



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

January 2011

Area profile for Orkney

Highlights

In 2009, the population of Orkney was 19,960. This represents an increase of 3.9% since 2001 and compares to a 3.1% increase overall in the Highlands and Islands and 2.5% increase in Scotland.

Unemployment in Orkney has been consistently below the rate for the Highlands and Islands¹.

The most recent GVA figures for 2007 state that GVA per full-time equivalent employee was higher in Orkney than in the Highlands and Islands and Scotland for both the manufacturing and construction sectors, but lower in the services sector.

The female dominated sector of public administration, education and health is the largest employment sector, accounting for 36% of jobs in 2008. The construction and transport and communications sectors account for a higher proportion of employees in Orkney than in the Highlands and Islands.

The majority of workers in Orkney (70%) are employed by companies with fewer than 50

employees. This demonstrates the dominance of employment within small businesses in Orkney.

Business start-ups in Orkney were lower than in the Highlands and Islands in 2008. There were 3.0 new start-ups per 1,000 population in Orkney, compared to 4.0 in the Highlands and Islands.

Educational attainment levels in secondary schools in Orkney were above the Scottish averages in 2008/09.

Orkney house prices have been rising in recent years, although not by as much as in the Highlands and Islands or Scotland. In 2008, the median house price in Orkney was £95,500 compared to £117,750 in the Highlands and Islands and £114,500 in Scotland.

¹ Please refer to the 'Unemployment Digest' prepared by the Planning and Economics team on a monthly basis for the latest unemployment data at: <http://www.hie.co.uk/highlands-and-islands/economic-reports-and-research/>

Population: 19,960

Area: 100,000 hectares

Main sectors of employment: primary industries, construction, tourism, transport and communications



Stenness standing stones

Introduction

This Area Profile for Orkney provides recently available data from the most reliable sources on:

- Population structure
- Population change
- Migration
- Unemployment
- Economic activity
- Incomes
- Gross Value Added (GVA)
- Employment by sector
- Company size
- Business starts
- Educational attainment
- Destinations of school leavers
- House prices
- Quality of life indicators

Comparisons are made with the Highlands and Islands as a whole and Scotland.

Population

Table 1 shows the change in the resident population of Orkney compared to the Highlands and Islands and Scotland from 2001 to 2009.

Table 1: Resident Population: 2001 – 2009

	2001	2009	Change (2001-2009)	% Change (2001-2009)
Orkney	19,220	19,960	740	3.85
Highlands & Islands	433,448	447,043	13,595	3.14
Scotland	5,064,200	5,190,000	125,800	2.48

Source: GROS Mid-Year Estimates

Between 2001 and 2009, Orkney's population rose by 3.9% to 19,960, a greater rate of growth than that of the Highlands and Islands (+3.1%) or Scotland (+2.5%). The population of Orkney's main settlement, Kirkwall, increased by 1.4% between 2001 and 2009 to 8,550. Population reduction has characterised the outlying areas, with the North Isles of Eday, Westray and Papa Westray experiencing decline of 16.1% between 1991 and 2001, and the South Isles of Hoy, Flotta, South Ronaldsay and Burray a 12.0% decline. There has, however, been a turnaround since 2001 with a 9% growth in population of Hoy, Flotta, South Walls and South Ronaldsay. The northern islands of North Ronaldsay, Sanday, Stronsay and Eday, Westray and Papa Westray still experienced a decline of around 8% in 2001-2009.

Age Structure

Table 2 shows the changing age structure of Orkney compared to the Highlands and Islands (H&I) and Scotland from 2001 to 2008.

Table 2: Distribution of Population by Age: 2001-2008 (% of total population)

Age Group	Orkney Mid 2001	Orkney Mid 2008	H&I Mid 2008	Scotland Mid 2008
0-4	5.1	5.0	5.1	5.5
5-19	19.3	17.6	17.3	17.3
20-44	31.3	28.5	29.2	33.9
45-64	27.6	29.9	29.4	26.7
65-84	14.6	16.8	16.8	14.6
85+	2.1	2.2	2.2	1.9

Source: GROS Mid-Year Estimates

Orkney's population structure is similar to that of the Highlands and Islands, but differs from that of Scotland mainly in its much lower proportion of those aged 20-44 (29% of the population in 2008), which compared with 34% for Scotland, and 31% for Orkney in 2001. Figures show a tendency towards an ageing population and a resulting challenge for the area. This may prove particularly challenging in more rural areas because dispersed settlement patterns and low population densities make the delivery of services more difficult. Parts of the area are attractive for retirement, but many young people leave to seek out Higher Education and employment opportunities elsewhere.

