well as the rest of the UK, cannot participate in the next round of EU structural funds.

The LEADER programme whose funding was provided from the European Agricultural Fund for Rural development and the Scottish Government. The Scottish Government has extended the Scottish Rural Development Programme, which includes the LEADER programme, until 2024. An allocation of £10,400,000 has been made to the programme in the Scottish Government’s 2021 budget. Three million pounds is being made available for pilot actions to support the development of a successor programme which would operate in 2021/22.

Migration

Brexit has placed an increased focus on the nationality of people living and working in the UK. It has the potential to discourage EU migrants from coming to the UK to live and work, either through choice or eligibility. Migration is important to Scotland as without it the population would be declining. In Aberdeen City and Shire, there were 35,000 people who were born in the EU and a further 26,000 from the rest of the world in 2018. The EU born population accounted for 7% of the region's population, and 5% of the region's population were born elsewhere in the world. Compared to Scotland a greater percentage of the region's population were born in the EU or elsewhere in the world.

Changes to migration policy as a result of Brexit will affect all regions in Scotland, but the evidence suggests that Aberdeen City and Shire may be more adversely affected if the changes affect supply. Aberdeenshire could be impacted by a reduction in employees in the care sector – there is already anecdotal evidence that this is happening. The fishing sector are also reporting a reduction in employees in the fish processing sector.

Community Impacts - Other Contextual Evidence

The 'Clean Sheet Review' of the supported bus network by the Passenger Transport Network review member Officer Working Group (MOWG) was to agree a proposed revised approach to supported bus service delivery along with an indicative implementation timeline. With the onset of Covid-19, the bus market had experienced, and continues to experience, unprecedented disruption. Existing market trends have both accelerated and changed and whilst the future remains unpredictable there is a consensus that travel demands will not revert to pre-Covid-19 levels.

Travel needs and travel demands have evolved due in part to:

- Increase in home working
- Online shopping
- Development of tele-healthcare

and both are now less regular with more flexible work hours. Peak workers' travel requirements, the previous service delivery priority, have significantly diminished and, currently, all travel demand by bus is suppressed and more local. Consequently, there is an emerging view that more flexible service delivery is required, be that in terms of bus services, *per se*, or, for example, ticketing options. Flexibility in service delivery should allow more disparate and less regular travel needs to be accommodated and levels of service to be more rapidly tailored to emerging travel needs.

In terms of policy areas/issues, the Passenger Transport Network Review MOWG has highlighted the following as being of greatest importance: access to employment; access to town centres; social inclusion; equality; and 'quality of life'. In particular, the Passenger Transport Network Review MOWG noted how the importance of bus service provision in addressing social isolation had been highlighted by the current public health emergency.

An enhanced Demand Responsive Transport (DRT) pilot project will test the replacement of Council supported timetabled bus services. The new service Ready2Go Around Inverurie begins mid-August 2021.

Agriculture

In March 2021 the Scottish Government published Scotland's Third Land Use Strategy 2021-2026, Getting the best from our land. Ambition 2030 is a growth strategy for farming, fishing, food and drink. The food and drink industry is one of the big success stories of Scotland's economy, with exports worth a record £6.7 billion in 2019. Across the country, particularly in many of the rural areas, the sector creates well-paid and highly skilled jobs.

Established through the Scotland Food and Drink Partnership, Ambition 2030 is an industry-led Strategy that looks to drive profitable, responsible growth across the industry, doubling its size to £30 billion in turnover by 2030 while also delivering on its vision that by 2030: “farming, fishing, food and drink is Scotland’s most valuable industry, recognised at home and abroad as a model of collaboration and a world leader in responsible, profitable growth.”

In November 2020 and as part of the ongoing support to the Scotland Food & Drink Partnership in delivering Ambition 2030 £5 million has been made available to help our food and drink sector recovery from coronavirus (COVID-19) and mitigate the impact of Brexit. This funding commitment is to enable Scotland Food & Drink and industry partners to come together to work on fairer, greener and sustainable solutions to the challenges that lie ahead.

Recovering from COVID-19 – A Local Authority Perspective²

With the pandemic having closed much of the economy, more people are experiencing insecurity and hardship. As governments around the world, including the UK, start to ease the lockdown and get their economies moving again, it is becoming clear that life is going to be different, with many implications for local authorities.

Local government is at the heart of community wealth building, and there are many examples of the proactive and imaginative approach required in how councils have coordinated local emergency responses to the pandemic. The same level of energy and focus will be needed in the recovery and reform stages to build local economies based on wellbeing, resilience, environmental sustainability and economic justice.

According to the Local Government Information Unit, local authorities can play three roles in the economic response to COVID-19⁹:

- (1) **Analyser** – building and maintaining a detailed and granular knowledge of the state of the local economy and the impact of COVID-19 in the short, medium and long term on sectors and communities.
- (2) **Anchor** – as a large employer, procurer of goods and services, owner of land and assets and investor in the local areas, the council, with other anchor institutions, can lead economic reform.
- (3) **Agent of change** – using all the levers of the local state, councils can set the conditions for inclusive local economies and rewire the local economic architecture; they can also intervene at scale to implement policies such as insourcing and new municipal enterprises.

Local authorities could undertake the following tasks or actions (amongst others):

- Map local needs and flows of goods and services.
- Work practically with local businesses as state support is withdrawn.
- Update local economic and industrial strategies for the new context.
- Ensure local industrial strategy can support potential growth sectors, for example, ‘green new deal’.
- Scale-up unemployment support and tailor it to needs of the most vulnerable
- Dispose of under-used assets to ‘public-commons partnerships’ and socially-minded businesses.
- Help bring redundant private assets back into use for social purposes.
- Where relevant, identify where existing devolution deals may need further work with the government to meet newly arising need.
- Use procurement to raise social, economic and environmental standards and incentivise good pay conditions; explore how other powers such as planning and business rates could further support higher standards.
- Collaborate with other anchor institutions and their supply chains on employment support schemes to create opportunities for the most disadvantaged.

- Encourage new forms of finance and investment with steady returns, for example using municipal pension funds.
- Support the voluntary, community and social enterprise sector to develop new socially oriented businesses to meet needs.
- Consider how essential services such as broadband, public transport and housing could be made more universal.
- Lobby vigorously for a fair funding settlement for local government.

