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Orkney Population Change Study

Executive summary

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Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean



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Executive Summary

Understanding population change is an important priority for the Community Planning Partners in Orkney. Changes to the distribution and structure of the population will impact on both the labour market and the service provision needs of the community. This research aims to highlight the key factors of change and identify what their impact will be.

Background

Current population projections identify a potential threat to the available workforce on the islands over the next two decades and recent research highlights a growing cost for providing care to an ageing population. The partners are keen to identify the most effective interventions that will support in-migration among economically active groups and encourage younger Orcadians to stay in the islands. They also wish to identify the likely housing needs of key population groups including students and key workers.

Objectives

Highlands and Islands Enterprise, in partnership with Orkney Islands Council, NHS Orkney, Orkney Housing Association Ltd, Orkney DASAT and other public bodies, commissioned this research into demographic changes in Orkney. The broad study objectives are to:

- find out how the population in different areas of Orkney is changing;
- project population trends to 2030; and
- inform policy direction and future service provision.

Trends in population change

A review of past and recent trends highlights that while the overall population declined in the decade up to 2001, it has subsequently increased again to an estimated 19,860 in 2007. This is an increase of 3.1% since 2001.

However the age profile has been changing, with the biggest increase between 2001 and 2007 in the proportion aged over 55, while the biggest drop over the same period has been in children under 15 years old. A recent housing needs survey carried out across the islands shows a high proportion of elderly households living in the Outer Isles; particularly Eday, Sanday, Stronsay and North Ronaldsay.

The most recent figures on migration show a positive net in-migration for Orkney with a reasonably well-balanced age profile. There is a net loss of population among the 16 to 24 age group as young people leave for higher education and this is higher among women. The County is less reliant on Eastern European migrant workers than other parts of the Highlands and Islands.

There is a longer-term trend of younger and more economically active households moving towards the greater Kirkwall area. This is evident in the patterns of population change by island and in the higher birth rates around Kirkwall.

Many of the Outer Islands rely on in-migrants to sustain their population. However the research suggests that some of the Outer Islands have managed to stem population decline more effectively than others and have even reversed the long-term declining trend.

Drivers of population change

Employment and economic opportunities are central to population change, and limited job opportunities and low private sector earnings contribute to out-migration. However a strong enterprise culture, expansion in further and higher education and renewable energy developments all offer good prospects for attracting migrants and returners.

Education remains one of the key drivers for young people leaving Orkney for the first time. This is true of all rural communities where local higher education opportunities can never compete with those available in larger cities. However many leave the Islands with a firm plan to return if they can. And there are now more postgraduate opportunities available on Orkney that can attract students from elsewhere.

Housing availability and affordability are issues not unique to Orkney but which are important in influencing decisions to stay or return. A lack of smaller, affordable units for young people makes it more difficult for some households to return. And limited supported and residential accommodation for elderly people makes it more difficult for some elderly people to remain in their own communities.

Transport costs and convenience are also an important contributor to migration decisions. The ability to travel to and from work has been a key factor in the drift of population towards Kirkwall. And introducing the Air Discount Scheme has seen passenger numbers increasing and has helped to boost fragile communities.

The **centralisation of the Orkney population** towards greater Kirkwall and the East Mainland is both a symptom and a cause of population change. The increased population perhaps justifies a greater concentration of resources, services and jobs being directed towards this area – which further exacerbates the trend. However the Council has recognised that this leads to services being stretched in Kirkwall while other facilities in smaller settlements are underused.

There has also been a trend of in-migration to some of the more outlying communities of **older and less economically active households**. This is perhaps most notable in the Outer North-Eastern isles of Sanday, Stronsay and Eday, but is also evident on Hoy and parts of the rural West Mainland.

Motivations and experiences

For this research we have looked at the population in terms of:

- **Stayers** – those who have not lived away from the islands for any significant time;
- **Returners** – those who have left to continue education or employment opportunities but who have subsequently returned;
- **In-migrants** – people who have decided to move to Orkney from elsewhere; and
- **Leavers** – those brought up on Orkney who are living away from the islands.

