



HIGHLANDS AND ISLANDS

AREA PROFILES 2020

NA H-EILEANAN AN IAR

NA H-EILEANAN AN IAR: DEMOGRAPHICS AND LABOUR MARKET

PEOPLE NA H-EILEANAN AN IAR

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

5.7%
of Highlands and
Islands population

Population of
26,720
down 3.5% since 2011 compared
to an increase of 0.5% regionally
and 3.1% nationally

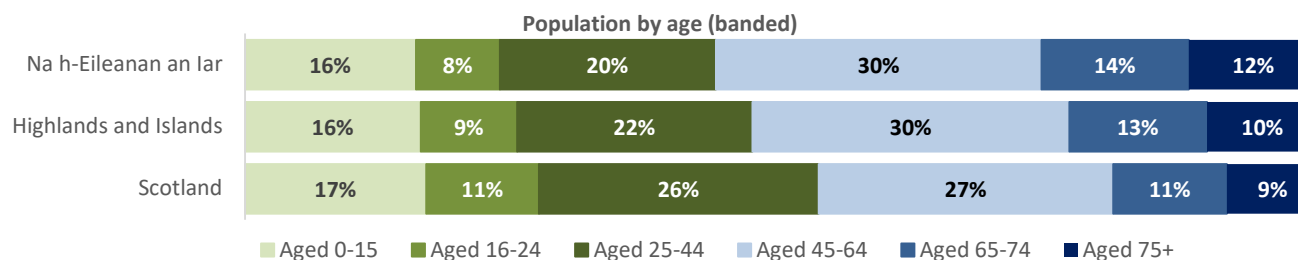
**POPULATION
PROJECTED TO
DECLINE BY 16%**
between 2018 and 2043



OLDER AGE PROFILE THAN REGIONALLY AND NATIONALLY

DEPENDENCY RATIO: 71.6 VERSUS **65.5** REGIONALLY AND **56.2** NATIONALLY

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



LABOUR MARKET NA H-EILEANAN AN IAR September 2020

Employment rate:
83.1%
VERSUS **77.5%**
regionally and 73.8% nationally

Economic activity rate:
85.5%
VERSUS **79.4%**
regionally and 76.5% nationally

Self-employment rate:
14.9%*
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.

*Note: estimated self-employment rate is flagged as unreliable due to small sample size

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

NA H-EILEANAN AN IAR: UNEMPLOYMENT

December 2019 to December 2020



755

PEOPLE UNEMPLOYED

NA H-EILEANAN AN IAR

rate of **4.9%** up from **2.6%**

The unemployment rate in Na h-Eileanan an Iar increased by 2.3 percentage points compared to an increase of 2.4 percentage points regionally, lower than the change nationally (2.7 percentage points). The unemployment rate peaked at 5.6% during summer 2020.

YOUTH UNEMPLOYMENT ROSE

from 3.2% to 7.4%

Youth unemployment was 115 in December 2020, an unemployment rate of 7.4%. 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: 5.8% up from 3.4%

Female unemployment: 3.9% up from 1.7%

1,000

EMPLOYMENTS FURLOUGHED IN NA H-EILEANAN AN IAR

as at end December 2020

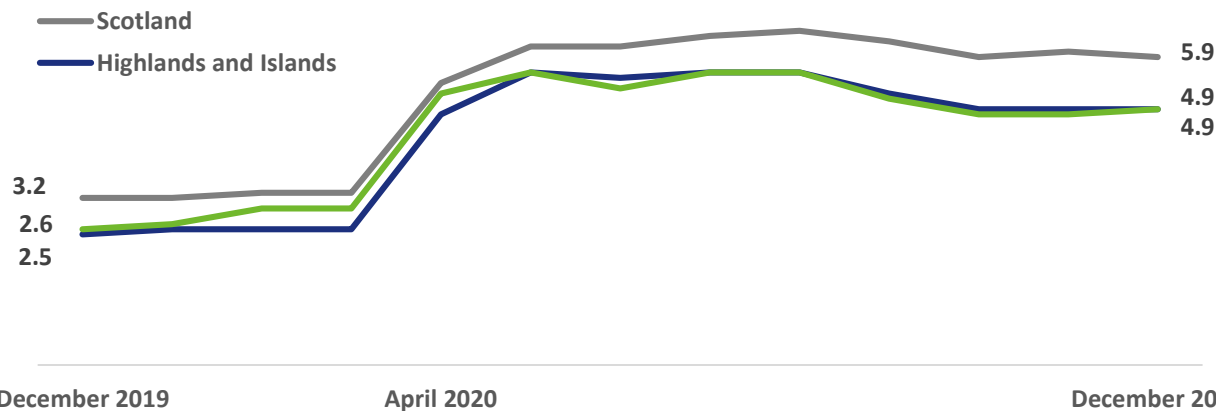
8% of eligible employments, lower than the regional and national (both 11%) rates.