This is based on research by the Local Government Information Unit (LGIU). LGIU was established in 1983 as an independent, not-for-profit local authority membership organisation and think tank. Members include councils and other organisations with an interest in local government from across England, Wales, Scotland, Ireland and Australia. LGIU Scotland comprises 5,000 individual members, and includes MSPs, MPs, National Conveners, CEOs, NGOs, and local authorities.

Aberdeenshire Statistical Summary

The main Ward report categorises vulnerability thematically, as per the list below:

- COVID Vulnerability (based on 2 major indices);
- Age Vulnerability (based on 2 indicators);
- Health Vulnerability (based on 28 indicators);
- Economic Vulnerability (based on 15 indicators); and
- Other Socio-Economic Vulnerability (based on 30 indicators).

Summaries of each of the themes listed above will be dealt with individually from an Aberdeenshire perspective.

COVID Vulnerability

The report utilises two major COVID vulnerability Indices which place Intermediate Zones on a spectrum relative their respective COVID vulnerability rankings. One of these studies was conducted by the Scottish Public Health Observatory (ScotPHO), the other by the British Red Cross (in association with Oxford University).

Both studies incorporate multiple indicators that capture clinical vulnerability (e.g. underlying health conditions), demographic vulnerability (e.g. over-70s), social vulnerability (e.g. barriers to housing and services, poor living environment, living in “left-behind” areas, loneliness, digital exclusion), and health inequalities. Where available, data has been updated to the latest version.

According to the ScotPHO study, Aberdeenshire is among the least vulnerable areas in Scotland on a population weighted basis^{xiii}. Of Aberdeenshire’s 59 Intermediate Zones, 8 were in the 20% most vulnerable in Scotland. This equates to 14% of Aberdeenshire’s Intermediate Zones - the 4th lowest proportion in Scotland.

Approximately 33,000 people live within these 8 Intermediate Zones, which equates to approximately 13% of Aberdeenshire’s total population. Again, this was the 4th lowest proportion in Scotland.

The British Red Cross (BRC) COVID Vulnerability Index takes account of more indicators and is arguably more comprehensive than the ScotPHO study. According to the BRC study, there are zero Intermediate Zones in Aberdeenshire within the most vulnerable 20% in Scotland. The most vulnerable Intermediate Zone – Fraserburgh Harbour & Broadsea – falls just outside the most vulnerable 20%.

The overall vulnerability scores within the BRC study are closely correlated to a number of specific indicators. In more vulnerable areas, the items list below are likely to be relatively high.

- **The proportion of people who are out of work and receiving benefits relating to poor health: Incapacity Benefit (IB) / Employment Support Allowance (ESA).** IB and ESA are workless benefits payable to people who are out of work and have been assessed as being incapable of work due to illness or disability and who meet the appropriate contribution conditions. The overall scores are also correlated to the proportion of IB recipients whose claims are due to mental health related conditions.

- **The proportion of people receiving benefits payable to people who are unemployed receiving either Jobseekers Allowance (JSA) or Universal Credit for those who are out of work.**
- **The proportion of residents with a limiting long-term illness.** Figures are taken from responses to the 2011 Census, based on a self-assessment whether or not a person has a limiting long-term illness, health problem or disability which limits their daily activities or the work they can do, including problems that are due to old age.
- **Pensioners in poverty.** This is defined as pensioners in receipt of Pension Credit. Pension Credit provides financial help for people aged 60 or over whose income is below a certain level set by the law.

Other moderately strong correlative indicators include:

- **The proportion of households who do not have a car or van.** Figures are based on responses to the 2011 Census car ownership question which asks information on the number of cars or vans owned, or available for use, by one or more members of a household. It includes company cars and vans available for private use. The count of cars or vans in an area is based on details for private households only.
- **the proportion of people who are disabled and receiving Disability Living Allowance (DLA).** DLA is payable to children and adults who become disabled before the age of 65, who need help with personal care or have walking difficulties because they are physically or mentally disabled. People can receive DLA whether they are in or out of work. It is non-means tested and is unaffected by income or savings of the claimant. DLA provides support for paying with additional care or mobility requirements associated with a disability.
- **The proportion of patients being prescribed anxiolytic, antipsychotic or antidepressant drugs.** This is derived from paid prescriptions data at patient level.
- **The proportion of working age people receiving Personal Independence Payment (PIP) whose main disabling condition is a respiratory disease.** Respiratory diseases include asthma, chronic obstructive pulmonary disease, bronchiectasis, cystic fibrosis, pulmonary fibrosis, pneumoconiosis, heart and lung transplants and various lung diseases and diseases of the upper and lower respiratory tract. PIP helps with some of the extra costs caused by long-term disability, ill-health or terminal ill-health.
- **The proportion of people receiving Universal Credit who are not expected to work at present.** Health or caring responsibility prevents claimant from working or preparing for work. Conditionality means work-related things an eligible adult will have to do in order to get full entitlement to Universal Credit. Each eligible adult will fall into one of six conditionality regimes based on their capability and circumstances. Different members of a household can be subject to the same or different requirements. As circumstances change claimants will also transition between different levels of conditionality.

Again, **in more vulnerable areas, the items list above are likely to be relatively high.**

When the rankings of both studies are accounted for (weighted in favour of the BRC study) the top 10 most vulnerable Intermediate Zones in Aberdeenshire are shown in Table 6 below. In keeping with national findings, the most vulnerable areas are also among the most deprived in the area, either from a geographical access standpoint or from a socio-economic perspective. They are the same Intermediate Zones as in October 2010.

Table 6 – Top 10 most vulnerable Intermediate Zones in Aberdeenshire according to the rankings of two major Covid Vulnerability Indices (ScotPHO and British Red Cross). The rankings are weighted in favour of the British Red Cross study due to the comprehensive nature of the index.

