

POPULATION AND DEMOGRAPHIC PROJECTIONS FOR LOCHABER

Executive Summary
November 2018

Overview

There are a number of major development projects currently under way in Lochaber. These projects are being delivered across housing, infrastructure and industry, which will have a significant impact on the Lochaber area. Arguably most high-profile of these is the GFG Alliance (Liberty) purchase of the Lochaber aluminium smelter, and the proposed development of an alloy wheel factory on an adjacent site, which is expected to lead to the creation of up to 400 jobs.

There will be a number of implications for service planning and prioritisation as a result of these developments. Therefore, ekosgen and Context Economics were commissioned by Highlands and Islands Enterprise (HIE) to undertake detailed socio-economic profiling, and revised population projections for Lochaber. The study included steering group representation from Highland Council and NHS Highland.

Socio-economic context

The population of Lochaber has decreased in recent years, by around 1% to just over 19,800 in 2016. This has been driven by a decrease in the working age population (-3%), whilst the older population has increased – by +13% for those aged 65-84, and +18% for residents aged 85+.

Future projections estimate that Lochaber's population will continue to decrease over the next 20 years, by around 7%. In contrast, there will continue to be an increase in people aged 65 and above. However, there is a disparity between past population projections and mid-year estimates that suggests that forecast decreases are over-estimated. Adjusted NRS population projections indicate that the decrease may only be in the region of -1%.

The employment rate in Lochaber is high. At 89%, it is above the regional and national average (78% and 73% respectively), indicating a tight labour market. The most highly represented sectors in the workforce are accommodation and food services, and retail. It is estimated that between 2016 and 2027 employment in the Highland area will increase by 2,500 (2%), and across the administrative and support service activities, construction and professional, scientific and technical activities sectors in particular.

Lochaber schools are currently at around 80% capacity. School rolls are projected to increase overall. This forecast growth is concentrated within the Lochaber High School catchment area, where capacity is forecast to reach around 95%.

Housing completions are projected to significantly increase in the short-term, with 895 houses forecast for completion by 2022. This increase could be sustained in the long-term if demand is maintained.

Current intelligence

There is a range of planned major private and public sector investment in Lochaber with the proposed new alloy wheel manufacturing facility in Fort William, new West Highland College Science and Technology Centre and the replacement of the Belford Hospital, as well as additional investment planned and underway to increase the number of houses in the Fort William area, almost all social/affordable housing.

This planned investment represents a 'policy on' scenario, which will have implications for existing population projections of the Lochaber area. Current 'policy off' population projections are not considered suitable or appropriate for service planning purposes, given the extent of planned investments, and the under-estimation of populations in the Highlands and Islands by long-term projections. Although a number of the investments are still provisional, there is enough certainty around proposals to take into account 'policy on', rather 'policy off' projections. This is reflected in the fact that some projections are already taking planned developments into account. Notably, this extends to the school roll data where the forecasts for school roll numbers already account for some of the private and public investment planned.

Scenarios for population growth

Taking into account the planned investment, as well as the adjusted NRS population projections, creates more realistic projection scenarios. In turn, this will be of greater benefit and use for future investment and service planning. There are some caveats to the scenario modelling set out in this section, since information available to the review is partial. The population forecasts use the latest intelligence available for a policy on scenario, however there are a number of assumptions inherent in the projections. Three impact scenarios have been considered:

- A **Low impact** scenario that considers the effect of the proposed Liberty investment only;
- A **Medium impact** scenario that considers the effect of the proposed Liberty investment, plus some, public sector investment –the West Highland College Centre for Science and Technology; and
- A **High impact** scenario, which considers a higher impact from the Liberty investment, plus additional public sector investment – the planned capital build at the new Belford hospital, plus significant housing investment.

These overall effects of each scenario on the population of Lochaber across the period 2018-2041 in terms of net change are set out below.

Table 1: Lochaber Population change scenarios, 2018-41

Scenario	Policy-off (unadjusted)	Policy off (adjusted)	Low impact	Medium impact	High impact
Change (N)	-1,100	-157	+612	+1,925	+3,263
Change (%)	-5.6%	-0.8%	+3.1%	+9.7%	+16.3%

Source: ekosgen/Context Economics calculations based on adjusted NRS projections

The major private and public sector investment planned will have a significant impact on the population of Lochaber over the forecast period to 2041. The effects of the investment in the new wheel manufacturing facility alone could reverse the (adjusted) forecast population decline of almost -1% and lead to an increase of around 3% in the population of Lochaber (612 persons). Factoring in the new College Centre for Science and Technology, including associated additional spend from attracted and retained students, and from additional construction worker spend, may result in a population increase of almost 10%, or 1,943 persons. When the new Belford Hospital and housing construction investment is included, the population increase may rise to over 16%, an increase of 3,263 persons. This is without additional private sector investment that may be levered in following the initial wheel plant investment.

