

To: ECONOMIC DEVELOPMENT COMMITTEE		Subject : ESTIMATES OF LOCAL ECONOMIC OUTPUT (GDP) IN SCOTLAND 1996 - REPORT BY MACKAY CONSULTANTS
From: DIRECTOR OF PLANNING & DEVELOPMENT		
Date: 7 July 1997	Ref : CMcA/EH/LC/REP.242	

### Introduction

For the last five years Mackay Consultants have produced estimates of local economic output, as measured by Gross Domestic Product (GDP), for each of the former regions and districts in Scotland. Following Local Government re-organisation, they have produced estimates for the 32 new Local Authority areas.

### Research

The research is based on information provided from the Scottish Office, the Census of Employment and other sources. In order to produce the estimates of economic output, MacKay Consultants have built up information by industry for each area and then aggregates the results in order to produce the GDP.

A selection of the tables included within the report are in the appendix attached. These are as follows.

- TABLE 1 - RANKINGS OF LOCAL GDP, 1996
- TABLE 2 - RANKINGS OF ECONOMIC GROWTH IN 1996
- TABLE 3 - GDP PER WORKER PER AREA 1996

### Economic Performance in Scotland

The Scottish total of just under £53.4 billion (see Table 1) in 1996 excludes the net value of North Sea oil and gas production, estimated to be worth £9.8 billion. It is estimated that Scottish GDP increased by 1.6% in 1996. This is a disappointing performance, particularly in comparison with the U.K. Economy which grew by 2.3% last year.

The GDP values are closely related to population size. The larger an area's population, the greater its economic output is likely to be, although other factors such as economic structure and labour productivity have to be taken into account. When considering output per worker, output is much higher in industries such as North Sea oil and electronics than in other sectors such as agriculture and tourism.

It is estimated that the average GDP per worker in Scotland in 1996 was £26,952.00. Table 2 equates the GDP per worker value to an index number so that the average is equal to 100. In other words, any area with an index number greater than 100 has a GDP figure greater than the Scottish average : and any area lower than 100 has a GDP figure lower than the average. Aberdeen tops it with a table with average output of £33,108.00, which is 22.8% above the Scottish average. Falkirk, which includes Grangemouth, oil/petrochemical complex is second, with an index 15.9% above the Scottish average. In previous years the new towns of East Kilbride and Cumbernauld would have ranked next. They have now been incorporated into South Lanarkshire and North Lanarkshire respectively.

### North Lanarkshire - Economic Performance

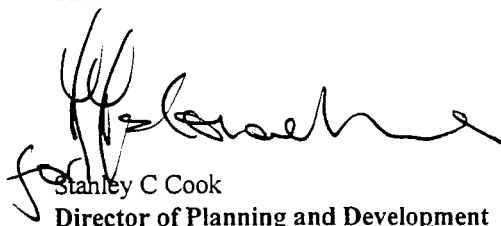
As can be seen from the table, both North and South Lanarkshire have performed below the Scottish average. North Lanarkshire's GDP of £2,750 million in 1996 was the sixth largest in the country. GDP per worker of £26,278.00 was minus 2.5% below the national average. The inclusion of Cumbernauld has raised this figure from previous years. Growth of 1.4% in 1996 was disappointing and the area ranked 23rd of 32.

### Conclusion

The report is based on research on the current economic state of an area. It does not comment on expected investment or growth. It is likely to be at least two years before the increase in output resulting from North Lanarkshire's new inward investors such as Chunghwa and Lite-On make an impact on our GDP performance. West Lothian's GDP in 1996 enjoyed a growth rate of +2.8%, the second highest in Scotland, and this has been mainly attributable to the booming electronics industry. GDP per worker of £29,054.00 was +7.8% above the Scottish average and the fourth highest in the country. It is clear that investment by the electronics sector in a local economy can make a significant impact.

### Recommendation

That the Committee notes the contents of the report.



