Scotland's Islands Areas

Guidelines for UK Government Departments

March 2015

SCOTTISH ISLANDS

Total population of the three island areas:

72,170

Number of areas within the islands defined as "urban":

0

Population density:

19.8

people per square km

UK population density:

255.6

people per square km
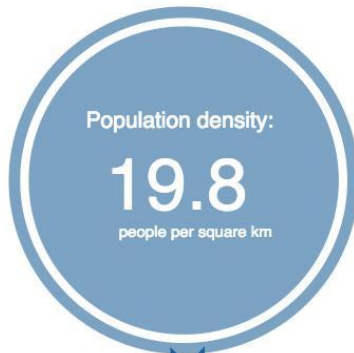
3 Scottish Island Areas

Shetland, Orkney, Western Isles

MAIN ISSUES

Distance from national and economic centres
Limited connectivity
Transportation costs
Low population density
- All put significant pressure on service delivery

The cost of maintaining a minimum standard of living for a family with two children on the Northern Isles is

29%

higher than in an urban area of the UK

Reliance on small number of key sectors:

- Agriculture, construction, energy, fishing and aquaculture, public sector
- A private sector dominated by micro-businesses and self-employment

Up to **62%** of the Scottish island population live in fuel poverty

Heating costs, even in towns, are typically

50 to 90% higher

Household goods and clothing typically costs an extra **20 to 30%**

1. Introduction

The communities represented by Scotland's three remote island councils[1] have significant development potential in a number of areas, most notably energy resources, but also face challenges due to their geographic location.   The "*Framework for the Islands*" (hereinafter referred to as "the Framework"), published on 15 August 2014 committed the UK Government to support the Islands to develop their strengths, assisting them to overcome these challenges where possible.

The Framework includes the establishment of the 'Islands proofing' principle which would **"***seek to ensure that policy and legislation take account of islands' circumstances, where practicable".*

This document explains how the Scotland Office, with input from the Islands Councils, will work with other UK Government Departments to deliver against this commitment. It also aims to support UK Government officials in all Departments who are developing policies relevant to Islands communities to understand the unique set of challenges faced by Island communities, and how this may influence the delivery of policy in those areas.

2. Considering the Islands during policy-making

The Scotland Office will look to engage with Government Departments throughout the policy making cycle on policy areas which may have an impact on the Islands. The Islands Desk (contact details at the end of this document), which has been established at the Scotland Office in response to the Framework*,* will be the focal point for this.

Although these guidelines could apply to all areas of UK Government policy, it is acknowledged that not all UK Government policy will have the same degree of effect on the Islands.   The Scotland Office, in partnership with devolution teams in Departments and the Island Councils themselves where appropriate, will identify the priority areas of policy development which need further investigation to assess the potential for impacts on Island Communities.

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[1] The islands represented by Orkney Islands Council, Shetland Islands Council and Comhairle nan Eilean Siar. These will be referred to simply as the "Islands" throughout this document.

Examples of areas that are likely to fall into this category include, but are not limited to:

- renewable energy
- fisheries
- energy policy
- connectivity (transport and telecommunication).

It is anticipated that this process will also apply to negotiations by UK Government Departments in relation to EU Directives at each stage of their development, and other relevant negotiations (e.g. annual negotiations on fisheries quotas). This process would apply where it is necessary to supplement existing arrangements for understanding the Islands' interests and concerns through the Scottish Government and does not replace those arrangements.

Indeed, EU policies and legislation can be of equal or greater significance to the Islands, relative to UK-wide or Scottish legislation, and it is therefore important to ensure that the Islands' concerns are taken into account in relevant EU policy development.

Regular dialogue between relevant UK Government departments and the Islands should ensure that the departments are aware of the Islands' interests and concerns, and are able to spot and address any potential issues at a sufficiently early stage.

Parallel to this, the Scotland Office will also aim to proactively raise the profile of Islands issues within Departments where priority areas of policy are more likely to be developed, based around the information contained in the rest of this document.

