

# Socio-Economic Performance in Rural and Small Town Scotland



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Commonly held generalisations about the social and economic status of small towns and the surrounding rural areas include that they have shrinking populations, exhibit demographic ageing, low levels of economic activity and, entrepreneurship, an absence of innovation, and low incomes. Rural economies are assumed to be driven by agriculture, or other primary activities, and to be dependent upon urban demands for food, recreation and other environmental public goods. By contrast, cities and towns are often described as “the engines of growth”. Of course some of these stereotypes are true in some parts of rural Scotland, but generally speaking the reality is more diverse.

Furthermore, as we move into the 21<sup>st</sup> century subtle shifts in the spatial organization of society and economic activity seem to be taking place. Although these have not so far fulfilled Francis Cairncross’ dramatic (1997) predictions of “the death of distance”, incremental change is gathering momentum, and 20<sup>th</sup> century stereotypes about remote rural communities will become increasingly out-dated. These changes will have profound implications for rural and regional policy.

This note presents an index of rural social and economic performance, and considers what hints may be gleaned from it regarding the changing geography of socio-economic performance of rural and small town Scotland.

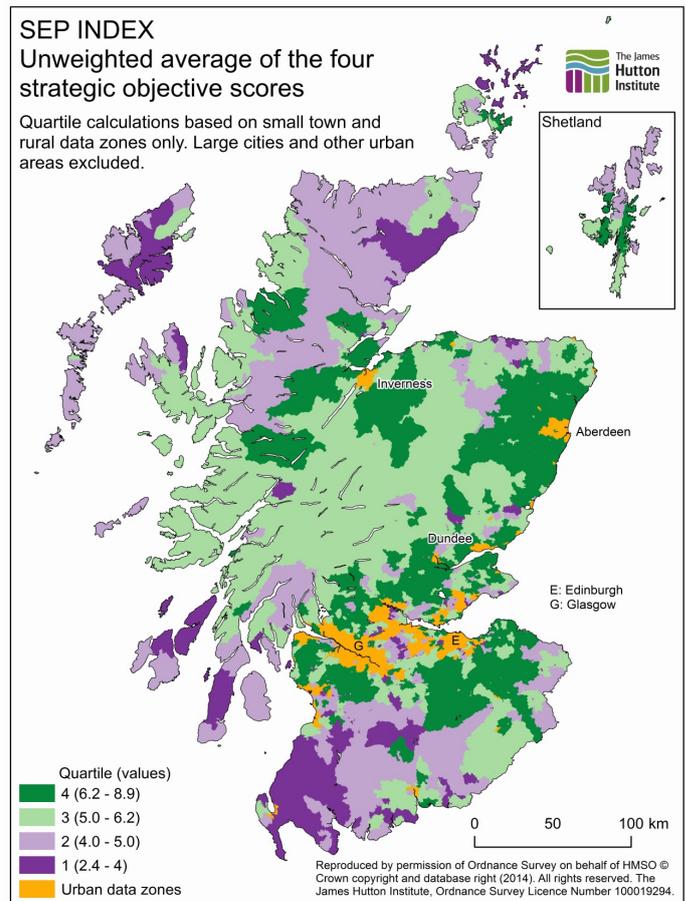


Fig 1: Socio-Economic Performance (SEP) Index 2011

Source: Copus and Hopkins 2015

## Key Points

Mapping the Socio-Economic Performance (SEP) index (Fig 1) reveals that:

- Accessible rural areas, close to the Central Belt, Aberdeen or Inverness exhibit the highest overall performance.
- Lower performance is found in the remotest parts of the Highlands and Islands, parts of Dumfries and Galloway, and in the former coalfield areas of Fife, Ayrshire and Lanarkshire.
- The greatest increases in performance between 2001 and 2011 were in accessible rural areas, with remote rural areas showing more modest positive trends. Small towns (both accessible and remote), exhibited a small (relative) decline.
- These findings suggest; (a) that the role of small towns within the surrounding rural economy is changing, and, (b) that accessible and remote rural areas (and small towns within them) continue to follow distinct development paths.