Migrant Workers

Table 3 shows the number of applications for National Insurance (NI) numbers that were made by migrants in Orkney, Highlands and Islands and Scotland from the financial year 2002/03 to 2008/09. The figures for the Highlands and Islands are for the area's six main local authorities.

Table 3: Applications for NI Numbers

	Total NI registrations	Registrations per 10,000 economically active
Orkney	380	368.9
Highlands & Islands	20,870	901.5
Scotland	246,110	962.1

Source: Department for Work and Pensions

Orkney hasn't attracted as high a proportion of migrant workers in recent years as either the Highlands and Islands or Scotland. Per economically active resident, the rate of NI registrations over the six year period to 2008/09 in Orkney was 38% of the Scottish average. This reflects the traditional nature of its economy, with low job turnover, and its relative self sufficiency even with low unemployment. NI registrations might, however, understate the presence of migrant workers in Orkney as some will have registered outwith Orkney before being recruited by island businesses through agencies.

Table 4: Applications for NI numbers by World region (January 2002-March 2009)

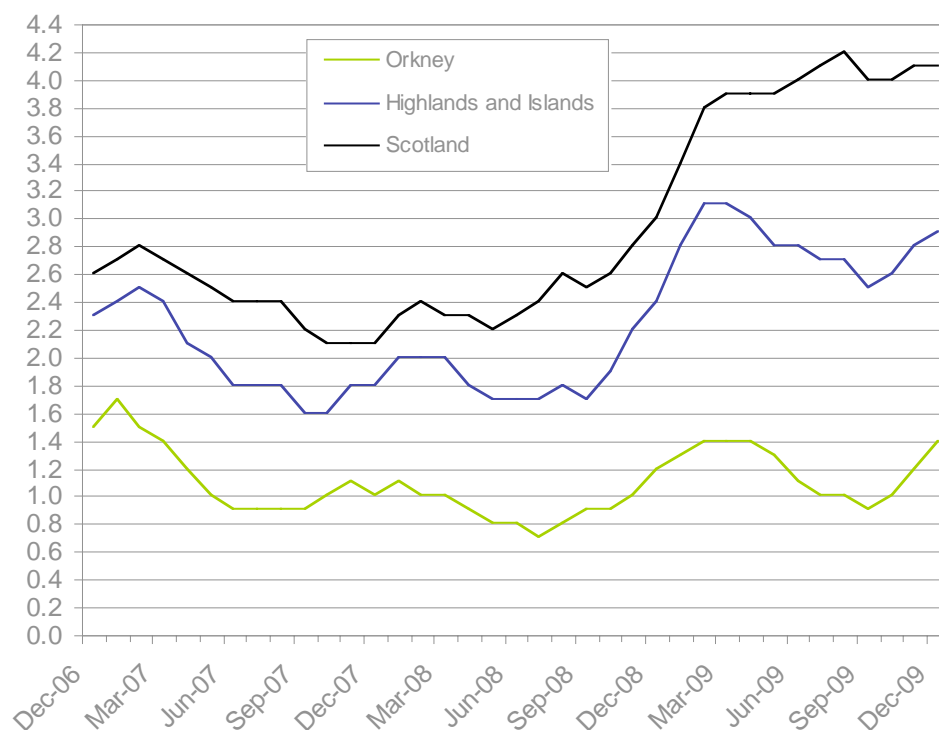
	Total	World Area of Origin						
		EU (%)	EU Accession States (%)	Other European (%)	Africa (%)	Asia and Middle East (%)	The Americas (%)	Australasia and Oceania (%)
Orkney	390	18	54	0	3	8	8	8
Highlands & Islands	21,010	14	62	2	4	7	5	6
Scotland	249,010	17	44	2	7	18	5	6

Source: Department for Work and Pensions

As shown in Table 4, the majority of NI registrations in Orkney (54%) were made by people from the EU Accession States.