Code	Intermediate Zone Name
S02001343	Fraserburgh Harbour and Broadsea
S02001336	Peterhead Harbour
S02001341	Fraserburgh Lochpots
S02001331	Mintlaw
S02001324	Portsoy, Fordyce and Cornhill
S02001328	Gardenstown and King Edward
S02001325	Aberchirder and Whitehills
S02001285	East Cairngorms
S02001342	Fraserburgh Central-Academy

Age Vulnerability

The vulnerability of an individual is the risk that, once infected with Covid-19, they will develop serious illness and die. A person's risk of serious Covid-19 is a combination of their vulnerability and the risk that they get infected. The risk of getting infected depends on the prevalence of the virus in the local community (which can vary over time), and personal circumstances and activities that predispose to contact with the virus.

Among adults, the risk for severe illness from COVID-19 increases with age, with older adults at highest risk. Severe illness means that the person with COVID-19 may require hospitalisation, intensive care, or a ventilator to help them breathe, or they may even die. People of any age with **certain underlying medical conditions** are at increased risk of experiencing severe illness from COVID-19.

The overall rankings for this theme were based on two indicators:

1. The proportion of the total population aged 65+; and
2. The proportion of the population aged 65+ who have social care needs and are receiving Attendance Allowance (AA). AA is payable to people over the age of 65 who are so severely disabled, physically or mentally, that they need a great deal of help with personal care or supervision.

The overall rankings are weighted in favour of item 2 above as it was felt this would have a greater bearing on vulnerability than simply the age profile of an area.

When the weighted rankings are taken into account the top 10 most vulnerable Intermediate Zones in Aberdeenshire are shown in Table 7 below. Relatively high Attendance Allowance rates may also highlight areas where extra pressures are placed on families, especially if certain family members have caring responsibilities (the adult daughter caring for an older mother, for example). Even if there are no official caring responsibilities, certain elements of the COVID-19 experience (e.g. Lockdowns), could exacerbate the challenges faced by those in receipt of AA as well as their families.

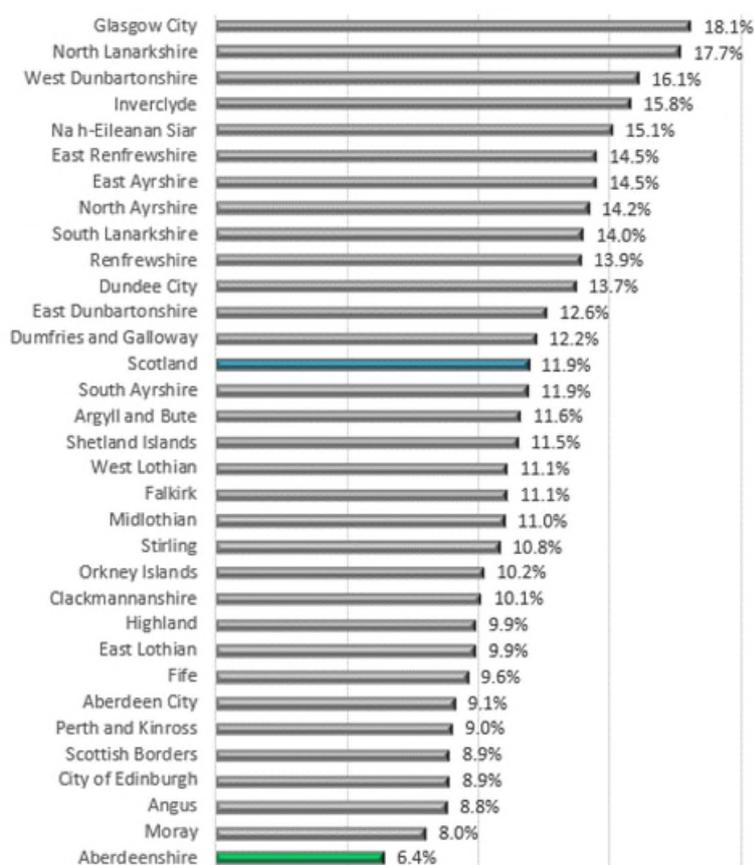
Table 7 – Top 10 most vulnerable Intermediate Zones in Aberdeenshire based on specific age and health-related vulnerability factors

Code	Intermediate Zone Name	% of 65+ pop relative to AA Cases with Entitlement	% of 65+ pop relative to Total Population
S02001335	Peterhead Bay	12.3%	24.7%
S02001340	Fraserburgh Smiddyhill	10.9%	24.4%
S02001324	Portsoy, Fordyce and Cornhill	10.0%	26.8%
S02001342	Fraserburgh Central-Academy	11.6%	22.6%
S02001326	Banff	10.7%	24.0%
S02001323	Turriff	9.7%	26.1%
S02001321	Huntly	9.4%	27.8%
S02001328	Gardenstown and King Edward	9.3%	25.4%
S02001337	Peterhead Ugieside	10.4%	22.1%
S02001287	Mearns and Laurencekirk	10.4%	20.2%
	Aberdeenshire	7.70%	20.0%

Source: DWP

There is a moderately strong positive correlation between AA rates and COVID-related death rates in that, where death rates are relatively high, so too is the AA rate. At 6.4%, Aberdeenshire has the lowest proportion of AA cases relative to the population aged 65+ in Scotland (The Scottish average is 11.9%). The rates range from 6.4% in Aberdeenshire to 18.1% in Glasgow City, as Figure 4 below demonstrates.

Figure 4: Proportion of Attendance Allowance cases relative to total population aged 65+, Scottish Local Authorities, November 2020



Source: DWP, NRS

Latest data show Attendance Allowance numbers have remained relatively steady on a quarterly basis.

Health Vulnerability

There is an extensive list of those who are classed as ‘Clinically extremely vulnerable people’ which is on the NHS website¹⁴.

The overall rankings for this theme were based on twenty-eight indicators including patients hospitalised with asthma, chronic obstructive pulmonary disease, and coronary heart disease, as well as emergency hospital admissions, maternal obesity and early deaths from cancer. These tend to be annual data sets.

Quarterly, monthly or weekly data sets used as part of the health rankings include cumulative deaths attributed to COVID-19, the number of households in receipt of Universal Credit with Limited Work Capability, and the proportion of the population in receipt of Personal Independence Payments (PIP).

Although twenty-eight indicators were used in determining the overall rankings, the final results are weighted in favour of COVID-related deaths. As such, the most vulnerable Intermediate Zones in Aberdeenshire from a health perspective are shown in Table 8 below.

