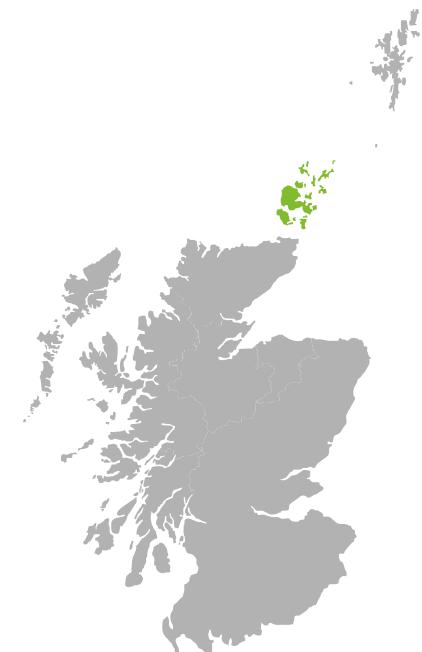


HIGHLANDS AND ISLANDS

AREA PROFILES 2020

ORKNEY

ORKNEY: DEMOGRAPHICS AND LABOUR MARKET



PEOPLE ORKNEY

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

4.7%
of Highlands and
Islands population

Population of
22,270
up 4.0% since 2011 compared to
an increase of 0.5% regionally
and 3.1% nationally



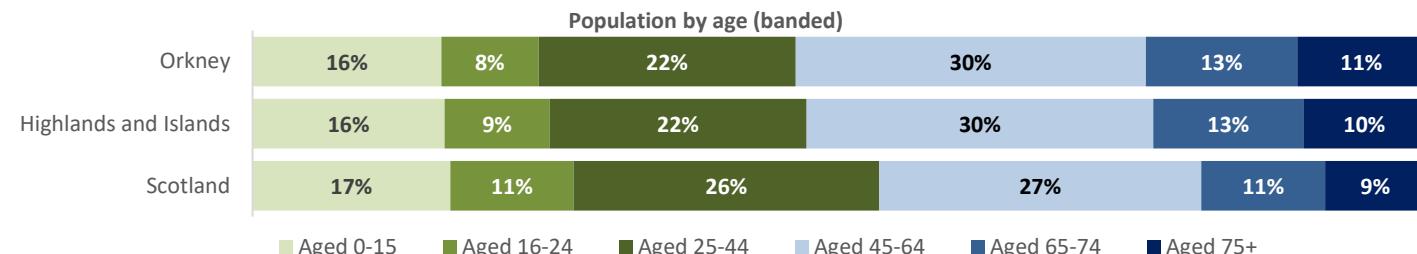
**POPULATION
PROJECTED TO
DECLINE BY 2%**
between 2018 and 2043



**OLDER AGE PROFILE THAN NATIONALLY BUT BROADLY IN LINE
WITH THE REGIONAL AVERAGE**

DEPENDENCY RATIO: 66.4 VERSUS 65.5 REGIONALLY AND 56.2 NATIONALLY

(number of people aged 0-15 and 65+ per 100 people of working age):



LABOUR MARKET ORKNEY September 2020

Employment rate:
84.8%
VERSUS **77.5%**
regionally and 73.8% nationally

Economic activity rate:
84.8%
VERSUS **79.4%**
regionally and 76.5% nationally

Self-employment rate:
10.5%*
Compared to 11.6% regionally
and 8.4% nationally



NOTES:

NRS Mid-year population estimates 2019

Population projections – NRS 2018 based sub-national population projections.

Employment, economic activity and self-employment – APS 12 months to September 2020, rates based on those aged 16-64.

*Self-employment rate for Orkney for 12 months to September 2020 is flagged as unreliable due to small sample size

For the purposes of this report, 'regionally' refers to the Highlands and Islands