Research Note August 2015 – Vibrant rural communities series



## What are the implications for policy?

The patterns and trends of rural socio-economic performance (SEP) described below raise the question whether rural/regional development policies should have different “intervention logics” in different kinds of rural area:

- Since the performance of accessible rural areas (and small towns) is probably determined by various forms of urban-rural interaction, interventions which seek to rebalance the distribution of city region benefits and urban spread effects, would seem to be most appropriate here.
- More remote rural areas, and small towns, are likely to benefit more from a “place based” style of development policy, which seeks to stimulate growth based upon local community capacity and territorial assets. This could be supplemented with measures to improve the connectivity, both to urban areas within Scotland and in a European/global context.
- Whilst small towns may still be a focus for economic activity and employment in rural areas their relatively poor performance (as measured by the SEP Index) indicates that they are slightly less attractive as places to live, particularly for the more affluent part of the population. Counter-urbanisation around these small towns, which eventually has a negative impact on the rural environment, may perhaps be reduced through integrated approaches to revitalize and enhance small towns as living spaces for all segments of the population.

## Why map Socio-Economic Performance?

In recent years both researchers and the policy community across Europe have noted that the long-term shift away from “traditional” agrarian roots has resulted in increasing differentiation between different forms of rural economy. This has led many to reconsider the long established sectoral approach to rural development. Broadly speaking the two principal schools of thought regarding the way in which policy should respond are:

(i) Endogenous or “bottom up” local development policy. This emphasizes the need to tailor local development to exploit all forms of local territorial capital (physical, economic and financial, social and human, environmental public goods, and so on). The best known example of this is the EU’s LEADER programme, though there are many national and local initiatives which follow the same principles.

(ii) The second school of thought argues that cities and towns are the “engines of growth” and that the best way to help rural areas develop is through strengthening their interaction with nearby urban areas. This rationale underlies city region planning policies and urban-rural cooperation initiatives.

It is important to monitor the changing geography of socio-economic performance across rural and small town Scotland because it allows us to check whether the right kind of policy intervention is being used in the right places.

## Choice of data and structure of the index

The underlying structure of the SEP Index derives from the Scottish Government’s National Performance Framework, whose four (socio-economic) “Strategic Objectives” align with the four groups of indicators included in the Index (Table 1).

**Table 1: The four National Performance Framework Strategic Objectives and the 20 SEP Indicators (2011 version)**

Strategic Objective	Measured in terms of...	Number of Indicators in SEP
<b>Wealthier/ Fairer</b>	Income, benefits dependency, unemployment, access to services.	6
<b>Healthier</b>	Self assessed health, share of people with limiting long term	4
<b>Safer/ Stronger</b>	Change in total population and economically active, old age dependency, change in number of businesses. Crime rate, emergency hospital admissions.	6
<b>Smarter</b>	Qualifications, Graduates, NEETS, Occupational structure.	4
<b>Greener</b>	Excluded from the analysis	0

The geographical building blocks for the Index were the 2,014 data zones which lie within categories 3-6 of the Scottish Government’s (2011-12) Urban-Rural classification. This covers accessible and remote rural areas and small towns, and excludes data zones in towns and cities with populations of 10,000 or more.



The SEP Index was first calculated with data centred on the year 2011. It was later re-estimated, with a slightly reduced set of indicators, for 2001 (and again for 2011), in order to reveal patterns of change.

It is very important to keep in mind the fact that most of the indicators used are residence-based, and that commuting will mean that many employed in small towns are recorded in the adjacent rural areas.

## Methodology

The three guiding principles for the methodology were:

- (i) *Simplicity and transparency*
- (ii) *Meaningful units*
- (iii) *Avoiding subjective weighting.*

The SEP index is calculated (for each data zone) according to the following steps:

- (i) Convert each indicator to a score, on a scale of 1-10, (where 10 equals top performance, and 1 the very worst performance) based upon deciles of the raw data distribution.
- (ii) Calculate a simple unweighted average of the individual indicator scores for each of the four strategic objectives.
- (iii) Calculate a simple unweighted average of the four strategic objective scores.

## Patterns of performance in 2011

The 2011 SEP Index (Fig 1) shows a fairly consistent relationship between performance and accessibility, though often disrupted by specific localities with structural legacy issues. For example the Aberdeen hinterland stands out as a well performing area. Around Inverness the pattern seems to be disrupted by the physical geography of the area, and the shape of the data zones. The southward extension of high performance coincides roughly with the more populated area along the A9 trunk road. Other “salients” of better performance extend westward towards Mallaig, and northwards across the Black Isle towards Dingwall. A patchwork of better performance extends southwest from Arbroath towards Lomond, whilst south of the Central Belt the pattern is also somewhat fragmented. A linear feature extending to the English border appears to follow the A1 road.

The largest area of poor performance is in Dumfries and Galloway and South Ayrshire. Other poorly performing areas are the Mull of Kintyre, Jura, part of Islay, Fort William, Harris, the Outer Isles of Orkney, eastern Caithness, and the former fishing villages of the Moray Coast. Less conspicuous on the map, but more “weighty” in terms of population, are the small areas of poor performance scattered across Lanarkshire, Falkirk, West Lothian and Fife.