Table 8 – Top 10 most vulnerable Intermediate Zones based on 28 health-related indicators (weighted in favour of COVID-related deaths)

Code	Intermediate Zone Name
S02001336	Peterhead Harbour
S02001342	Fraserburgh Central-Academy
S02001323	Turriff
S02001291	Stonehaven South
S02001335	Peterhead Bay
S02001338	Longside and Rattray
S02001304	Inverurie South
S02001339	Rosehearty and Strathbeg
S02001341	Fraserburgh Lochpots
S02001292	Stonehaven North

The changes in this table reflect to some extent the updated numbers of deaths over the past ten months. The rate of deaths attributed to COVID per head of population tends not to be strongly correlated with any one indicator. That said, in areas where the COVID death rate is relatively high, bowel screen uptake tends to be relatively low. The same may be said of male and female life expectancy.

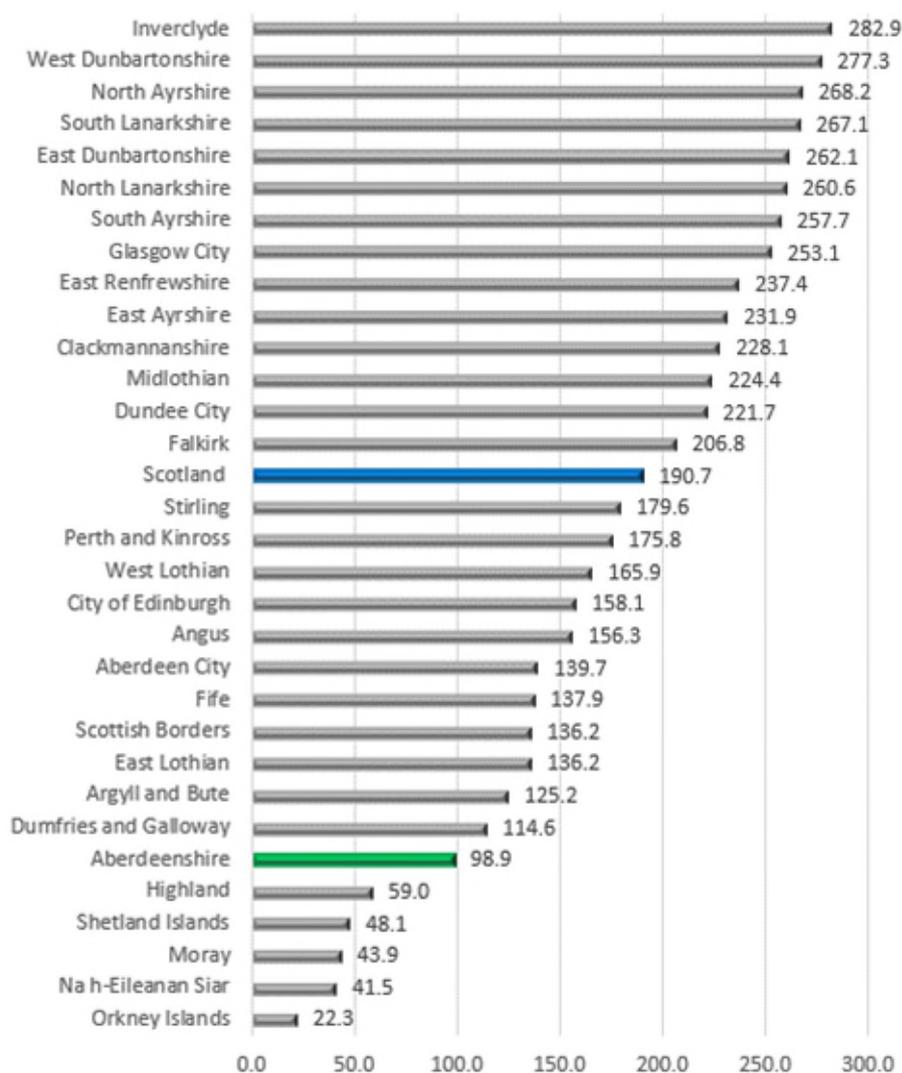
Age-related indicators also tend to be associated with higher death rates. For example, in areas where the death rate is relatively high, so too is the proportion of people aged 65+ in receipt of Pension Credits (a proxy for pensioner poverty). The same may be said of the 65+ population receiving Attendance Allowance (AA) benefits. As noted previously, AA is payable to people over the age of 65 who are so severely disabled, physically or mentally, that they need a great deal of help with personal care or supervision.

However, in most cases the correlation or relationship between the COVID death rate and the indicators listed above are only moderately strong – but they nonetheless suggest deprivation is a material factor, a finding that is reinforced by national statistics.

COVID-Related Deaths

The number of deaths in Scotland are on a downwards weekly trajectory and have remained relatively flat since the end of June 2020.

Figure 5: Age standardised death rates for Scottish Council areas between 1st March 2020 and July 2021



Source NOMIS

The following Intermediate Zones are associated with at least 6 COVID-related deaths. These statistics may be affected by the location of care homes and other institutional settings within the region.

The following statistics pertain to Scotland as a whole:

- 32.1% of COVID-19 deaths registered to date related to deaths in care homes. 60.9% of deaths were in hospitals and 6.9% of deaths were at home or non-institutional settings.
- The first report included deaths between 1st March and 31st August 2020 (117), since then another there have been another 136 deaths making a total of 253 COVID-related deaths.

- 110 died in care homes and 124 in hospital.
- After adjusting for age, people in the most deprived areas were 2.1 times more likely to die with COVID than those living in the least deprived areas. In Aberdeenshire, the more vulnerable areas generally tend to be among the most deprived in the region.