600

workers in Na h-Eileanan an Iar have claimed the third **SELF-EMPLOYMENT INCOME SUPPORT SCHEME** grant.

Take-up of the third SEISS grant in Na h-Eileanan an Iar was 44%, in line with the level across the Highlands and Islands overall (45%) but below the national rate (54%).

Unemployment (Claimant Count) Na h-Eileanan an Iar



NOTES:

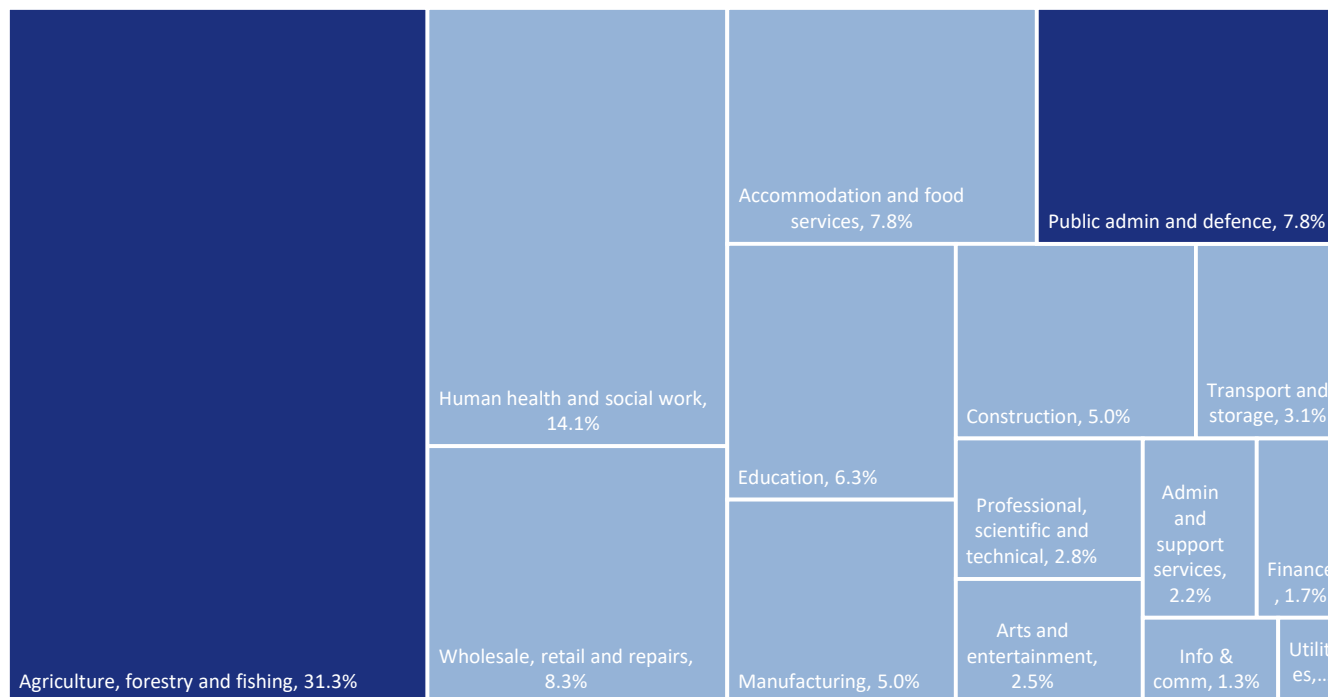
Unemployment based on claimant count. Note that enhancements to Universal Credit as part of the UK government's response to the coronavirus mean that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently, changes in the Claimant 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