Stayers and returners

Those staying in Orkney do not necessarily remain in the community they were brought up in. Stayers migrate towards Greater Kirkwall for employment or remain there after leaving school for work. It appears easier for males and those working in traditional employment sectors to stay in their own communities outside of Greater Kirkwall.

Seven out of ten returners left the County for further or higher education and half of the returners came back to Orkney before turning 25. This suggests that leaving was part of a planned process which involved gaining qualifications but returning to Orkney for work if possible. Returners, like many stayers, tend to gravitate towards Kirkwall.

Family and the quality of the Orkney environment are strong reasons to stay and return. For stayers who are thinking about leaving, economic considerations are the main factors that would push them away including: travel costs, competitive pay and career progression.

Female returners place greater importance on family than males and were more likely to identify pay and work issues as unimportant. However, females who are thinking about leaving were more likely to identify work related issues as a motivation to leave than men.

In-migrants

In-migrants are an essential part of the Orkney population. One in five people living in the Islands moved to Orkney within the past 10 years. Some communities have higher proportions of in-migrants than others with this group representing around 40% of Stronsay's population.

In contrast to the common view, there are lower proportions of retired people and higher proportions of children among in-migrants than among the long-term resident population. However there are higher proportions of unemployed people and those who choose to stay at home among recent in-migrants. Patterns of economic activity vary among in-migrants to different parts of the islands. In Rousay, Stronsay, Sanday, Eday and North Ronaldsay, more than half of those moving to the islands in the past five years were not working.

There is a big difference in the motivations for migrating among rural and island communities and Kirkwall and the Mainland villages. In more outlying and rural parts of the islands, lifestyle reasons predominate while on the Mainland employment and being close to family and friends are much more significant.

Leavers

Those that leave the islands and remain away are more likely to be motivated by employment progression. Twice as many identified opportunities for career progress as a reason for leaving. And twice as many female leavers as male leavers rule out returning reflecting the perception of limited job opportunities on Orkney. For those who consider returning, jobs and career progression are the most common barriers.

Addressing population change

Residents and stakeholders have identified several issues about the labour market and service provision in Orkney that impact on population.

Employment issues

Wages tend to be lower in the private sector which means that people looking to return often look for public sector jobs.

One issue in attracting skilled staff is that often two professional or skilled people are looking for jobs at the same time. The smaller pool of professional jobs available means that:

- Many professional or specialist jobs are difficult to fill – particularly in the Outer Isles; and
- Many skilled or qualified people take on jobs well below their capacity – and these tend to be women.

Many public and voluntary jobs are being offered on temporary contracts because of funding or budgetary issues. This means that:

- Skilled people are not prepared to commit to a major move based on a temporary contract;
- Young people returning to work are unable to commit long-term to buying a house and are attracted South to permanent jobs.

In the Outer Isles the limited funding for certain third sector jobs and the variable nature of demand means that some people take on several small jobs.

Business start-ups

Enterprise was a common choice for younger people wishing to stay in or return to Orkney – particularly in the Outer Isles. Several issues emerged about starting or sustaining businesses:

- There were too few younger people entering the agriculture and fishing sectors – with succession for farms a big issue. This may cause problems for the food processing sector if not addressed.
- There are too few affordable start-up units/ workshops; and
- The costs of transport and fuel were a major disincentive to business start-ups.

Housing and health services

Those living in the islands identify difficulties faced in accessing affordable housing whether to rent or buy.

Residents in some of the Outer Isles identify issues in accessing health services, including a lack of dental services; high turnover of health practitioners and a perceived downgrading of the air ambulance service.

Impacts of population change

While most businesses do not identify any immediate impacts from population change; one business had relocated to Kirkwall to improve market access. And another business had benefited from the increasing population in Kirkwall.

