

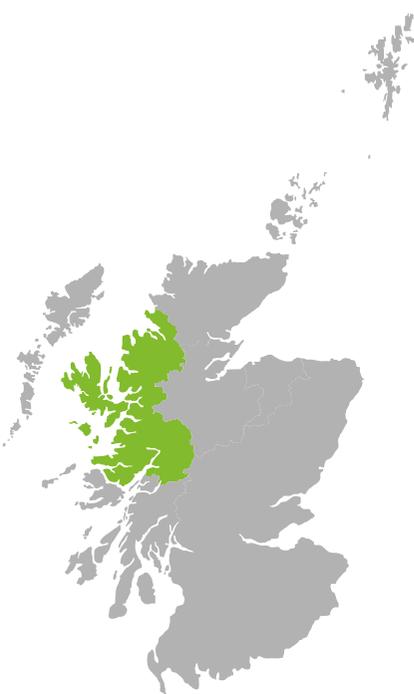


HIGHLANDS AND ISLANDS

AREA PROFILES 2020

LOCHABER, SKYE AND WESTER ROSS

LOCHABER, SKYE AND WESTER ROSS: DEMOGRAPHICS AND LABOUR MARKET



PEOPLE LOCHABER, SKYE AND WESTER ROSS

Population density of
**4 PEOPLE
PER SQ.KM**
versus 12 regionally and 70 nationally

8.4%
of Highlands and
Islands population

Population of
39,331
up 0.5% since 2011 mirroring the increase
regionally (0.5%) but lower than the
increase nationally (3.1%)

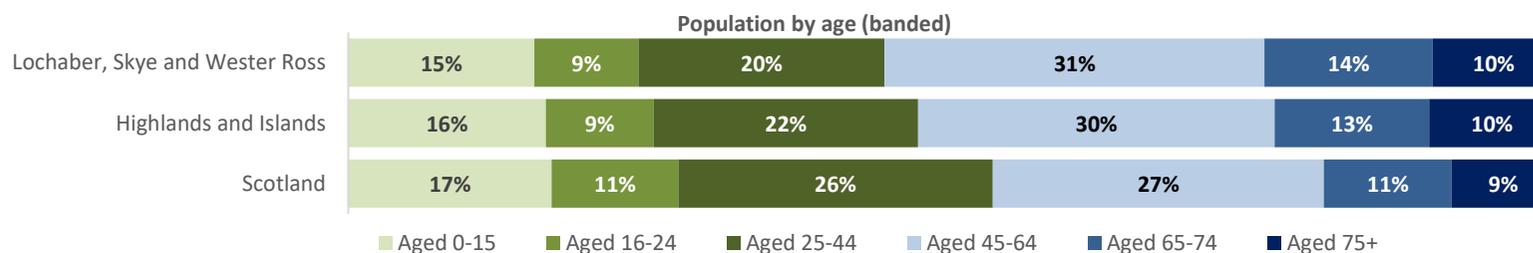
POPULATION PROJECTED TO

INCREASE in Ross and Cromarty (+9%) and Skye and
Lochalsh (+12%) but **DECLINE** in Lochaber (-6%) by 2041



OLDER AGE PROFILE THAN REGIONALLY AND NATIONALLY

DEPENDENCY RATIO: 65.2 VERSUS **65.5** REGIONALLY AND **56.2** NATIONALLY
(number of people aged 0-15 and 65+ per 100 people of working age):



LABOUR MARKET LOCHABER, SKYE AND WESTER ROSS September 2020

Employment rate:
73.3%
VERSUS **77.5%**
regionally and 73.8% nationally

Economic activity rate:
75.2%
VERSUS **79.4%**
regionally and 76.5% nationally

Self-employment rate:
22.9%
higher than the rates regionally
(11.6%) and nationally (8.4%)



NOTES:
NRS [Mid-year population estimates 2019](#)
Population projections – Highland Council Corporate Plan 2019-22. Projections are based on the period 2016 to 2041
Employment, economic activity and self-employment – APS 12 months to September 2020, rates based on those aged 16-64
For the purposes of this report, 'regionally' refers to the Highlands and Islands