Table 9 – Intermediate Zones that have recorded at least 6 COVID-related deaths between 1st March and 11th August 2021

Code	Intermediate Zone Name	Number of Deaths	Population (2019 based)	Death rate per 100,000 population
S02001336	Peterhead Harbour	23	6150	374.0
S02001291	Stonehaven South	16	5257	304.0
S02001292	Stonehaven North	14	5669	247.0
S02001299	Crathes and Torphins	14	4286	326.6
S02001308	Westhill North and South	13	5082	255.8
S02001313	Ellon East	12	6069	197.7
S02001303	Longside and Raltray	10	7369	135.7
S02001337	Banchory East	8	4168	191.7
S02001323	Insch, Oyne and Ythanwells	8	5087	157.3
S02001287	Turriff	8	4525	176.8
S02001330	Banchory West	6	2932	204.6
S02001316	Ellon West	6	4051	148.1
S02001313	Ythsie	6	6106	98.3
S02001339	Deer and Mormond	6	5064	118.5
S02001339	Rosehearty and Strathbeg	6	6293	95.3

Economic Vulnerability

Emerging evidence on the social epidemiology of COVID-19 suggest that infections and deaths from the disease operate along existing axes of social inequalities, and that individuals from ethnic minorities, poorer socio-economic backgrounds and deprived areas are more likely to suffer⁵.

However, it is unclear how already existing intersecting inequalities at the household level might influence the short and long term consequences of the pandemic. Disease control measures mean that people spend much more time in their immediate households, due to lockdowns, the need to self-isolate, and school and workplace closures. There is a good chance such measures will again be required to varying degrees over the coming months. This situation has led to concerns over financial, physical and psychological effects as well as potentially widening societal and health inequalities⁶.

Those who can work from home tend to be in a better financial position than those who cannot, able to save and have little or no transport costs.

Some household characteristics have become elevated in importance for wellbeing, such as access to a garden or safe outdoor space, technology and internet connectivity. A health study has found that people without patios and gardens have experienced greater mental health challenges throughout Covid-19 than those who have access to their own outdoor space. The findings were made by health experts from the University of the Highlands and Islands (UHI) and the University of Aberdeen, who surveyed 2,969 adults from around Scotland in June and July last year.

Furthermore, global economic slowdown and rising unemployment may interact with these disparities and exacerbate already existing health- and socio-economic inequalities as the pandemic progresses. In early 2021, unemployment, real earnings growth, arrears on household bills, and food bank use were all at similar overall levels to pre-pandemic. This is an astonishing outcome given the scale of economic disruption and loss of national income over the last 15 months. It highlights the huge impact of the government's interventions to support household incomes during the pandemic, including £20 per week uplift in Universal Credit and (especially) the furlough scheme.

The overall rankings for this theme were based on fifteen indicators including household income (especially households earning less than £20,000), income deprivation rates, unemployment rates including the rate of change over the past few months, universal credit claimants, and pensioner and child poverty.

Although fifteen indicators were used in determining the overall rankings, the final results are weighted in favour of lower-income households and an area's respective unemployment rate (including the rate of change). As such, the most vulnerable Intermediate Zones in Aberdeenshire from an economic perspective are shown in Table 10 below.

Table 10 – Top 10 most vulnerable Intermediate Zones in Aberdeenshire based on fifteen economic indicators (weighted in favour of lower-income households and areas with relatively high unemployment rates, including the rate of change).

Code	Intermediate Zone Name	% of households earning less than £20k (2019)	Unemployment Rate (May '20)	Change in Unemployment Rate (Jan-May '20)
S02001343	Fraserburgh Harbour and Broadsea	50.5%	10.2%	+ 5.6%
S02001336	Peterhead Harbour	47.0%	10.8%	+ 5.1%
S02001341	Fraserburgh Lochpots	41.0%	8.1%	+ 3.7%
S02001342	Fraserburgh Central-Academy	41.6%	6.0%	+ 2.9%
S02001335	Peterhead Bay	42.3%	7.0%	+ 2.6%
S02001326	Banff	38.0%	5.9%	+ 2.6%
S02001321	Huntly	39.7%	5.9%	+ 2.0%
S02001327	Macduff	36.6%	5.5%	+ 2.6%
S02001304	Inverurie South	32.2%	6.2%	+ 2.7%
S02001324	Portsoy, Fordyce and Cornhill	34.3%	5.1%	+ 2.4%
	Aberdeenshire	23.5%	3.8%	+ 2.0%

COVID-19 – Economic Implications

This time last year the outlook for the UK economy was increasingly pessimistic. The latest UK GDP data for March 2020 was down 5.8% compared to February (and down 2% over the first quarter of 2020). The average of independent forecasts for the UK suggested a fall of 8.6% in GDP in the UK.

However, the Bank of England now believe that the UK economy will enjoy its fastest growth in more than 70 years in 2021 as Covid-19 restrictions are lifted. The economy is expected to expand by 7.25% this year, with extra government spending helping to limit job losses. It does, however, follow a contraction of 9.9% in 2020 - the biggest in 300 years.

The surge in growth will only return the UK economy is back to its 2019 size. Although there will be a continued strong recovery this year, there will have been two years passed with no growth in the economy. Fewer job losses are expected with the Bank forecasting that the unemployment rate will peak at 5.5% - below the 7.75% predicted in February.

The Scottish economy will recover from the current impacts of COVID-19, but the shape and speed of adjustment are uncertain. Although physical distancing measures are expected to be temporary in nature, there is potential for even short-term measures to have long lasting impacts and become more structural. The latest GDP figures indicate that the Scottish economy is 2.7% below pre-pandemic levels, this compares to 3.1% for the UK overall (See Table 11 on next page).

The performance of the accommodation and food services sector has been improving since the beginning of summer, and this is expected to continue as businesses dependent upon nightlife reopen this month. The number of vacancies in the Scottish economy has been

increasing and employment has begun to pick up in most parts of the country. Jobs, both new and existing, will look slightly different moving forward as around a third of Scottish businesses expect to keep homeworking in some capacity in the future.