Changes to population patterns will have various impacts on service provision. The Council is looking to provide facilities in some of the Outer Islands that are more flexible in how they can be used. Health and Care services will also need to be provided more flexibly – with the likelihood of growing care needs in the Outer Isles to meet the needs of an ageing population.

The shift of population towards Kirkwall means that facilities in some of the other communities have spare capacity. The Council is therefore promoting a policy aimed at encouraging population growth in these areas through housing and economic development to take advantage of this capacity.

Population projections

The population model uses the General Register Office for Scotland (GROS) mid 2007 population estimate as a baseline. From this baseline we added in elements to cover natural change, in-migration and out-migration.

If trends continue as they are

If current migration patterns continue the population will increase up to 2015 and then start to decline again. By 2030 the total population would be slightly lower than in 2007 at around 19,500. On current trends the number of annual births would drop by around 50 and the primary school-age population would decline from 1,480 to around 1,200.

Achieving a sustainable population pattern

The model shows that the most positive population scenario would be achieved through boosting in-migration among the 25 to 34 age group and reducing the number of 16 to 24-year olds moving away from the islands. This would lead to the population increasing to around 22,850 with a higher birth rate, a larger workforce and a primary school roll kept at the current level.

Sustainability across island communities

As well as considering the size of the population that is likely to be sustainable in the medium to longer term it is essential to consider the impact of changing population patterns on some of the more fragile communities. Using several population indicators we have classified how sustainable different island communities are. The characteristics used are:

- The extent to which the population is growing or declining;
- The proportion of elderly people in the population;
- The proportion of children in the population;
- The level of economic activity; and
- The economic impact of in-migration.

Based on these indicators we are able to classify Orkney's communities into five categories as outlined in Figure 1 below.

Figure 1 Analysis of community sustainability

Category	Communities	Characteristics
Strong	Kirkwall, Finstown, Holm, East Mainland, Papa Westray	Growing population, high rates of economic activity and positive age profile.
Stable	Stromness, West Mainland Burray, South Ronaldsay	Growing population, reasonable levels of economic activity but an older population profile.
Marginal	Hoy, Westray, Shapinsay	Population growing or stable, below average economic activity and poorly balanced age structure. Reliant on in-migrants to sustain population.
Becoming threatened	Stronsay, Sanday, Rousay, Egilsay & Wyre	A low proportion of children, high reliance on in-migration, with below average economic activity.
Threatened	North Ronaldsay, Graemsay & Flotta, Eday	Declining population with an elderly profile, few children and a low proportion of economically active in-migrants.

While the communities in Mainland Orkney, Burray and South Ronaldsay remain strong or stable. Perhaps surprisingly, the island of Papa Westray shows a positive population and economic profile despite its relative isolation and small population.

Other communities are marginal or under threat from changing population patterns. The islands of Hoy, Shapinsay and Westray are marginal in terms of sustainability. This means that while there are some positive trends there are issues regarding age profile and/ or the levels of economic activity.

The Outer Isles of Sanday, Stronsay, Rousay, Egilsay and Wyre are becoming threatened in terms of their longer term sustainability. This is because of an ageing profile, high levels of reliance on in-migration and low rates of economic activity. These islands will need significant economic stimulus to reverse these trends.

The islands of Eday, North Ronaldsay and the South Isles (Graemsay and Flotta) have population patterns and trends that suggest their medium to longer term sustainability is threatened.

Developing a sustainable community

We held a scenario planning workshop to identify some of the key issues that are most likely to impact on population sustainability. Participants produced several contrasting scenarios based on the least certain causes of change. The session finished with a short discussion on the implications of different scenarios and of how

the key drivers could be manipulated to provide positive outcomes over the time-span we are looking at.