Unemployment

Figure 1 shows the unemployment rates for Orkney, the Highlands and Islands and Scotland from December 2006 to December 2009. The rates are based on the Claimant Count, which is a measure of people who are claiming Jobseekers Allowance.

Figure 1: Unemployment Rates: 2006-2009

Source: NOMIS

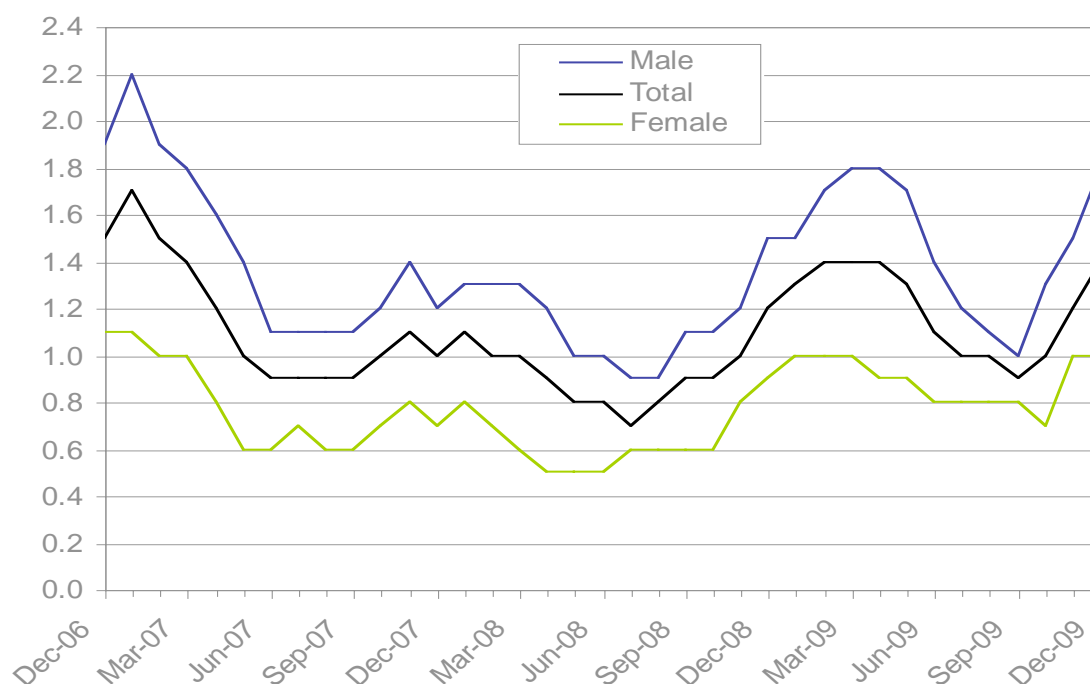
Orkney's unemployment rate has been consistently below the rate for the Highlands and Islands over the period since August 2006 (and before this), and well below the rate for

Scotland. The unemployment rate for December 2009 was 1.4%, compared to 2.9% for the Highlands and Islands and 4.1% for Scotland. Orkney's 1.4% unemployment rate was joint lowest of the Highlands and Islands Travel to Work Areas, alongside Shetland in December 2009.

Unemployment by Gender

Figure 2 illustrates the male and female unemployment trends for Orkney from December 2006 to December 2009.

Figure 2: Male and Female Unemployment Rates: 2006-2009



Source: NOMIS

As in other parts of Scotland, male unemployment is higher than female unemployment in Orkney, but the differential is less marked. In December 2009, male unemployment of 1.8% in Orkney compared with female unemployment of 1.0% (less than 50% higher) whereas in Scotland, male unemployment of 6.0% was more than 150% higher than female unemployment.

Orkney's peak male unemployment rate of 2.2% in January 2007 shows that its economy is not immune to cyclical swings, but is less pronounced than elsewhere.

Economic Activity Rate

Table 5 shows the economic activity rate for Orkney, the Highlands and Islands and Scotland between January and December 2008. These figures are based on the Annual Population Survey – a residence based labour market survey. The percentages are of all people of working age, except the unemployment rate, which is a percentage of those economically active.