ORKNEY: UNEMPLOYMENT

December 2019 to December 2020



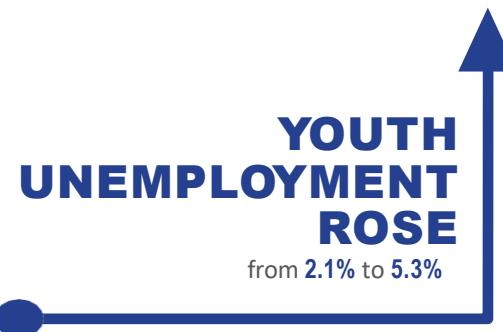
370

PEOPLE UNEMPLOYED

ORKNEY

rate of **2.8%** up from **1.3%**

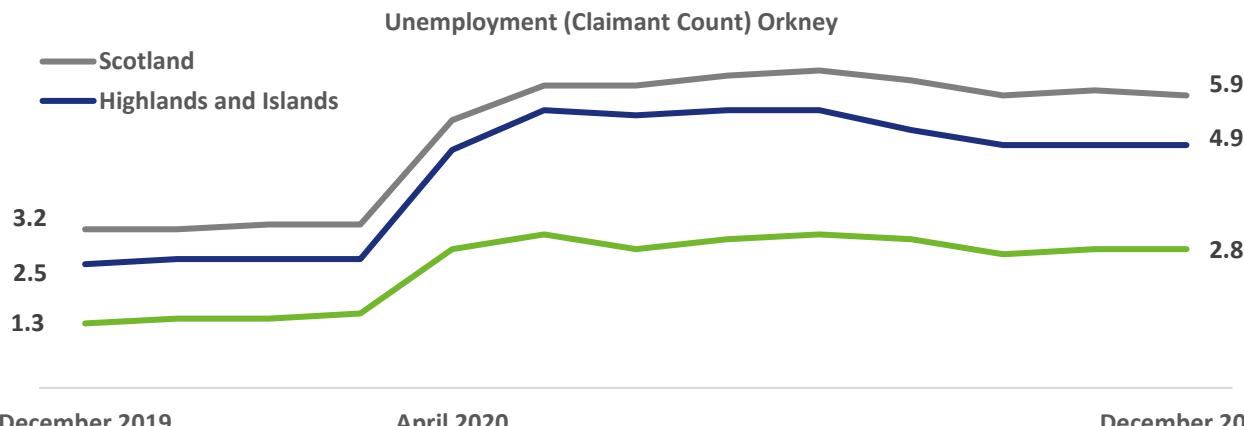
The unemployment rate in Orkney increased by 1.5 percentage points, lower than the growth across the region (2.4 percentage points) and nationally (2.7 percentage points). The unemployment rate is the lowest across the Highlands and Islands.



Youth unemployment was 75 in December 2020, an unemployment rate of 5.3%. This was below the Highlands and Islands (7.8%) and national (8.3%) rates, but higher than the overall rate in Orkney, suggesting barriers for young people wishing to enter the labour market.

Male unemployment: 3.2% up from 1.6%

Female unemployment: 2.3% up from 1.0%



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.

800

**EMPLOYMENTS FURLOUGHED
IN ORKNEY** as at end December 2020

7% of eligible employments, below that of the region and national rates (both 11%).