Stakeholders view any changes in population around how they might affect the quality of life enjoyed on the islands. They view any mitigating action, such as creating jobs, improving transport or improving the housing supply, in the same light. The social impacts of economic and demographic change are important as the high-quality of the social, as well as natural, environment is a key part of Orkney life. There is a wish to improve the population balance but not at the cost of creating jobs that are incompatible with the current quality of life. Some issues that will underpin the way forward are:

- Positive drivers don't always bring positive impacts; balance is important.
- Social impacts of interventions need to be accounted for;
- The emphasis should be on investing in the "right" services and keeping flexibility in provision;
- The focus should be on increasing gainful, meaningful employment through forward planning for example through energy-related inward investment;
- Community sustainability should be at the core of forward planning;
- Providing a full spectrum of education close to home will be an important step forward in developing a more balanced, skilled workforce;
- Leisure, culture and quality of life are important to residents and visitors (for example as seen in the volunteering culture);
- There are opportunities from education and research if closer links to productive sectors are explored; and
- Opportunities from technology need to be firmed up – and realised.

Key Policy issues

The report sets out the key issues for policy focus to support a sustainable population pattern and to keep a healthy workforce and service delivery pattern.

Strategy for a sustainable future

As outlined earlier, the overall population of Orkney would need to increase to almost 23,000 to achieve a sustainable pattern for workforce, school roll, birth rates and service provision. This will require a slight reduction in out-migration of younger age groups and a 40% increase in the number of in-migrants in the 25 to 34 age group. At the same time there will be a need to promote population growth in communities where there is existing service capacity and where modest housing development can be accommodated without damaging the intrinsic qualities of the communities.

While most of the building blocks for such a strategy are already in place there needs to be greater focus in some respects such as coordinating housing and economic development activity and marketing the islands unique qualities to target population groups.

Threatened communities

Those communities which are threatened by current economic and demographic trends will require significant coordinated action if they are to become sustainable. The Islands of North Ronaldsay, Eday, Rousay, Egilsay, Wyre, Sanday, Stronsay, Flotta and Graemsay appear to have the most pressing need. If they are to become more sustainable then partners should consider how best to stimulate employment and investment for these communities as a priority.

More radical measures perhaps need to be considered in the context of these communities including the potential for fixed links in the longer term; and opportunities for devolving more powers and budgets to Community Development Trusts.

Another option is to promote housing-led economic growth – with low-cost housing used as a means of stimulating business start-ups. However housing demand is difficult to identify and respond to in such small communities; particularly when most of that demand will come from those not currently living there. This may require a new approach to assessing demand and supporting housing development in threatened communities.

Employment opportunities

Ultimately jobs and employment are the key to attracting people back, or into, Orkney. This will require support for business start-ups and growth; a greater emphasis on supporting productive sectors and getting the highest possible value out of the public sector workforce.

Supporting enterprise

Encouraging entrepreneurial skills among young people is important and there is also a need to develop small units to allow people to start out in business. Both HIE and OIC are already providing support in these areas. Small scale start-up and incubator units could be incorporated into flexible, multi-use facilities - particularly in the Outer Isles.

Primary sectors under threat

Food production is an important part of Orkney's economy and is also vital to its cultural and tourism offer. However the viability of the food processing sector in the medium to longer term is threatened by the lack of younger people entering farming and fishing. Addressing this will require several strands of activity including positive marketing of careers in farming and food production and more targeted assistance to support these sectors.

Supporting research and development

The opportunities provided through renewable energy highlight how links between research institutes and productive sectors can help to promote high value employment. Public agencies should support research activity and promote partnerships between education establishments and the productive sectors on the islands.

Container hub development

All businesses interviewed were generally positive about the benefits of developing a container hub at Scapa, although there were a range of views on how extensive the benefits would be. For example, one export orientated business in the North Isles felt that it definitely “would make it easier to ship our product worldwide”.