Table 5: Economic Activity: January 2008-December 2008 (working age population)

	Orkney		H&I	Scotland
	Number	%	%	%
Persons				
Economic activity rate	10,300	85.9	84.3	79.6
Employment rate	10,100	83.9	81.6	75.6
% who are employees	8,600	71.7	70.4	67.5
% who are self employed	1,200	10.4	10.5	7.7
Unemployment rate	-	2.3	3.2	5.0
Males				
Economic activity rate	5,800	89.9	88.2	83.1
Employment rate	5,700	88.3	85.7	78.7
% who are employees	4,600	71.8	71.6	67.6
% who are self employed	1,000	16.1	13.7	10.7
Unemployment rate	-	-	2.8	5.3
Females				
Economic activity rate	4,500	81.3	79.9	75.9
Employment rate	4,400	78.8	77.0	72.3
% who are employees	4,000	71.7	69.0	67.4
% who are self employed	-	3.8	7.0	4.5
Unemployment rate	-	3.0	3.6	4.8

Source: Annual Population Survey

Orkney's male and female activity rates are both significantly higher than the Scottish averages and slightly higher than the Highlands and Islands averages, reflecting the strength of its economy. More than four in five of Orkney's females of working age (81%) are economically active compared with approximately three in four of Scotland's females (76%).

Self employment in Orkney is relatively high, reflecting the prominence of small scale tourism provision and small family farms. Male self employment (16% of those economically active) is 50% higher than in Scotland (11%).

Income

Figures from the Annual Survey of Hours and Earnings (ASHE) estimate the median gross weekly wage for the Highlands and Islands to be £350 in 2009. This compares to the Scottish figure of £385. The data should be used with a degree of caution due to the low sample sizes for smaller geographies. No accurate data is available for income at the Orkney geography, however, given what is known about the local economy inferences can be made about the probable nature of income.

Table 6: Median Gross Weekly Earnings (£): 2009

	H&I	Scotland	H&I as a proportion of Scotland
Median gross weekly pay for all employee jobs	£350.0	£385.4	90.8%

Source: Annual Survey of Hours and Earnings (work place based)

In Orkney, earnings are likely to be below the Scottish and Highlands and Islands levels due to its high share of employment (in particular self-employment) in relatively low paying sectors such as tourism and the primary sectors. A large number of farms and crofts which typically

yield low incomes and higher winter unemployment rates may exacerbate the situation. There are employers in the area however who offer employment opportunities with higher wages in sectors such as oil and gas and the expanding renewables industry.

Gross Value Added (GVA)

Gross Value Added (GVA) is a measure of the income generated by a sector from the production of goods and services after the deduction of costs incurred in the production process (excluding wages and capital investment costs). It provides an indication of an area's productivity.

Table 7 shows the GVA per full-time employee (FTE) for Orkney, the Highlands and Islands and Scotland in 2007. The Highlands and Islands figures are weighted averages of the GVAs per sector for the six local authority areas that broadly comprise the region.

Table 7: GVA per FTE (£): 2007

	Manufacturing	Construction	Services
Orkney	67,454	48,063	17,312
Highlands & Islands	63,173	38,000	26,685
Scotland	62,030	47,762	35,582