LOCHABER, SKYE AND WESTER ROSS: UNEMPLOYMENT

December 2019 to December 2020



1,280

PEOPLE UNEMPLOYED

LOCHABER, SKYE AND WESTER ROSS rate of **5.4%** up from **2.0%**

The unemployment rate in Lochaber, Skye and Wester Ross increased by 3.4 percentage points, greater than the growth across the region (2.4 percentage points) and nationally (2.7 percentage points). It peaked at 7.1% in May and July 2020.

YOUTH UNEMPLOYMENT ROSE

from 2.3% to 7.6%

Youth unemployment was 195 in December 2020, an unemployment rate of 7.6%. This was below the Highlands and Islands (7.8%) and national (8.3%) rates, but still suggests significant barriers for young people wishing to enter the labour market.

Male unemployment: 6.3% up from 2.3%

Female unemployment: 4.5% up from 1.6%

UNEMPLOYMENT RATE INCREASED ACROSS ALL TRAVEL TO WORK AREAS

Broadford and Kyle of Lochalsh	1.9% to 5.7%
Ullapool	2.1% to 5.9%
Portree	1.2% to 5.1%
Fort William	2.3% to 5.4%

14,300

EMPLOYMENTS FURLOUGHED IN HIGHLAND as at end December 2020

13% of eligible employments, higher than the regional and national rates (both 11%).

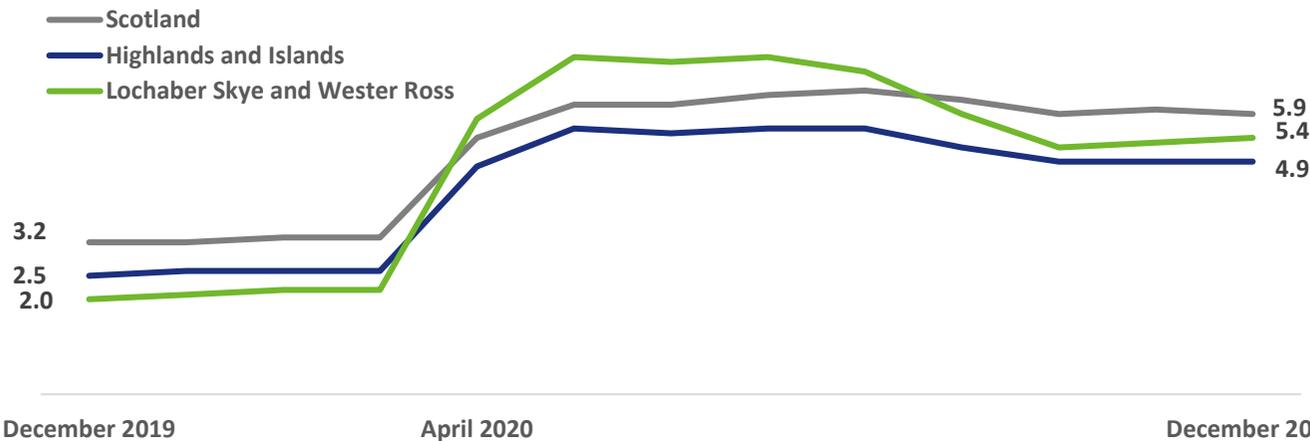
The number of employments furloughed is estimated to have increased from 10,400 (10% of eligible employments) at the end of November 2020.

5,700

workers in Highland have claimed the third **SELF-EMPLOYMENT INCOME SUPPORT SCHEME grant**.

Take-up of the third SEISS grant in Highland was 47%, slightly higher than across the Highlands and Islands (45%) but below the national level (54%).

