

Definition of the Area and Baseline Analysis

Area Profile

The Orkney Islands are made up of 70 islands, 18 of which are inhabited. The Islands are found approximately 6.9 miles to the North East of mainland Scotland lying on latitude 59 degree north. At its widest Orkney is 30 miles from east to west, and is 53 miles long from north to south. The islands cover an area of 974 square kilometres (376 square miles), of which the “mainland” island makes up more than half, with a coastline of approximately 570 miles. Orkney’s total population was 21,530 in 2012¹, which equates to approximately 22 people per square kilometre as compared to 67 people per square kilometre in Scotland. A map of the Orkney Islands is shown below.

Orkney is both a rural and island community and economy in an extremely peripheral location off the North coast of Scotland which gives rise to a unique mix of opportunities and challenges. Agriculture and fisheries still pay a key role in the economy, along with food and drink, and tourism, and the growing sectors of creative industries, higher education and R&D, and energy and marine renewables. The public sector is also a very significant employer and provider of services. It also has a very active third sector that includes social enterprises, voluntary organisations and community groups.

Baseline Analysis

The detailed statistics and analysis of the current socio economic situation and recent trends in Orkney has been prepared. This has been used to inform and support the development of priorities for action and generate the strategy, and will be used as the baseline, and used for the provision of indicators for assessing progress on the strategy and business plan.

Data has been presented where possible at a parish, data zone or island level to help identify more localised issues and problems and to support the development of priorities and indicators.

A summary is provided below and further detailed information on the current baseline for Orkney is contained in Appendix 1.

Demographics

The Orkney population had been static to declining from many years up until 2001 since when it rose by 10% from 19250 to 21349 in 2011. This growth in population has been well spread across the islands, though a number of the islands remained relatively static or still registered a decline such as Flotta, Rousay Egilsay and Wyre, and Stronsay, as well as a few mainland communities such as Evie and Rendall.

¹ General Register Office for Scotland (GRO), 2012. <http://www.gro-scotland.gov.uk/files2/stats/council-area-data-sheets/orkney-islands-factsheet.pdf>

Over the last 10 years the population has aged noticeably with those over 60/65 rising from 16.7% of the population to virtually 20% (over a 30% increase), and the number of young people declined by over 15% over the same time period.

The trend projections from the General Register Office for Scotland suggest that Orkney's population should continue to grow over the next 20 years and that the ageing of the population will also continue.

Labour Supply

Both male and female activity rates in Orkney are significantly higher than in Scotland as is the rate of self-employment. The latter reflects the ongoing importance of family farms and other small indigenous businesses. 87.4% of all people are economically active in Orkney compared with 79.5% in Scotland.

Unemployment rates have been consistently below the Scottish rates but there is evidence of underemployment in the economy.

The average wage rates in Orkney are much lower than those nationally for both males and females. This is a reflection of the high proportion of employment in agriculture and fisheries and tourism that are traditionally lower paid sectors and the low proportion of managerial, senior and professional roles in the area.

Labour Demand

The total employee jobs is estimated to be around 9,500 in 2012 with half of these being part time. 85% of these jobs were in the service sector and around half of those in the public sector. This shows the high dependence on the public sector for employment. In addition there is the much larger self-employed sector (2500 or 15% of the economically active as against 7.5% in Scotland) that is mainly in agriculture, fisheries, construction, and tourism. Thus there are around 12,000 in employment in Orkney.

The Economy

The GDP per inhabitant in Orkney has remained at around 95% of the EU average and is lower than that for Scotland which is 117% of the EU average. Regional GVA per head in Orkney has remained consistently below the Scottish figures.

The key income generating industry sectors in terms of output are agriculture, tourism and crafts, energy (oil and renewables) and fisheries. Both agriculture and fisheries are sectors at risk due to a range of factors including external policy changes. However there is potential for growth in tourism, marine renewables, knowledge and innovation industries through the Marine Test Centre and the UHI.

There are around 1500 active enterprises in Orkney with nearly half of them in agriculture and fisheries. The Orkney fishing fleet is an integral part of the local economy but has experienced decline in recent years and could be reaching a critical survivability level. The most important landings are shellfish from small inshore boats some of which is processed locally. Aquaculture has become increasingly important and has the potential for further growth.

Social

Orkney has a substantial voluntary sector and social economy that make a major contribution to the quality of life, social wellbeing and cohesion in the community.

The Index of Multiple Deprivation for Scotland provides data across 27 data zones in Orkney and shows that the most deprived areas are either in parts of Kirkwall or in the remoter islands. The index uses data on incomes, employment, education, crime, health, and access to services. The latter is one of the main reasons why parts of Orkney come out high on the deprivation index.

The lower average wage rates in Orkney when combined with the higher cost of living on the islands makes it more difficult for many families to make ends meet. The higher costs are due in part to the need to import so many goods as well as higher internal access costs due to the number of islands and the harsh climate that raises the need for more energy use.

Environmental

Orkney has a rich cultural and natural heritage that is nationally and internationally distinctive and important. Orkney is renowned for its archaeological sites and a number of distinctive natural habitats and wildlife. Thus the environment is an important economic resource for Orkney supporting not just agriculture, but also tourism, fisheries and aquaculture, and more recently wind and marine renewable energy.

Conclusions

The data gathered on the main socio economic and environmental indicators in Appendix 1 have been presented at an Orkney level and where possible at a more local level such as parish, data zone, or island. Some analysis has been undertaken to establish whether the data reveals any clusters of problem groups or other factors that might suggest that certain groups or areas should receive priority for action. The conclusion from this was that, while there are a few areas with a range of specific issues, there is such a mixed picture, it would be difficult, and indeed possibly counter productive, to say that certain locations should get priority under LEADER over other groups or areas.

The local areas (parishes, islands or data zones) tend to contain such small populations that % figures can be misleading e.g. a 38% population increase in Papa Westray, while welcome, does not necessarily mean the island does not need some priority support given its small size and isolation, and a stable population in Flotta conceals a lot of other problems. The islands remain relatively fragile but some of the local areas on the mainland also have similar problems. The most deprived area in Orkney, according to SIMD data, is in Kirkwall but this does not then necessarily mean that Kirkwall should receive priority over rural areas which are likely to have similar issues with low incomes, underemployment and even greater issues re access to services.

All areas have a range of needs to address similar issues such as population decline, an ageing population, high cost of living and low wages, and distance from the market and facilities.

Diagram 1.1: Map of Orkney