**Figure 2: Average Strategic Objective Scores by rural-urban category (2011)**





Fig 2 shows the average scores for each strategic objective, by small town and rural area category.

There are two kinds of pattern:

(i) In the case of the Wealthier/Fairer objective the small towns show higher average scores than the rural areas, and the accessible towns and accessible rural perform better than the remote ones.

(ii) For the other three objectives (healthier, safer/stronger and smarter) the rural areas show higher average scores, with the accessible rural areas consistently the best performing type. At the other extreme the remote small towns are consistently the worst performing group.

In all four graphs the error bars show that there is substantial variation in performance within each type of area.

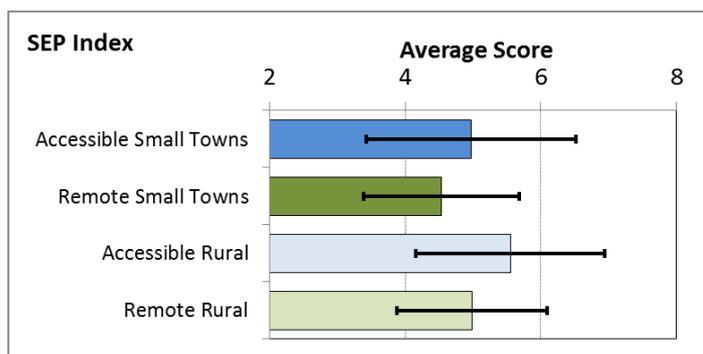


Figure 3: Average SEP Scores by rural-urban category (2011)

Fig 3 shows the small town and rural pattern of the overall SEP index. The best performing group is accessible rural, the worst is remote small towns. Remote rural and accessible small towns both have an average score of slightly less than 5. This “hybrid” pattern is best understood in terms of a combination the two kinds of pattern shown in Fig 2.

Again there is substantial heterogeneity of performance within each urban-rural type.

## Change 2001-2011

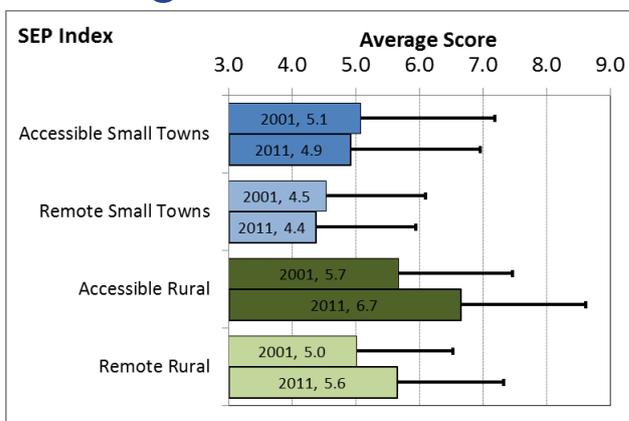


Fig 4: Average SEP Scores by rural-urban category 2001 and 2011

Figure 4 shows the performance scores for the four small town and rural categories of data zone in 2001 and 2011. It is important to keep in mind that the SEP scores are relative – they are based on the deciles of the distribution of the indicators.

The performance profile was broadly similar in both years. However there is a strong hint of divergence between the small towns and the rural areas around them. Both accessible and remote small towns saw a small (relative) decline in performance, whilst both accessible and remote rural areas exhibited substantial improvements in their average score.

These shifts in the performance profile are probably affected by changing commuting and migration patterns. It seems likely that the performance of accessible rural areas has been boosted (at the expense of small towns) by increasing numbers of commuters, while the rising performance of remote rural areas suggests that rural-urban migration has slowed, if not reversed.

Disentangling these effects from productivity growth and structural change, and understanding the evolving role of new forms of global connectedness in transforming the meaning of “remote” are substantial challenges for continuing research.

## Further information

Copus A and Hopkins J (2015) Mapping Rural Socio-Economic Performance (SEP), Report for Rural Communities Team, Food, Drink and Rural Communities Division, The Scottish Government (<http://www.hutton.ac.uk/research/groups/social-economic-and-geographical-sciences/mapping-rural-socio-economic-performance>)

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This research is funded by Scottish Government's Rural and Environmental Science and Analytical Services Division (RESAS) under Theme 8 'Vibrant Rural Communities' of the Food, Land and People Programme (2011–2016). The views expressed are those of the authors and do not necessarily reflect those of the Scottish Government.