Table 2: Anticipated economic impacts associated with forecast population change

Employment impacts	Expenditure impacts	Salary impacts
<p>Between 724 and 870 net additional and retained jobs</p> <ul style="list-style-type: none"> • Up to 475 direct jobs arising from the new Liberty facility <ul style="list-style-type: none"> ○ Up to 400 direct new jobs; ○ Up to 75 new jobs backfilled by those taking up employment at the new facility • 20 direct jobs at West Highland College Centre for Science and Technology • Up to 181 FTE construction jobs retained locally • Up to 86 induced jobs based on expenditure associated with re-locators • Up to 77 induced jobs based on expenditure associated with additional students and construction workers 	<p>Between £5.7 million and £7.3 million additional local annual spend</p> <ul style="list-style-type: none"> • Up to £4.1 million annual additional spend in the local economy arising from the new Liberty facility • Up to £0.8 million annual additional spend from College staff and students who stay long term in the area • Up to £2.4 million annual additional spend from construction workers 	<ul style="list-style-type: none"> • Increase of around £13.5 million in total salaries in Lochaber • Uplift in average salaries of between 1% and 2% across the whole Lochaber area

Source: ekosgen/Context Economics calculations

Policy implications

The three 'policy on' scenarios will have a number of consequences for Lochaber's demographic profile. Most important is that there will be a shift to population increase, driven by retention and attraction of workers, and an associated increase in birth rates. Population growth at this scale will require planning by all partners and agencies to ensure that their needs are met, which is likely to include further housing requirements. However, there are a number of dependencies and uncertainties relating to the projections.

There are a number of recruitment challenges in an already tight labour market. There will need to be adequate recruitment support to ensure that there is a net increase of workers across the Lochaber economy. Talent attraction is therefore critical to this, and in ensuring that opportunities through the Liberty projects and other developments in the area are attractive in comparison to employment and career opportunities in other sectors, elsewhere in the region and more widely in Scotland.

It is important that the mix of housing delivered both in the short and longer term meets the housing needs of Lochaber's existing and anticipated future population – and affordable housing is a critical component of this. The higher growth scenarios may also require more housing, and this should be factored into future iterations of the local development plan, and housing need and demand assessments.

Transport is an important consideration for developments in Lochaber. New activity and additional workers and residents will mean more people and goods moving around and through the area, which will increase pressure on the transport network. Digital connectivity and other infrastructure such as water and sewerage capacity are also important considerations, particularly for higher growth scenarios.

The retention and re-location of workers, and associated increase in the birth rate, will mean increased demand for services, exacerbating the pressure on health and social care services from an already ageing population, and from issues associated with health inequality. NHS Highland will need to cater for this additional demand alongside meeting need from existing issues.

Currently schools in Lochaber are operating below capacity. Existing projections indicate that roll numbers will increase in the Lochaber High School catchment area. However, school rolls could be significantly boosted if new workers and households are attracted in to the area and existing residents remain, with demand likely to be focused in Fort William. Consideration should be given to how these scenarios may impact on school roll projections, and the potential demand for school places. There are also implications for tertiary education. The new Centre for Science and Technology at West Highland College will boost provision, playing a crucial role in meeting talent retention and attraction objectives through expanded education provision.

There is strategic added value in the successful delivery of the Liberty investment and other public sector developments, which will bring a wider set of benefits. These developments will improve confidence, stimulate new business activity and act as 'anchors' to attract greater levels of inward investment. Partners on the Lochaber Delivery Group should work to ensure that these wider benefits are maximised.

In addition to existing developments, there are a number of significant projects and opportunities in the pipeline. These include the development of a deep-water facility at Corpach Port, provision of a mains gas network, and the ambitions of the Fort William 2040 Masterplan, which will offer significant economic development potential and have implications for employment and potentially housing, infrastructure and service provision. It is important that, along with current projects, the potential benefits of other developments are also realised.

Maximising opportunities

The scenarios set out here are encouraging, but growth is not guaranteed. An effective policy response from Lochaber project partners is required to enable current and future development. Wherever

possible, partners should provide strategic support and act to de-risk investment, by helping to remove any barriers to development, for example meeting high up-front infrastructure costs in relation to housing developments. This will help realise the opportunities presented to Lochaber.

To realise these growth scenarios, there is a need to maximise the number of workers re-locating. This is to take advantage of new employment opportunities through development such as the Liberty alloy wheel plant, and also to take up opportunities created or arising elsewhere in the local economy, as well as to address existing skills challenges. It is therefore important to sell and promote the benefits of Fort William and the wider Lochaber area. A programme of positive communications around the quality of life and opportunity presented by Lochaber's development plans should be put in place.

Adequate business support for start-up and growth companies should be in place. This should be allied to servicing the new investments, and taking advantage of related opportunities. There will also be a need to meet increased demand for services from households. Partners should ensure that businesses are best placed to respond to these opportunities.

Local FE and HE provision has a critical role to play in ensuring the right training and skills delivery to retain and attract workers. Local career progression pathways must be maximised, to provide as many career opportunities as possible to Lochaber's residents, and to young people in particular.

There should also be long-term planning and support for housing and infrastructure. Securing public sector investment to de-risk housing sites will enable a greater degree of private sector investment, where there is a limited amount currently, especially from volume housebuilders. This can ultimately help to secure a higher-specification and broader mix of housing, e.g. for first time buyers, family housing, down-sizers, etc. This will help to overcome a number of housing barriers faced by young people in particular. It will also potentially lead to a more balanced pattern of growth in Fort William, and reduce the reliance on windfall housing completions.

HIE, HI-TRANS and Highland Council, in conjunction with other partners should also make the specific case for transport investment to the Scottish Government. The recently completed pre-STAG appraisal for Fort William is the first part of this process. There is a clear opportunity to ensure that future iterations of the National Transport Strategy and Strategic Transport Project Review contain scenarios that reflect the challenges and opportunities present in Lochaber.

Finally, the Liberty investment and planned public sector investment should be seen as the start of the long-term renaissance and regeneration of Fort William and the Lochaber area. The investments, on which the population projections in this report are based, could be just the start of an ongoing long-term programme of investment and growth for the Lochaber area.