Unemployment (Claimant Count) Lochaber, Skye and Wester Ross



NOTES:

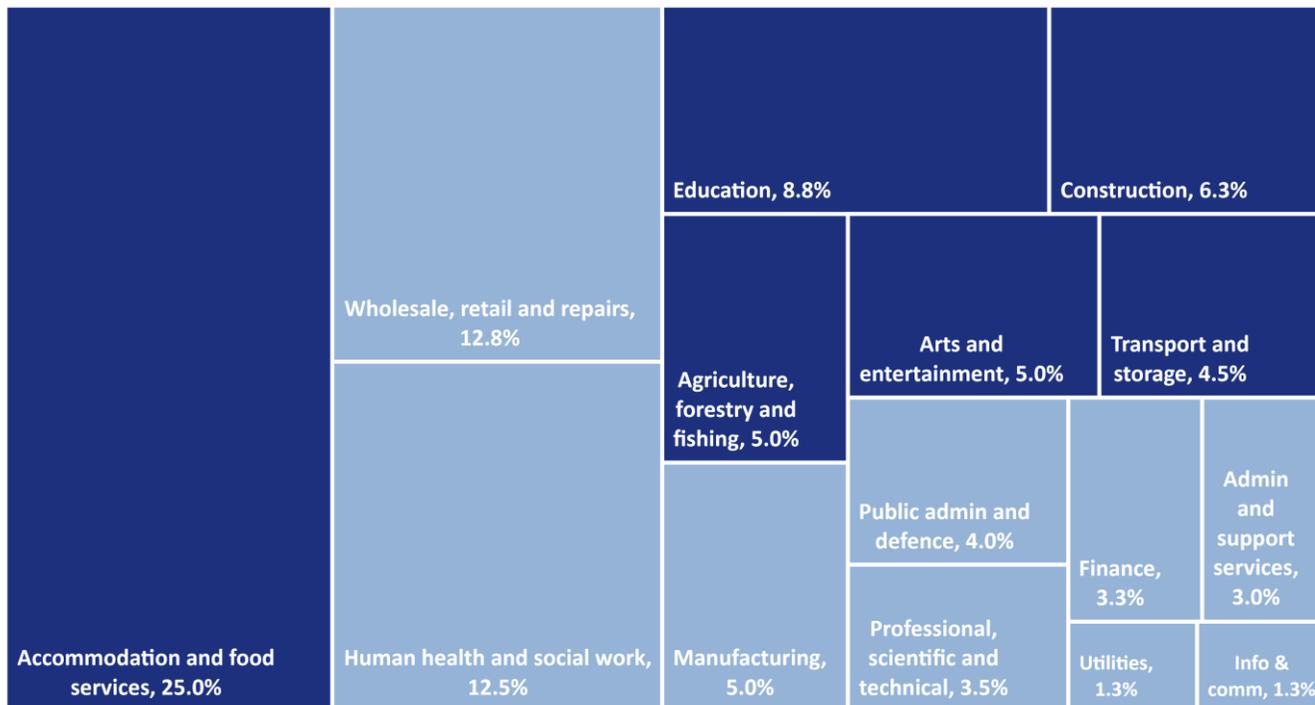
Unemployment based on claimant count. Note that enhancements to Universal Credit as part of the UK government's response to the coronavirus mean that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently, changes in the Claimant Count may not be due wholly to changes in the number of people who are unemployed.

Youth unemployment refers to people unemployed aged 18-24.

UK Government Coronavirus Job Retention Scheme are provisional figures for 31 December 2020. Self-employment Income Support Scheme statistics – claims for the third grant of SEISS to 31 December 2020

LOCHABER, SKYE AND WESTER ROSS: EMPLOYMENT

Employment by sector (%): Lochaber, Skye and Wester Ross



The Treemap represents total employment in the area, with the size of box for each sector relative to its share of employment in the area. Dark blue shading indicates sectors with a greater share of employment than nationally.