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Table 1

Rankings of local GDP, 1996  
(£ million, 1996 values)

rank	area	GDP
1	Glasgow	8769.7
2	Edinburgh	6696.8
3	Aberdeen City	4002.4
4	Fife	3134.0
5	South Lanarkshire	2846.1
6	North Lanarkshire	2750.1
7	Highland	1946.6
8	Dundee	1912.5
9	Aberdeenshire	1802.7
10	Renfrewshire	1698.3
11	Falkirk	1498.1
12	Dumfries and Galloway	1418.9
13	North Ayrshire	1386.1
14	West Lothian	1267.3
15	South Ayrshire	1191.4
16	Perth and Kinross	1145.1
17	East Ayrshire	1048.3
18	Scottish Borders	959.3
19	Stirling	857.3
20	Angus	852.5
21	West Dunbartonshire	805.0
22	Inverclyde	796.2
23	Moray	759.5
24	East Dunbartonshire	662.1
25	Argyll and Bute	630.6
26	East Lothian	551.8
27	Midlothian	546.9
28	East Renfrewshire	433.8
28	Clackmannan	339.5
30	Shetland Islands	248.9
31	Western Isles	229.8
32	Orkney Islands	192.5

Table 2

## Rankings of economic growth in 1996

rank	area	% increase in GDP
1	Midlothian	3.1
2	West Lothian	2.8
3	Moray	2.6
4	Scottish Borders	2.5
5	Inverclyde	2.4
6	Aberdeen City	2.3
7	Dumfries and Galloway	2.3
8	Orkney Islands	2.2
9	East Lothian	2.2
10	Highland	2.2
11	Angus	1.9
12	East Dunbartonshire	1.9
13	Argyll and Bute	1.8
14	West Dunbartonshire	1.7
15	Aberdeenshire	1.7
16	Perth and Kinross	1.7
17	Fife	1.7
<b>SCOTLAND</b>		<b>1.6</b>
18	Falkirk	1.6
19	Edinburgh	1.6
20	East Renfrewshire	1.5
21	South Lanarkshire	1.5
22	Clackmannan	1.4
23	North Lanarkshire	1.4
24	North Ayrshire	1.4
25	Stirling	1.4
26	Renfrewshire	1.4
27	Glasgow	1.0
28	Dundee	0.9
29	East Ayrshire	0.7
30	South Ayrshire	0.5
31	Shetland Islands	0.4
32	Western Isles	0.4

Table 3  
GDP per worker per area, 1996  
 (£)

rank	area	GDP per worker (£)	index
1	Aberdeen City	33,108	122.8
2	Falkirk	31,260	115.9
3	Inverclyde	29,512	109.5
4	West Lothian	29,054	107.8
5	Fife	28,385	105.3
6	Edinburgh	27,841	103.3
7	Stirling	27,653	102.6
8	East Renfrewshire	27,464	101.9
9	Dundee	27,308	101.3
10	Renfrewshire	27,168	100.8
11	Shetland	27,130	100.7
<b>SCOTTISH AVERAGE</b>		<b>26,952</b>	
12	North Ayrshire	26,940	100.0
13	South Lanarkshire	26,898	99.8
14	Glasgow	26,547	98.5
15	East Dunbartonshire	26,515	98.4
16	Orkney	26,502	98.3
17	North Lanarkshire	26,278	97.5
18	Midlothian	26,253	97.4
19	Perth and Kinross	25,712	95.4
20	Aberdeenshire	25,634	95.1
21	Angus	25,281	93.8
22	East Lothian	25,277	93.8
23	South Ayrshire	25,006	92.8
24	Moray	24,997	92.7
25	East Ayrshire	24,965	92.6
26	Highland	24,877	92.3
27	Clackmannan	24,688	91.6
28	West Dunbartonshire	24,623	91.4
29	Scottish Borders	23,933	88.8
30	Dumfries and Galloway	23,340	86.6
31	Argyll and Bute	21,804	80.9
32	Western Isles	21,507	79.8