NA H-EILEANAN AN IAR: EMPLOYMENT

Employment by sector (%): Na h-Eileanan an Iar



Finan... 'Financial and insurance'
Util... 'Utilities'

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 Na h-Eileanan an Iar: agriculture, forestry and fishing (31.3%), human health and social work (14.1%) and wholesale and retail (8.3%). Together they account for around 8,500 jobs across the area.

In Na h-Eileanan an Iar:

4,575 people are employed in the sectors most exposed to the economic effects of COVID-19²
29% of total employment – lower 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.

Na h-Eileanan an Iar is less reliant on accommodation and food services (7.8%) than regionally (11.8%) and nationally (8.2%)

The area is also less reliant upon arts, entertainment and recreation (2.5%) compared to 4.1% regionally and 4.4% nationally

In Na h-Eileanan an Iar⁴:

84.7% 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 (76.7%)
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 Na h-Eileanan an Iar 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 Na h-Eileanan an Iar is 16,000

2. Scottish Government analysis of sectors most exposed to COVID-19 – [June monthly economic brief](#) and equivalent analysis from BRES 2018

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

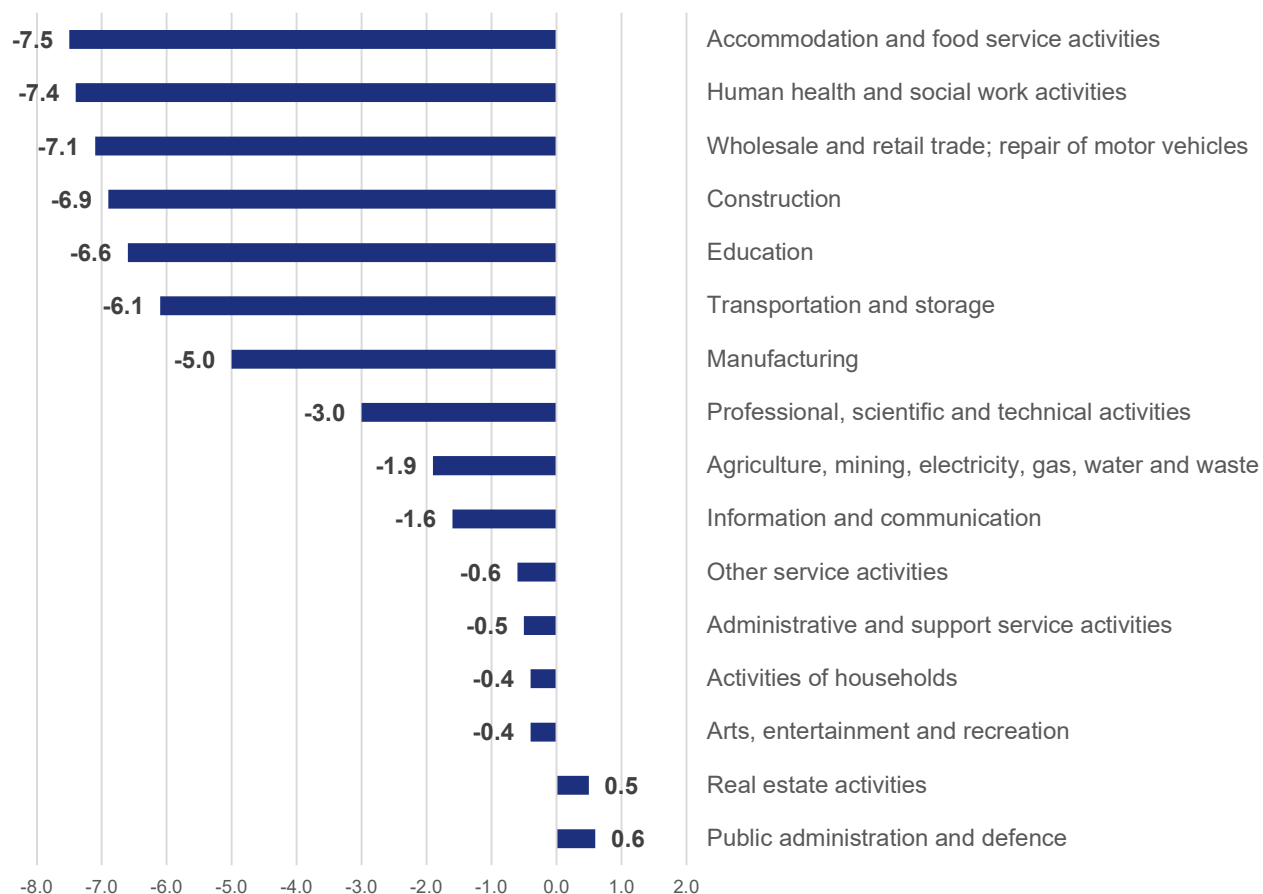
5. [The Impact of Covid-19 on Scottish Small and Medium-Sized Enterprises](#), 25 June 2020, Fraser of Allander