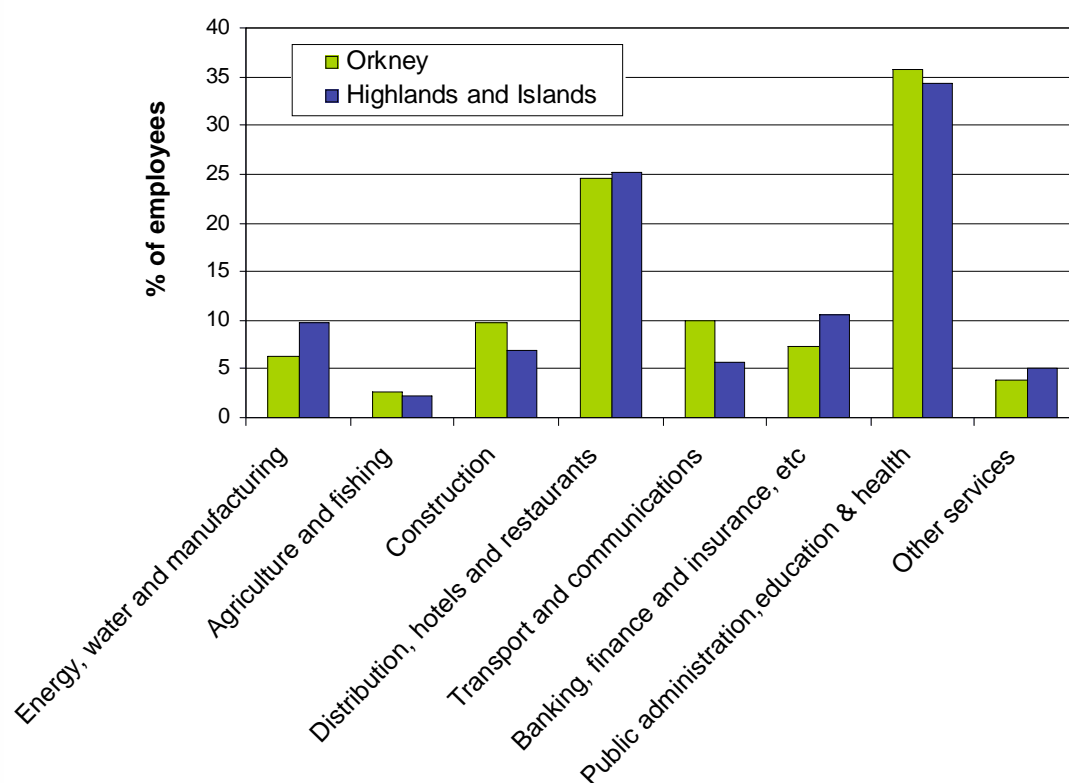
*Source: Scottish Executive, Scottish Annual Business Statistics, 2007
(adjusted from all employees to FTE employees)*

In 2007, Orkney had a higher GVA per FTE employee in manufacturing and construction, than Highlands and Islands and Scotland. It had a lower GVA per FTE employee in services (50% less than Scotland). GVA figures from this source tend to fluctuate from year-to-year, however, which suggests that figures for individual years are not statistically reliable.

Employment

Employment by Sector

Figure 3 illustrates the distribution of employment by sector in Orkney and the Highlands and Islands in 2008. The figures are based on the SIC 2003 and provide a broad picture of industry categories in the area.

Figure 3: Employment by Sector: 2008

Source: Annual Business Inquiry (NOMIS)

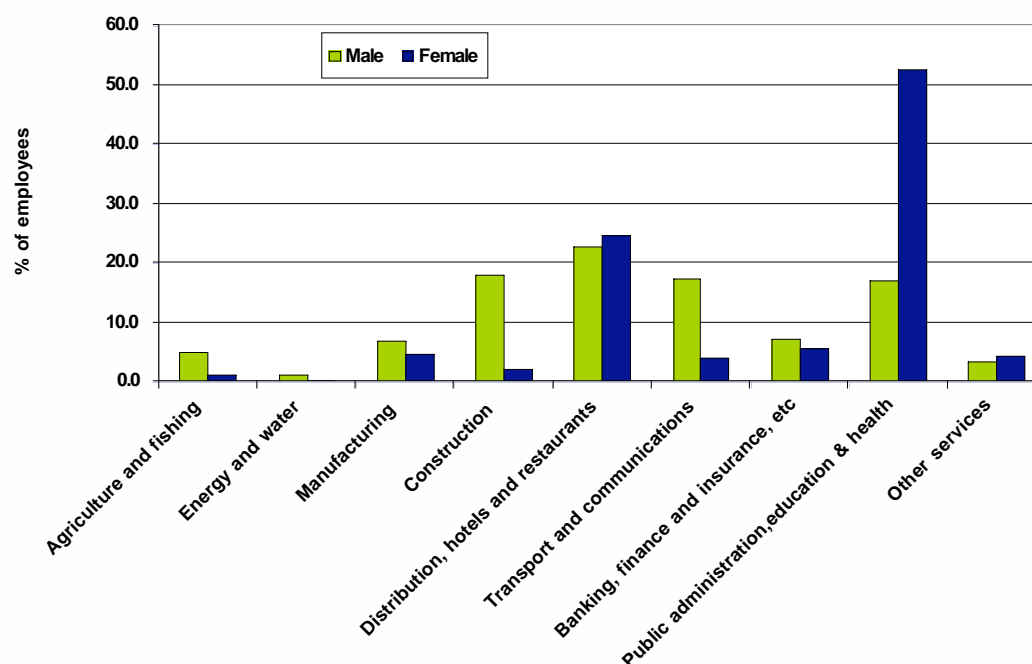
Note: These figures exclude the self-employed. Actual employment will be higher, particularly in primary industries and tourism.