Table 11: Real time indicators dashboard

Indicator	Change on pre-pandemic	% change on previous month	Performance	Latest data
GDP	-2.7%	+0.9%		May 2021
Production	-1.1%	+0.7%		May 2021
Construction	+1.1%	-0.8%		May 2021
Services	-3.3%	+1.1%		May 2021

Source: *Scottish Government Monthly GDP*, *Scottish Government BICS*, *ONS (NOMIS)*, *Adzuna*, *FAI*

The path of the recovery remains uncertain for several reasons¹⁵:

- as business and society reopens the output contraction will likely reverse for many parts of the domestic economy. However, not all sectors will come back immediately as external demand, consumer tastes, and business models will have changed significantly. This will present challenges and opportunities for different segments of the business base reflecting their exposure to different economic channels - both external and domestic. The crisis may also accelerate some structural changes that were already happening, such as a switch from high street retail to online. This may negatively impact on Aberdeenshire's town centres over the coming years.
- Loss of productive capacity will likely endure as the restrictions in economic activity continue and this will lengthen the recovery period. This is mirrored in the labour market as unemployment rises significantly and the scarring effects that has on individuals and communities. The number of people on Universal Credit, for example, increased by 88% in May 2020 relative to the month prior to Lockdown (increasing from 6,649 people in February 2020 to 12,496 in May 2020). Aberdeen City recorded a similar percentage increase. In both cases this is higher than the corresponding increase for Scotland as a whole (72%).

On the following page figure 6 charts Aberdeenshire's claimant count (unemployment benefit recipients) from 1987 to June 2020 per broad age group and places the COVID pandemic in the context of previous recessions and crises.

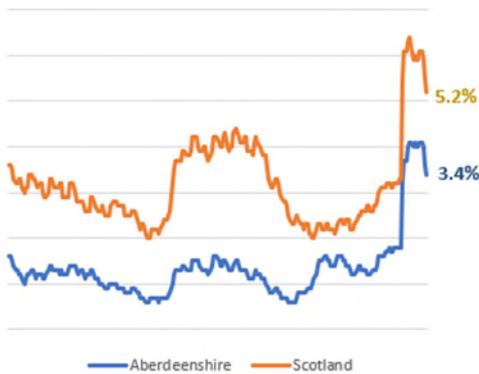
Figure 6 – Claimant count per broad age group, Aberdeenshire, Jan 1987 to Jun 2021

Claimant count per broad age group, Aberdeenshire, Jan 1987 to Jun 2021



Source: NOMIS

Figure 7; Claimants as a proportion of the total population aged 16-64, Aberdeenshire and Scotland, Jan 2001 to Jun 2021



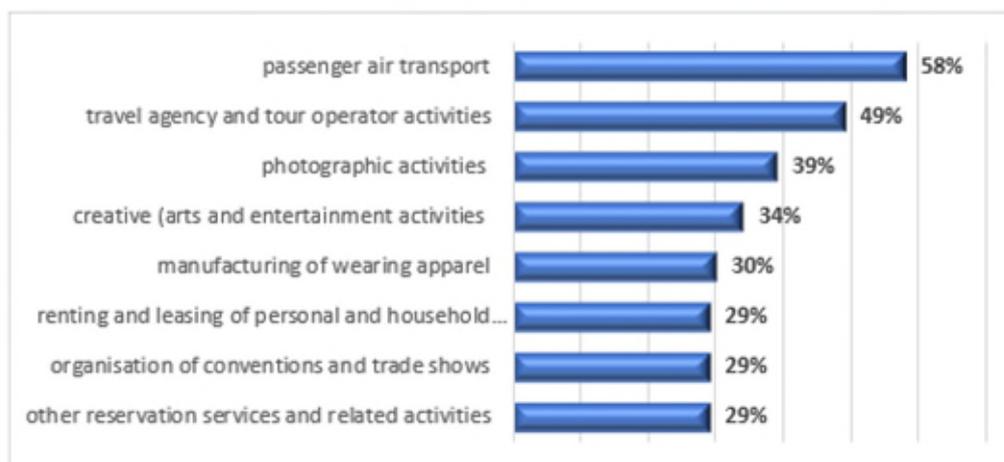
Source: NOMIS

Although a relatively low rate in Scotland, it has been a shock in the context of recent local employment data and could potentially push a greater proportion of residents and families closer to the threshold of relative deprivation. The situation may be exacerbated once the existing furlough scheme expires at the end of September 2021. Government figures say that 11.6 million jobs have been supported by furlough and the cost from March 2020 to September 2021 will be in the region of £66bn.

As of 30 June 2021, provisional figures show that 28% of employers had staff on furlough, down from 30% the month before. Also, 6% of employments eligible for furlough were on

furlough down from 3% the previous month. These levels of furlough reflect the easing of restrictions on business activity seen through the UK in recent months.

Figure 8: Ten more detailed industry groups with the highest rates of jobs on furlough at 30 June 2021



Source: ONS

The end of furlough may see some people lose their jobs and making an application for Universal Credit. Evidence from Citizens Advice Scotland report proportionally large rise in requests for employment-related advice since the start of the pandemic and for advice on the private rented sector. For those in receipt of up to £83 per month the additional Universal Credit payments are due to cease at the end of September 2021, increasing the financial burden on those households. Anecdotally many recipients have said that the extra money has been the difference between starving or buying food.

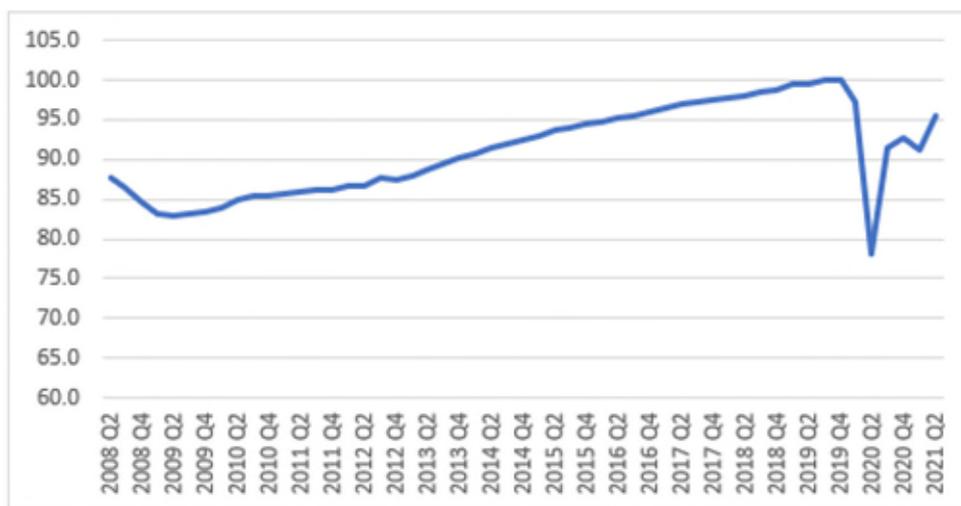
Universal Credit claimed by more than 5.5 million households across the UK was increased by £20 a week in April 2020 to help struggling families during the pandemic and is also due to end at the end of September 2021. There have been calls for it to be made permanent - without it the Joseph Rowntree Foundation estimates that 500,000 more people will be driven into poverty, however, there has been no word of this happening. The longer these measures are in place the harder the impact will be on the public finances and the less scope there will be for fiscal stimulus in the recovery, with a greater risk of wider economic contagion.