NA H-EILEANAN AN IAR: GVA IMPACTS

GVA in Na h-Eileanan an Iar is estimated to fall by 9.4% in 2020 to £518m

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, Na h-Eileanan an Iar



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

**NA H-EILEANAN AN IAR
GVA ESTIMATED TO
DECLINE BY £54m
IN 2020**

Across Na h-Eileanan an Iar, accommodation and food services (down £7.5m), human health and social work activities (down £7.4m), and wholesale and retail trade (down £7.1m) are expected to see the largest declines in absolute terms

The sectors expected to be hardest hit have a lower concentration of employment in Na h-Eileanan an Iar

This is due to the high employment concentrations in agriculture and the public sector, which are not expected to be as impacted as other sectors, such as 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.

NA H-EILEANAN AN IAR: 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 lower in Na h-Eileanan an Iar 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.

Na h-Eileanan an Iar is considered to be the most vulnerable local authority in Scotland to Brexit

In Na h-Eileanan an Iar, 53% of communities at datazone level are within the 20% most vulnerable communities to Brexit in Scotland, higher 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

Na h-Eileanan an Iar is ranked 18th out of Scotland's 32 local authorities for jobs at risk

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.

Na h-Eileanan an Iar is ranked 7th out of Scotland's 32 local authorities in terms of combined community vulnerability score

16% of the population of Na h-Eileanan an Iar live in datazones within the 20% most vulnerable in Scotland, slightly higher than the proportion regionally (14%)

NA H-EILEANAN AN IAR: SUMMARY

Na h-Eileanan an Iar has experienced high levels of population and working age population decline since 2011. It has one of the oldest age structures in Scotland, reflected in its **dependency ratio of 71.6**, second highest in the region after Argyll and the Islands

Claimant count **unemployment rose to 4.9% in December 2020**, reflecting the number of people that are unemployed or employed and on low income and/or low hours has still increased significantly. Across Scotland, unemployment is expected to rise further as the furlough scheme ends.

Na h-Eileanan an Iar is likely to be harder hit than Scotland but less so than the regional average due to its sectoral profile, however Brexit presents a significant risk to the area:

- Expected **GVA decrease of -£54m in 2020**, a decline of 9.4% compared to 11.7% regionally and 10.7% nationally
- Its **high share of micro-businesses and higher than average employment in SMEs** (76.7%) than regionally (67.6%) and nationally (50.6%)
- Its **high COVID-19 vulnerability, driven by its more remote and fragile communities** (16% of the population of Na h-Eileanan an Iar live in datazones within the 20% most vulnerable in Scotland compared to 14% regionally)
- However, due to high public sector employment and employment in agriculture, forestry and fishing, it has a **lower share of employment in the five sectors most exposed to COVID-19¹** (29% compared to 41% regionally and 38% nationally)
- Its **existing vulnerability to Brexit** (ranked 1 of 32 Scotland local authorities, with 53% of communities at datazone level 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