Devolving public sector jobs

The idea of devolving hubs of jobs and services outside of Kirkwall has been widely discussed and is being promoted in the Development Plan. However this will need the Council and other public agencies to take the lead in both devolving their own jobs and helping to provide start-up units and flexible business accommodation for the private and third sectors. Any devolution of public sector jobs should include serious proposals for meaningful re-location of jobs to the Outer Isles.

Addressing temporary contracts

The predominance of temporary contracts and short-term posts has been identified as damaging population stability. The uncertainty around funding and the need to bid for time-limited funding pots is the reason for this.

Marketing opportunities more effectively

Under-employment is very common, particularly among partners of people who move to a professional post (frequently women). At the same time many specialist and skilled jobs are difficult to recruit for. There is perhaps more of a need to market job opportunities in a more coordinated way. Council departments experiencing difficulties recruiting should work more closely together and with other public agencies such as HIE and the NHS to market opportunities more effectively. There may be opportunities of promoting a joint venture with the private sector to develop a coordinated recruitment website.

Promoting career progression

The issues identified in several areas of public service provision highlight the greater need for agencies to ‘grow their own’ skilled and professional staff. The recent initiative to promote a ‘career pathway’ through social care provides a positive example of how agencies can promote opportunities for progressing through the career ladder. This may require closer joint working with the College and other education and training providers to ensure that needs can be met on Orkney wherever possible. A more flexible funding package for supporting training for older employees/ students may also be needed.

More flexible working

The Council’s policy towards more flexible working is out of step with current workforce needs. There are few home working and flexi-time opportunities. A more enlightened approach would benefit key groups such as women returners and those with caring commitments. Greater flexibility in working arrangements will also make it easier for people who rely on public transport, or who commute from the islands, to work in Kirkwall.

Housing

Housing to support fragile communities

While affordable housing is needed across Orkney it becomes more critical to those communities whose sustainability is currently marginal or threatened. In these islands housing that supports economic development or is targeted at key workers would make the most positive impact.

As outlined earlier a different approach to assessing need and supporting housing development in these communities might be needed. The idea of 'gateway' housing as a transition for those moving into a new community for the first time may be worth exploring.

Support for younger people

Several stakeholders have highlighted the difficulties faced by students and younger people in finding suitable housing – particularly in Kirkwall. Housing providers should identify opportunities to work with Orkney College and other training providers to develop housing targeted at young people entering further education or training.

Health and care

Care for the elderly

The populations on several of the Outer Isles are ageing rapidly and this will require both accommodation and associated health and social care to meet these needs. Planning for residential and supported accommodation in the Outer Isles will also contribute to wider socio-economic objectives by providing more job opportunities and allowing elderly people (and their carers) to remain in their own communities for as long as possible.

Air ambulance services

The changes to the air ambulance service have been highlighted as problematic by both residents and service providers. The lack of reliability of the service undermines people's confidence in the emergency health services available in the Outer Isles. This is particularly important for parents with young children.

Transport

Planning future ferry services

The attitude to provision of the ferry services is based on traditional perceived wisdoms. For example stakeholders identify an unwillingness to split freight and passenger services and there are no fast passenger-only boat services. There is perhaps an opportunity to re-plan how the ferry service of the future should look starting from a blank sheet of paper.

Relocation of some ferry crews to the Outer Islands could help to disperse more of the income associated with public sector spend on transport.

Community development

Devolving small budgets

Several island communities highlight instances where local assets such as playgrounds were not being maintained. Revenue funding is much more difficult to access than capital funding and funders generally expect that local agencies will take on the maintenance if they make the capital investment.

Devolution of small budgets to communities would provide a useful support to the voluntary efforts of communities. But more importantly it would provide a psychological boost and a signal that they could be trusted to decide on priorities for themselves.

Community compacts

Currently those working as volunteers in their communities feel over-worked and under-rewarded. Some form of voluntary sector compact may be useful for each island to set out the roles and responsibilities of public agencies and the voluntary sector. This should identify and record the inputs made by the third sector and ensure that this does not lead to a reduction in the contributions of public agencies.

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