The economy will recover but the path and speed of recovery will mirror success in managing the health crisis and will require careful planning and management of economic activity so that society can operate in a different but productive manner.

There have been a variety of business support funding relating to coronavirus¹⁶ many of which have been managed by local authorities and others by the Scottish Government. Across the UK there are an estimated 2.9 million self-employed who are not entitled to any of the lockdown grants.

As Scotland and the rest of the UK emerges from lockdown, data from the Office of National Statistics shows that the UK economy grew by 4.8% between April and June with the largest contributors to this increase were from wholesale and retail trade, accommodation and food service activities, and education. The UK economy is now 4.4% smaller than it was before the pandemic. Growth in the second quarter contrasts with the first three months of the year, when the economy shrank by 1.6% while Covid restrictions were still in place. The main driver of the growth was consumer spending which rose by 7.3% over the quarter. As Figure 9 shows, there is still a way to go to recover to pre-pandemic levels.

Figure 9: UK, Quarter 1 (Jan to Mar) 2008 to Quarter 2 (Apr to June) 2021, index 2019 Q4=100¹⁷



Source: ONS

The economy will recover but the path and speed of recovery will mirror success in managing the health crisis and will require careful planning and management of economic activity so that society can operate in a different but productive manner.

AGCC Quarterly Economic Survey Q1 was conducted between February 15th and March 8th this year.

Among the findings were:

- Trading conditions appeared to be as difficult as at any time since Q2 2020
- Only 2% of respondents reported that their cash flow had increased
- Expect business to return to pre pandemic levels in Q1/Q2 2022
- Things will improve over next 12 months
- Almost half (47%) of those from businesses in Aberdeen and Aberdeenshire see a phased return to office spaces / work premises as being extremely important for economic recovery
- Almost all (98%) feel that a phased return is important to some extent

Other Socio-Economic Vulnerability

The overall rankings for this theme were based on thirty indicators including geographic deprivation, superfast broadband availability, digital vulnerability, food vulnerability, loneliness, overcrowded households, addresses with private outdoor space and the average distance to the nearest park, garden or playing field. Data pertaining to at-risk sectors/jobs were also included as part of the overall rankings.

Although thirty indicators were used in determining the overall rankings, the final results are weighted in favour of a suite of vulnerability indices (digital, food, financial, and hardship fund vulnerability). Extra weightings were also placed on overcrowded households, measures of loneliness, and sectors at-risk as a result of COVID-19 (e.g. accommodation and food services, retail, as well as the arts, entertainment, recreation and other services). As such, the most vulnerable Intermediate Zones in Aberdeenshire based on a selection of socio-economic indicators are shown in Table 12 below.

Table 12 – Top 10 most vulnerable Intermediate Zones in Aberdeenshire based on a selection of 30 socio-economic indicators (weighted in favour of digital vulnerability, food vulnerability, financial vulnerability, overcrowded households, loneliness and the proportion of workers employed within at-risk sectors).

Code	Intermediate Zone Name
S02001339	Rosehearty and Strathbeg
S02001325	Aberchirder and Whitehills
S02001329	New Pitsligo
S02001285	East Cairngorms
S02001338	Longside and Rattray
S02001330	Deer and Mormond
S02001328	Gardenstown and King Edward
S02001300	Cromar and Kildrummy
S02001331	Mintlaw
S02001336	Peterhead Harbour

There have been some changes to the order in the table and is spread across a bigger area of Aberdeenshire. It is still the same Intermediate Zones in the table as last year.

Digital vulnerability is very strongly correlated to indicators that suggest income deprivation. Digitally vulnerable areas are far more likely to contain a relatively large proportion of households earning less than £20,000. As such, they are likely to contain relatively high rates of child poverty, pensioner poverty, single person households, households without access to a car or van. There is also a health dimension in that digitally vulnerable areas are also likely to contain a relatively high proportion of the population in receipt of Personal Independence Payments. These payments help with some of the extra costs caused by long-term disability, ill-health or terminal ill-health.

Given that digitally vulnerable areas are among the least deprived in terms of geographic access, they are therefore far more likely to be found in urban areas. Parts of Huntly, Fraserburgh, Peterhead, Mintlaw, Turriff and Macduff are among the most digitally vulnerable in Aberdeenshire.

Food vulnerability is less strongly correlated to certain other indicators – but moderately strong correlations do exist. Food vulnerability is associated with indicators that suggest ‘remoteness’ and ‘accessibility’. More vulnerable areas are therefore more likely to be associated with longer drive times to various local amenities, especially retail centres and secondary schools. They are also likely to be farther away from foodbanks, as well as parks, public gardens or playing fields.

There is also a moderate relationship between food vulnerability and child poverty in that more vulnerable areas are more likely to be associated with higher rates of children in low income families. More vulnerable areas are also more likely to contain a relatively high proportion of people over the age of 65 relative to the total population.

Therefore, food vulnerability appears to be associated with remoter areas that tend to have higher rates of child poverty and older people. Parts of East Cairngorms, New Pitsligo, Portsoy, Fordyce and Cornhill, Rosehearty and Strathbeg are among the most vulnerable in Aberdeenshire in this respect.

The proxy measurement for loneliness – The Loneliness Prescription Index – is based on an approach developed by the Office for National Statistics' Data Science Campus, which uses GP prescription data to find areas with above-average prescriptions for five conditions where loneliness has been shown to be a risk factor: Alzheimer's, depression, high blood pressure, anxiety and insomnia. Areas with a relatively high incidence of such prescriptions tend to be located in and around the ‘Buchan Corner’ – Mintlaw, Deer and Mormond, New Pitsligo,

Auchnagatt, Longside and Rattray. Other areas include Stonehaven (North and South), Macduff, Crathes and Torphins, Ythanside and Balmedie and Potterton.