Where a policy has been identified as a priority, the Scotland Office and Islands Councils will work with policy leads to help feed in necessary information and identify any potential unintended consequences. An idea of the kind of questions that could be addressed during this process is considered in section 4.

Contacts for further information and to discuss any of these questions can be found at the end of the document.

3. Island Communities In Context

The communities represented by the Islands Councils share many of the same characteristics as mainland rural areas, but their remoteness and the relative fragility of their economies are what make policy delivery in these communities unique in a UK context. This section seeks to set out a few of the key island characteristics. More detail is provided in the links set out in Section 8.

Geographic location

The map below shows the geographic location of the three islands in relation to the Scottish mainland and Scandinavia, and demonstrates that they are some of the most remote regions of the UK and Europe[2]. This remoteness from major population, administrative and economic centres leads to particular challenges in terms of access to services and transport links, which are not generally experienced by mainland areas. The UK Government, through the Framework, has made a commitment to assist "*where possible to overcome challenges posed by geographical remoteness*" and this is enshrined in the Islands Proofing process.

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[2] Shetland is 211 miles distant from Aberdeen – and 225 miles from Bergen in Norway

Island Demographics – Key Challenges

Current position:
Total population of the 3 islands areas - 72,170[3].
None of the island groups contain any areas that would meet the definition of "urban"[4].
Population density - 19.8 people per km². (UK density = 255.6 persons per km².)[5]
Issues of distance, low population density, transportation costs and limited connectivity put significant pressure on service delivery in the islands.

Projections:
Although the populations of Orkney and Shetland are expected to grow during the period to 2037[6], the Outer Hebrides population is expected to significantly decline.
The table below[7] ranks the six most affected Council areas in Scotland using four indicator areas during the timeframe 2012-37. The three Islands Councils appear in each of these lists. In particular, the percentage of the population that is of pensionable age in Shetland is expected to increase by over 44%, with the number of people aged over 75 more than doubling[8].

Rank	Overall Population	Children	Working Age	Pensionable Age
1	Argyll and Bute -13.5%	**Outer Hebrides -27.6%**	Argyll and Bute -21.7%	**Shetland +44.2%**
2	**Outer Hebrides -10.8%**	Argyll and Bute -18.3%	**Outer Hebrides -19.1%**	Highland +32.9%
3	Dumfries & G -6.1%	Dumfries & G -9.5%	Dumfries & G -14.3%	**Orkney +29.3%**
4	Moray -2.2%	Highland -7.2%	Moray -7.6%	Moray +21.8%
5	**Orkney +5.5%**	**Orkney -3.1%**	**Orkney -1.3%**	**Outer Hebrides +19.6%**
6	**Shetland +8.3%**	**Shetland -2.8%**	**Shetland +0.4%**	Dumfries & G +14.5%

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[3] Source: National Records of Scotland - http://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/mid-year-population-estimates/mid-2013
[4] Definition of urban = resident population of 10,000 or more
[5] Source: United Nations Department of Economic and Social Affairs - http://esa.un.org/wpp/Excel-Data/population.htm
[6] Source: National Records of Scotland http://www.nrscotland.gov.uk/statistics-and-data/statistics/stats-at-a-glance/council-area-profiles
[7] Source: http://www.cne-siar.gov.uk/factfile/population/projections.asp
[8] Source: National Records of Scotland http://www.nrscotland.gov.uk/statistics-and-data/statistics/stats-at-a-glance/council-area-profiles

Island economies:

The island economies are characterised by a reliance on a small number of key industry sectors (agriculture, construction, energy, fishing & aquaculture, public sector) and a private sector dominated by very small businesses and self-employment.

Key points include:

The levels of unemployment and Job Seekers Allowance claimants in the islands tend to be lower than the national average.