The most important employment sector in Orkney is public administration, education and health, which provides work for 36% of employees. Relative to the Highlands and Islands, Orkney had a high proportion of its employees in transport and communications (10.3% compared with 6.1%), which reflects the geography of the islands, construction (9.6% to 6.9%), and agriculture & fishing (3.0% to 2.3%). Orkney has relatively low proportions in energy, water and manufacturing (6.6% to 9.7%) and banking, finance and insurance (6.3% to 11.8%).

Employment by Gender

Figure 4 shows the percentage of male and female employees by sector in Orkney in 2008.

Figure 4: Employment by Gender and Sector: 2008



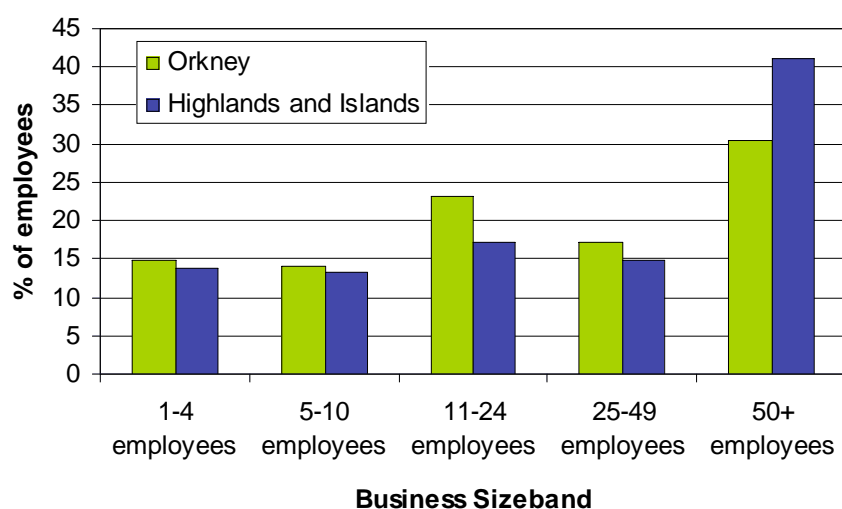
Source: Annual Business Inquiry (NOMIS)

Note: These figures exclude the self-employed. Actual employment is likely to be higher, particularly in primary industries and tourism.

The most important sectors for male jobs in Orkney are distribution, hotels and restaurants (23.0% of male employment), construction (18.0%), transport & communications (17.6% of male employment) and public administration, education and health which accounts for 17.2% of male employment. For female jobs public administration, education and health (52.8%) is by far the most important sector, followed by distribution, hotels and restaurants (24.8%).

Employment by Company Size

Figure 5 shows employment by company size in Orkney compared to the Highlands and Islands in 2008 (excluding self-employed)

Figure 5: Employment by Sizeband: 2008

Source: *Annual Business Inquiry (NOMIS)*

Orkney had a significantly lower proportion of its workforce in businesses employing 50 or more people than the Highlands and Islands (30.5% compared with 41.7%). This reflects the preponderance of small enterprises in the Orkney economy.

Business Starts

Table 8 shows the number and rate of new business start-ups per 1,000 population in Orkney, the Highlands and Islands and Scotland in 2008.

Table 8: New Business Start-ups by Area in 2008

Area	Start-ups	Start-ups per 1,000 population
Orkney	60	3.0
Highlands and Islands	1,795	4.0
Scotland	20,028	3.9

Source: *Committee of Scottish Clearing Bankers*

Note: population base is taken from the 2007 Mid-Year Estimates (GROS).

Orkney's number of business starts per head in 2008 was 25% lower than the Highlands and Islands average, which reflects the relative stability of its economy (i.e. a low business turnover) rather than lack of local enterprise.

Business start-ups for the first three quarters of 2009 were 4.4% lower than the 2008 quarterly average, perhaps due to recessionary pressures. Scotland (-17.4%) and the Highlands and Islands (-14.7%) also experienced a reduction in new business starts in the first three quarters of 2009 compared to the 2008 quarterly average.