In terms of jobs in at-risk sectors, the more vulnerable areas are contained in the tables below. Each table relates to one of the three sectors considered 'at-risk' as a result of COVID. As of July 2021, there are no changes to the 'at risk sectors', mainly because Scotland is only just opening up.

Table 13 – Top 10 most vulnerable Intermediate Zones in Aberdeenshire based on the proportion of jobs within an 'at-risk' sector - In this case Arts, entertainment, Recreation and Other Services (2018)

Intermediate Zone Name	% of Jobs
Stonehaven North	13.3
East Cairngorms	12.0
Westhill Central	12.0
Banchory West	10.0
Aboyne and South Deeside	10.0
Howe of Alford	8.6
Newtonhill	8.3
Newmachar and Fintray	8.3
Crathes and Torphins	8.0
Barrahill	7.5

Table 14– Top 10 most vulnerable Intermediate Zones in Aberdeenshire based on the proportion of jobs within an 'at-risk' sector - In this case Accommodation and Food Services (Hospitality) (2018)

Intermediate Zone Name	% of Jobs
Aberchirder and Whitehills	25.0
Banchory West	24.0
East Cairngorms	18.0
Ythsie	15.0
Dunecht, Durris and Drumoak	14.3
Westhill Central	14.0
Rosehearty and Strathbeg	12.5
Mintlaw	12.5
Newmachar and Fintray	11.1
Ellon West	10.7

Table 15 – Top 10 most vulnerable Intermediate Zones in Aberdeenshire based on the proportion of jobs within an 'at-risk' sector - In this case Retail (2018)

Intermediate Zone Name	% of Jobs
Newtonhill	33.3
Portlethen	30.0
Inverurie South	25.0
Huntly	20.0
Banchory East	20.0
Westhill Central	18.0
Fraserburgh Central-Academy	18.0
Ellon East	18.0
Fraserburgh Smiddyhill	17.1
East Cairngorms	16.0

Overall Vulnerability

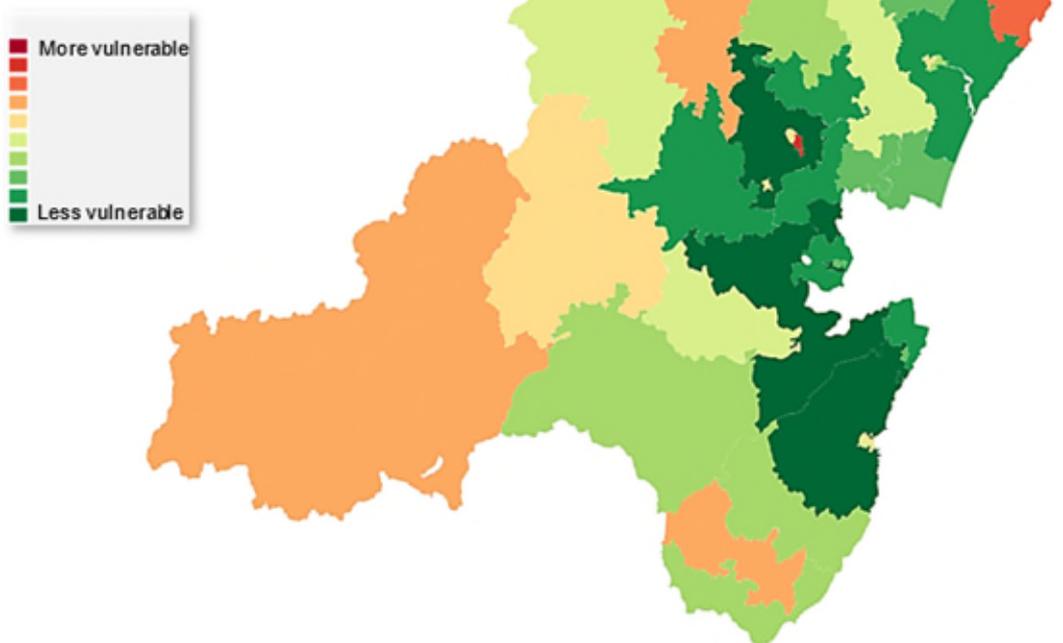
When all the various indicators within each of the themes are accounted for, the most vulnerable areas overall are those shown below. There has been a slight change to the vulnerabilities, however, overall, the most vulnerable IZs remain the same as those in the earlier report. The majority of these areas are found in the North of Aberdeenshire.

Figure 10 – Intermediate Zones in Aberdeenshire ranked according to their respective rankings per the following themes: COVID Vulnerability; Age Vulnerability; Health Vulnerability; Economic Vulnerability; and Other Socio-Economic Vulnerability.

Areas in the north of Aberdeenshire and urban areas tend to be more vulnerable, according to the various indicators and themes contained in this report.

Some of the more rural areas, whilst vulnerable in certain respects due to geographic remoteness and poorer internet connections, tend to be less vulnerable.

Areas to the west and south of Aberdeen City are among the least vulnerable in Aberdeenshire.



**10 Most impacted Intermediate Zones
(dark red on map)**

Peterhead Harbour
Fraserburgh Central-Academy
Peterhead Bay
Fraserburgh Harbour and Broadsea
Fraserburgh Lochpots
Banff
Portsoy, Fordyce and Cornhill
Turriff
Mintlaw
Macduff

APPENDIX

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 - ii [Home education numbers rise](#)
 - iii [Covid and Inequalities](#)
 - iv [People living in deprived neighbourhoods](#)
 - v [impacts of the pandemic on inequality](#)
 - vi [Changing patterns of work at older ages](#)
 - vii [AGCC Report](#)
 - viii [North Sea Transition Deal \(publishing.service.gov.uk\)](#)
 - ix [Global Warming of 1.5 °C — \(ipcc.ch\)](#)
 - x [Freeport note of interest](#)
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 - 15 State of the Economy, Office of the Chief Economic Advisor, Scottish Government, April 2020
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