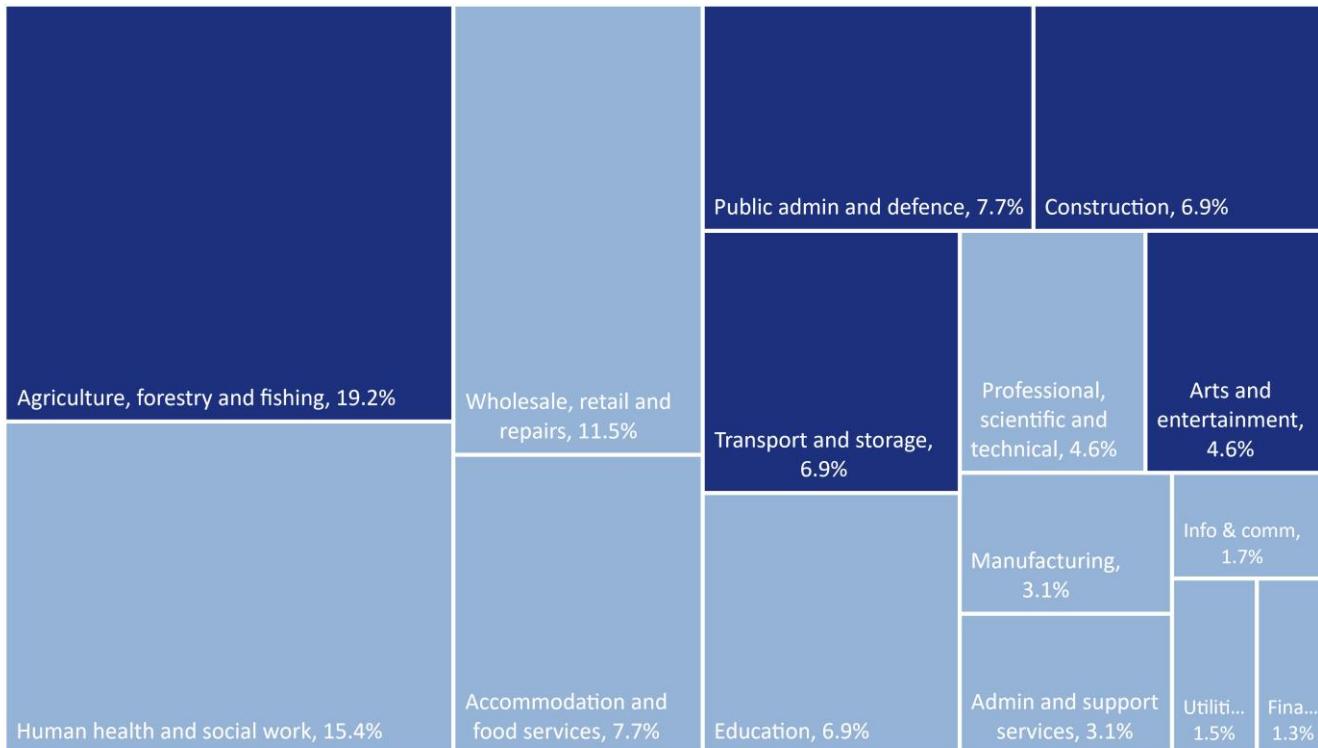
500

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

Take-up of the third SEISS grant in Orkney was 33%, lower than the level across the Highlands and Islands (45%) and nationally (54%).

ORKNEY: EMPLOYMENT

Employment by sector (%): Orkney



Fina... - Financial and insurance and real estate activities

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.

In Orkney⁴:

86.7% 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 (82.8%)

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 Orkney 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. Total employment in Orkney is 13,000

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

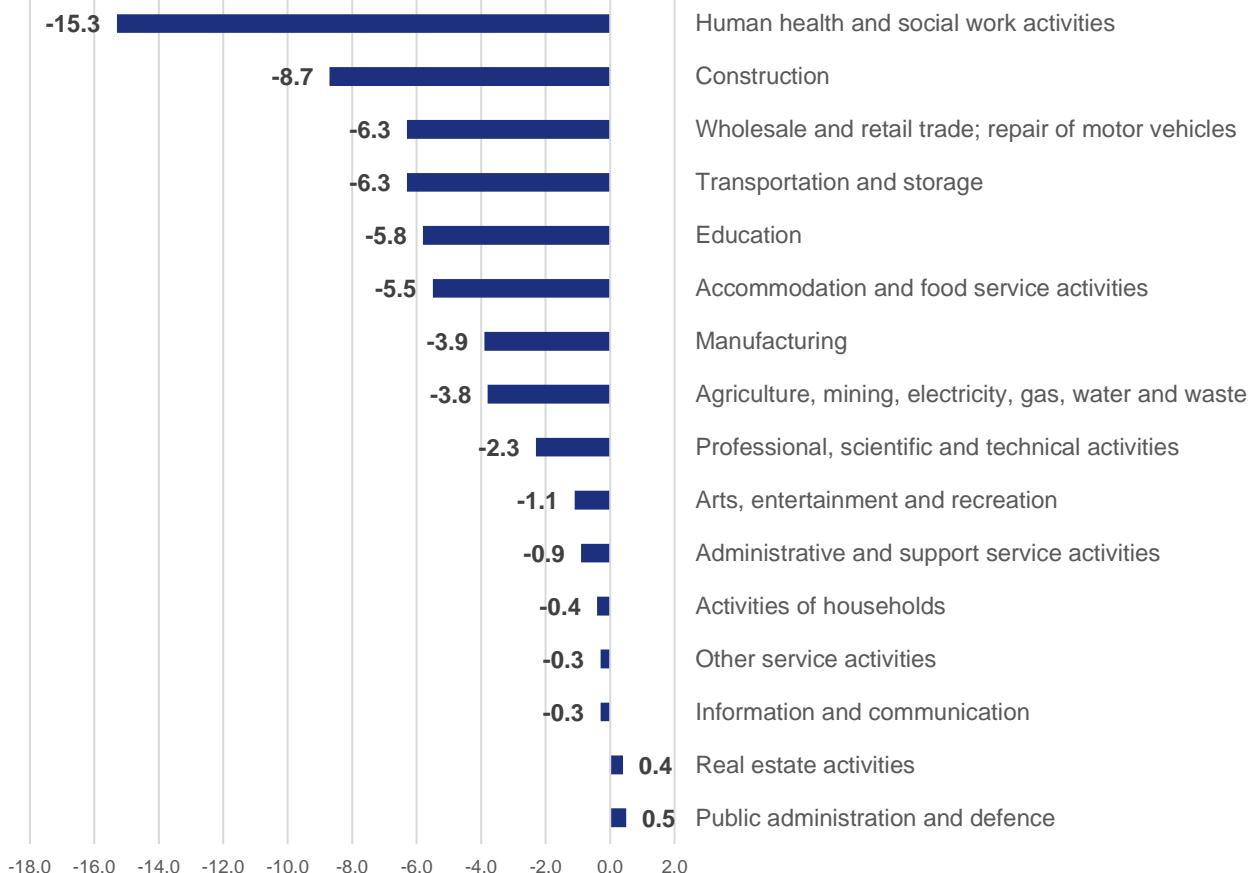
5. [The Impact of Covid-19 on Scottish Small and Medium-Sized Enterprises](#), 25 June 2020, Fraser of Allander