The top 3 employment sectors in Lochaber, Skye and Wester Ross: accommodation & food services (25.0%), wholesale and retail (12.8%) and human health and social work (12.5%). Together they account for around 10,000 jobs across the area

In Lochaber, Skye and Wester Ross:
10,800 people are employed in the sectors most exposed to the economic effects of COVID-19²
54% of total employment – higher than the average regionally (41%) and nationally (38%)

The sectors in Scotland hardest hit to date by COVID-19 and still facing significant restrictions include accommodation and food services and arts, entertainment and recreation. These sectors have the lowest shares of businesses currently trading and higher than average rates of staff on furlough

Accommodation and food services accounts for a quarter of all employment in Lochaber, Skye and Wester Ross (25%) more than double the shares regionally (11.8%) and nationally (8.2%)

The area has a higher share of employment in arts, entertainment and recreation (5.0%) compared to 4.1% regionally and 4.4% nationally

In Lochaber, Skye and Wester Ross⁴:

84.3% of private sector registered businesses are micro (0-9 employees)

compared to 86.4% regionally and 87.1% nationally

SMEs account for a higher share of private sector employment (74.4%)

than regionally (67.6%) and nationally (50.6%)



There is evidence to suggest SMEs are at a greater financial risk from COVID-19 than larger private organisations or public bodies⁵. The dominance of micro businesses and higher share of employment in SMEs indicates a greater impact of COVID-19 on Lochaber, Skye and Wester Ross than across the region and Scotland overall.

At the same time, these businesses are the ones that are most flexible and potentially able to respond to the challenge.

NOTES:

1. Employment data: BRES 2019. Based on employment. *Note analysis for Lochaber, Skye and Wester Ross excludes farm agriculture. Total employment in Lochaber, Skye and Wester Ross is 20,000

2. Scottish Government analysis of sectors most exposed to COVID-19 – [June monthly economic brief](#) and equivalent analysis from BRES 2019

3. Scottish Government [BICS weighted Scotland estimates](#)

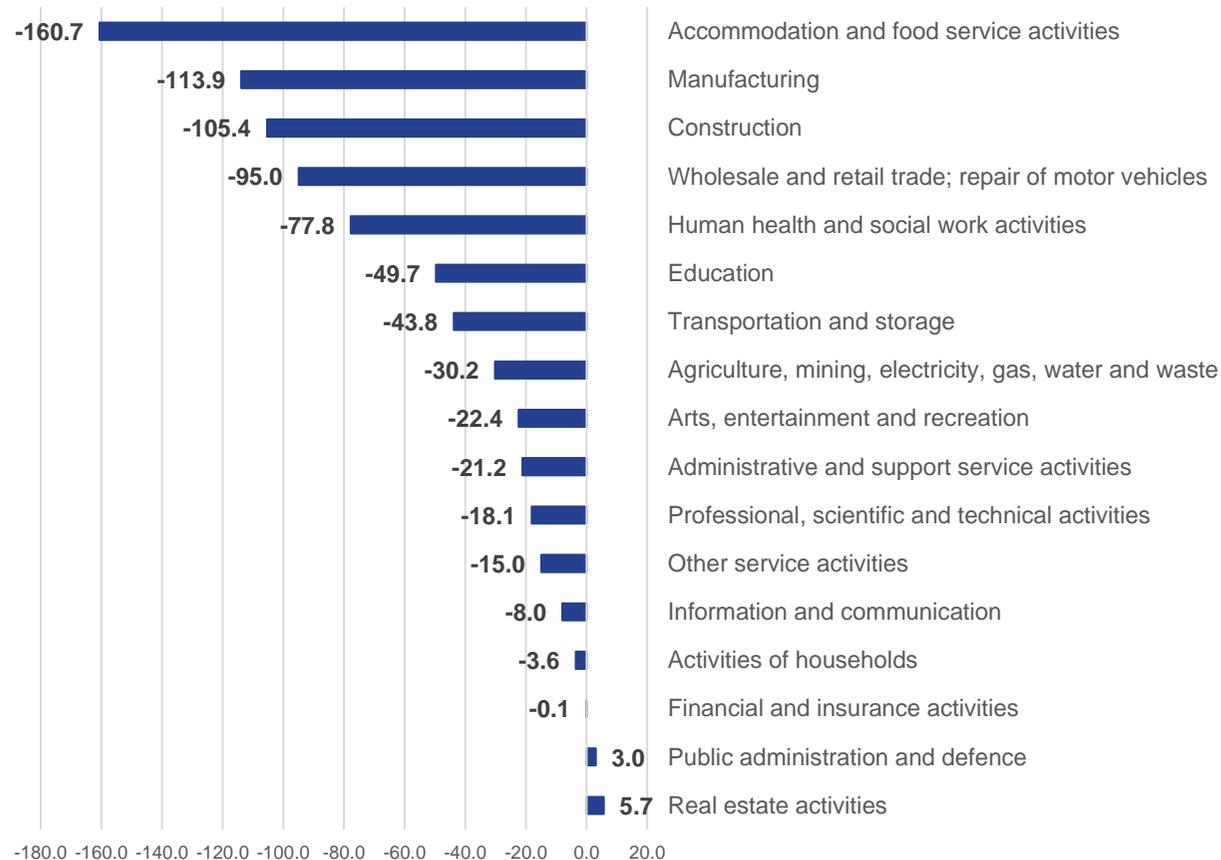
4. Number of businesses and employment by size of business: IDBR 2019 - analysis is based on private sector (VAT and/or PAYE) registered enterprises only so may undercount small businesses not reaching these thresholds