Educational Attainment

Tables 9 and 10 show SQA attainment in secondary schools at the end of S4 and S6 in 2007/08.

Table 9: % S4 roll gaining 5+ awards at Standard Grade 1-2 by the end of S4

	2007/08
Orkney	37
H&I	38
Scotland	34

Source: Scottish Government

Table 10: % S4 roll gaining 3+ awards at Higher Grade A-C by the end of S6

	2007/08
Orkney	38
H&I	33
Scotland	30

Source: Scottish Government

The level of attainment in Orkney's schools is relatively high, with awards at Higher level 15% above the Highlands and Islands average and 27% above the Scotland average in 2007/08 (as measured in Table 10).

51% of Orkney's S4 pupils had stayed on to S6 in 2007/08 (compared with 45% in Scotland) – up from 44% in 2005/06.

School Leavers

Table 11 shows the destinations of school leavers from Orkney, the Highlands and Islands and Scotland in 2007/08.

Table 11: School Leaver Destinations (%): 2007/08

	Orkney	H&I	Scotland
Total Number of Leavers	321	5,762	58,791
Higher Education	34%	30%	31%
Further Education	24%	21%	25%
Training	4%	2%	5%
Employment or Voluntary	30%	36%	25%
Unemployed Seeking Work	5%	8%	11%
Unemployed Not Seeking Work	2%	2%	2%
Unknown	0%	1%	1%

Source: Scottish Government

Approximately 7% more of Orkney's school leavers went on to Higher and Further Education than the Highlands and Islands average, reflecting the high attainment levels of its school leavers (see Tables 10 and 11).

More school leavers proportionally went into training than in the Highlands and Islands (though a similar proportion to the Scotland average), and a higher proportion into employment (30%) than in Scotland (25%). This is consistent with the strength of demand for labour in Orkney as indicated by its low unemployment rate.

House Prices

Table 12 shows the median price of house sales and the percentage change between 2005 and 2008 for Orkney, the Highlands and Islands and Scotland.

Table 12: Median House Prices (£): 2005-2008

	2005	2006	2007	2008	Change (2005-08)	% Change (2005-08)
Orkney	80,200	86,125	95,500	95,500	15,300	19.1
H&I	87,250	96,888	120,000	117,750	30,500	35.0
Scotland	87,000	100,000	118,000	114,500	27,500	31.6

Source: Scottish Government Communities Analytical Services Division

The median house price in Orkney in 2008 was 17% below the Scotland average and 19% below the Highlands and Islands average, having increased since 2005 by significantly less than in these wider areas.

According to Registers of Scotland data, however, Orkney's average house price rose by 9.9% in the year to the end of August 2009 over the previous year compared with an average fall of 4.5% in Scotland.

Orkney was the only local authority area in Scotland whose average house price rose over the period, which is consistent with the evidence from its continuing low unemployment rate that it has been relatively unaffected by the recession.

Quality of Life

Table 13 compares Orkney to the Highlands and Islands and Scotland on selected quality of life indicators.

Table 13: Quality of Life

	Source	Orkney	H&I	Scotland
% of population rating local authority area as a very good place to live	Scottish Household Survey (2005/06)	79	69	52
% of population perceiving vandalism/graffiti/damage to property as a problem	Scottish Household Survey (2005/06)	1	9	16
Crime rate per 10,000 population	Scottish Government (2007/08)	295	575	749
% of population living in most deprived 20% of data zones in Scotland	Scottish Index of Multiple Deprivation (2006)	0.0	4.3	19.7
Pupils per primary class	Scottish Government (2008)	16.7	19.4	23.2

On each of these indicators, Orkney compares extremely well with both the Highlands and Islands and Scotland.

Summary

Trends in Orkney in recent years have been positive, including population growth and low unemployment. The main employment sector is public administration, education and health, which is particularly important for female employment. Typically for relatively remote island economies, the construction and transport and communications sectors are large relative to the Highlands and Islands average. Small businesses characterise the private sector economy in Orkney. House prices have been significantly lower in Orkney than in the Highlands and Islands and Scotland, although there has been a relative increase over the past years.

Contact Information

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