ORKNEY: GVA IMPACTS

GVA in Orkney is estimated to fall by 9.4% in 2020 to £579m

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, Orkney



ORKNEY GVA
ESTIMATED TO
DECLINE BY £60m
IN 2020



Across Orkney, human health and social work activities (down £15.3m), construction (down £8.7m), wholesale and retail trade (down £6.3m) and transport and storage (down £6.3m) 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 Orkney

Transport and storage (1.8) and construction (1.3) each have a location quotient above 1, signifying a higher concentration of employment across these sectors in Orkney than nationally

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:

*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

ORKNEY: 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)



The share of jobs in sectors most exposed to COVID-19 is lower in Orkney 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. Orkney is ranked 6th out of Scotland's 32 local authorities in terms of Brexit vulnerability

In Orkney, 34% of communities at datazone level are within the 20% most vulnerable communities to Brexit in Scotland, lower than the proportion regionally (43%)

NOTES:

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

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

Orkney is ranked 4th out of Scotland's 32 local authorities for jobs at risk, notably in tourism and the creative industries (higher employment in arts, entertainment and recreation)

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.

Orkney is ranked 18th out of Scotland's 32 local authorities in terms of combined community vulnerability score

4% of the population of Orkney live in datazones within the 20% most vulnerable in Scotland, lower than the proportion regionally (14%)

ORKNEY: SUMMARY

Orkney experienced population growth between 2011 and 2019, although it is projected to decline by 2043. It has an older age profile than nationally, but broadly in line with the profile regionally, with a **dependency ratio of 66.4**

Claimant count **unemployment rose to 2.8% in December 2020**. While the unemployment rate remains substantially lower than the regional and national averages, the number of people that are unemployed or employed and on low income and/or low hours has still increased significantly since March 2020. Across Scotland, unemployment is expected to rise further as the furlough scheme ends.

Orkney is likely to be harder hit than Scotland but likely lower than the regional average due to:

- Expected **GVA decrease of -£60m in 2020**, a decline of 9.4% compared to 11.7% regionally and 10.7% nationally.
- A **lower share of employment in the five sectors¹ most exposed to COVID-19** overall compared regionally and nationally (34% compared to 41% and 38% respectively). However, within this, Orkney has a greater share of employment than nationally in construction and arts, entertainment and recreation, with the latter a sector still facing significant restrictions
- Its **high share of micro-businesses and higher than average employment in SMEs** (82.8%) than regionally (67.6%) and nationally (50.6%)
- Its **existing vulnerability to Brexit** (ranked 6 of 32 Scottish local authorities), driven by the prevalence of agriculture in the area

This echo's findings of a recent review of the Orkney Economy by the Fraser of Allander Institute² which concluded that Orkney is a prosperous part of Scotland that has a lot to offer, but its economy is quite different from both Scotland as a whole, and other islands in Scotland. As a result, care is needed therefore when thinking about how national policy priorities may impact upon Orkney (as the implications might be quite different); and similarly, Orkney's economic make-up means its own priorities might look quite different to those for Scotland as a whole.

NOTES:

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

2. Orkney Islands Economic Review, Fraser of Allander