5. [The Impact of Covid-19 on Scottish Small and Medium-Sized Enterprises](#), 25 June 2020, Fraser of Allander

LOCHABER, SKYE AND WESTER ROSS: GVA IMPACTS*

GVA in Highland is estimated to fall by 11.7% in 2020 to £5.78bn compared to a decline of 10.7% nationally and 11.7% regionally under this method**

Est. change in output (GVA, £m) by sector, 2019 to 2020, Highland



HIGHLAND GVA ESTIMATED TO DECLINE BY £756m IN 2020

Across Highland, accommodation and food service activities (down £160.7m), Manufacturing (down £113.9m), and Construction (down £105.4m) are expected to see the largest declines in absolute terms

Some of the sectors expected to be hardest hit have a greater concentration of employment in Lochaber, Skye and Wester Ross

Accommodation and food services (2.7) and construction (1.1) each have a location quotient above 1, signifying a higher concentration of employment across these sectors in Lochaber, Skye and Wester Ross than nationally

This suggests that GVA across these two sectors may be particularly negatively impacted in Lochaber, Skye and Wester Ross, especially in accommodation and food services

There is a considerable degree of uncertainty, especially in relation to further waves of COVID-19 and associated restrictions and how these may impact disproportionately on certain sectors.

NOTES:

*GVA estimates are not available for Lochaber, Skye and Wester Ross so figures for Highland Council area have been presented

**Latest published data on GVA by local authority is for 2018. An adjustment has been made to this to estimate 2019 GVA. The decline between 2019 and 2020 is based on ekosgen modelling of the reduction in GVA at Scottish level by sector and projected onto the business base for each sub-region and sector. Trends for January – May 2020 are assumed to be replicated for the remaining 7 months of the year.

Sources: Scottish Government (2020) GDP Monthly Estimate, Scotland: May 2020; ONS (2019) Regional gross domestic product local authorities, 2018 data; ONS (2019) Regional gross domestic product all NUTS level regions

LOCHABER, SKYE AND WESTER ROSS: VULNERABILITY INDICES

EMPLOYMENT EXPOSURE:

Measures share of jobs in most exposed sectors (manufacturing, construction, retail and wholesale, accommodation and food services, arts, entertainment and recreation)

% of jobs in sectors most exposed to COVID-19



The share of jobs in sectors most exposed to COVID-19 is higher in Lochaber, Skye and Wester Ross* than regionally and nationally

BREXIT VULNERABILITY:

Identifies areas of Scotland that are expected to be most vulnerable to Brexit based on access to services, share of working age population, income deprivation, population change, workers in Brexit sensitive industries, EC Payments (CAP and ESF/ERDF) and EU worker migration

COVID-19 is compounding vulnerability already presented by Brexit, which affects rural areas disproportionately. Highland is ranked 5th out of Scotland's 32 local authorities in terms of Brexit vulnerability

In Lochaber, Skye and Wester Ross, 70% of communities at datazone level are within the 20% most vulnerable communities to Brexit in Scotland, higher than the proportion across Highland and regionally (both 43%)

NOTES:

Scottish Government analysis of sectors most exposed to COVID-19 – [June monthly economic brief](#) and equivalent analysis from BRES 2019. *Note, analysis for Lochaber, Skye and Wester Ross excludes employment in farm agriculture from total employment base

Jobs at risk – Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) [analysis of the Business Impact of Coronavirus Survey, 27th April 2020](#)

[Brexit Vulnerability Index](#) – Scottish Government .

ScotPHO COVID-19 [Community Vulnerability Index](#) Based on demographic, social and clinical indicators relevant either directly to COVID-19 or to socio-economic factors that are likely to modify the impacts of the pandemic and efforts to delay it. Rank is the overall Combined Vulnerability Score rank, and the percentage is the (weighted) population in datazones in the lowest 20% quintile combined vulnerability

JOBS AT RISK:

Analysis based on estimated share of jobs furloughed by sector in April 2020

Local Authority	Jobs at Risk (%)	Scotland Rank
Argyll and Bute	32%	1
Highland	29%	3
Orkney	28%	4
Moray	27%	10
Shetland	27%	13
Na h-Eileanan an Iar	26%	18

Highland is ranked 3rd out of Scotland's 32 local authorities for jobs at risk

The rural nature of Lochaber, Skye and Wester Ross and its dependence on tourism mean it's jobs are likely at greater risk than those in other parts of Highland

COVID-19 COMMUNITY VULNERABILITY:

Measure is based on available demographic, social and clinical indicators to show the vulnerability of a geographical area to health and care systems and socio-economic impacts.

Highland is ranked 19th out of Scotland's 32 local authorities in terms of combined community vulnerability score

10% of the population of Lochaber, Skye and Wester Ross live in datazones within the 20% most vulnerable in Scotland, lower than the proportion across Highland (15%) and regionally (14%)

LOCHABER, SKYE AND WESTER ROSS: SUMMARY

Lochaber, Skye and Wester Ross experienced slight population growth between 2011 and 2019. However, this is dominated by growth in those aged 65+. Reflecting this, its **dependency ratio is 65.2**, broadly in line with the regional average, but higher than that across Scotland overall

Claimant count **unemployment rose to 5.4% in December 2020**, higher than the rate regionally but lower than nationally, reflecting that the number of people that are unemployed or employed and on low income and/or low hours has increased significantly. Across Scotland, unemployment is expected to rise further as the furlough scheme ends.

Lochaber, Skye and Wester Ross is likely to be harder hit than the Scotland and regional averages, as a result of:

- Expected **GVA decrease of -£756m across Highland in 2020**, a decline of 11.7%, in line with the regional average (11.7%) but higher than the national level (10.7%).
- The **dominance of the tourism sector in the area**. Accommodation and food services accounts for a quarter of all employment in Lochaber, Skye and Wester Ross (21.1%), more than double the shares regionally (10.0%) and nationally (7.9%). While lack of overseas visitor spend may be partially offset by UK staycation expenditure, this sector is still facing significant restrictions
- Driven by the high share of employment in accommodation and food services, the **area has a higher share of employment in the five sectors most exposed to COVID-19¹**(54% compared to 41% regionally and 38% nationally)
- Its **high level of self-employment** and its **higher than average share of employment in SMEs**
- Its **existing vulnerability to Brexit** (Highland is ranked 5 of 32 Scotland local authorities, and 70% of communities in Lochaber, Skye and Wester Ross at datazone level are within the 20% most vulnerable communities to Brexit in Scotland)

NOTES:

1. Accommodation and food services, Construction, Manufacturing, Wholesale, retail and repairs, arts entertainment and recreation