- Economically inactive – Outer Hebrides – 15.2%, Orkney –14.1%, Shetland – 11.9%, Scotland - 22.4%.
- Job Seekers Allowance claimants – Outer Hebrides – 2.3%, Orkney – 0.9%, Shetland – 0.6%, Scotland – 2.4%.[9]

In terms of unemployment rates, this is due in part to people leaving the islands if there is a lack of attractive employment opportunities[10].

These factors place additional constraints on business growth potential due to lack of available labour supply.

Gross weekly pay in the three islands varies, with both Orkney and Shetland similar to the Scottish average. The Outer Hebrides, however, has a much lower level of gross weekly pay [11].

The table below shows the Gross Value Added[12] from each of the three Councils over two years, demonstrating that all three island economies are highly productive.

Gross Value Added (£)	2011	2012	2013
Shetland	488,000,000	463,000,000	524,000,000
Orkney	333,000,000	325,000,000	385,000,000
Eilean Siar	391,000,000	396,000,000	418,000,000
Scotland	**111,535,000,000**	**113,819,000,000**	**117,116,000,000**

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[9] Source: NOMIS Labour Market Statistics https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx

[10] Source: Hall, Aitken, 2009, Orkney Population Change Study

[11] Source: NOMIS Labour Market Statistics https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx

[12] Source: Office for National Statistics http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm%3A77-250254 (retrieved from Scottish Neighbourhood Statistics)

Population	2011	2012	2013
Shetland	22,500	23,210	23,200
Orkney	20,160	21,530	21,570
Eilean Siar	26,080	27,560	27,400
Scotland	**5,254,800**	**5,313,600**	**5,327,700**

GVA per capita	2011	2012	2013
Shetland	21,689	19,948	22,586
Orkney	16,518	15,095	17,849
Eilean Siar	14,992	14,369	15,255
Scotland	**21,225**	**21,420**	**21,982**

Island social challenges:

The cost of maintaining the defined acceptable minimum standard of living for a family with two children in the Northern Isles is on average 29% higher than in an urban area of the UK[13].

For a family living in a settlement defined as 'remote from town' this increased to 66% above the UK urban average. Drivers for this include higher prices for household goods and clothing (typically cost 20-30% more) due to higher prices and delivery charges and higher heating costs.

Due to high levels of climatic exposure, high fuel costs and methods of construction, the Scottish Islands areas suffer to a disproportionate extent from fuel poverty with up to 62% of the population in fuel poverty and up to 28% in extreme fuel poverty[14]. Heating costs, even in towns, are typically 50-90 per cent higher, which can place considerable strain on household incomes.

Island communities also lack universal access to government services such as passport and tax offices.

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[13] Source: A Minimum Income Standard for Remote Rural Scotland: http://www.hie.co.uk/regional-information/economic-reports-and-research/archive/a-minimum-income-standard-for-remote-rural-scotland.html

[14] In the Outer Hebrides, the official figure is 62% but a survey by the local Energy Advisory Service suggests that the true figure could be as high as 71%. This position is similar in Orkney (58%) and Shetland (43%). In terms of extreme fuel poverty, 28% of households in Orkney are in extreme fuel poverty, 18% higher than the Scottish average.

4. Assessing The Impact

This section sets out an indicative series of questions that Departments could work through with the Scotland Office and Islands Communities to take account of islands' characteristics during policy development. These are not exhaustive and are intended to capture information on potentially positive as well as negative effects of policy.

Demographic considerations

Key questions to answer:

Q. Does the policy take into consideration the current demographic structure of the islands and the challenges faced by populations that will have a greater percentage of older people than other areas?

Q. Could the policy exacerbate the islands' demographic challenges? e.g. could it encourage outmigration of younger people or in-migration of older people?

Economic considerations

The islands' main industries are significant employers and make a vital contribution to the islands' wellbeing as well as being extremely important from an environmental perspective.

Key questions to answer:

Q. Will the policy have any particular impacts on the key island industries and, therefore, on the islands' economies and environments?

Q. Will the policy have an impact on the islands' infrastructure or natural environment?

Q. If a fast or high-capacity broadband or mobile network will play a significant part in implementing the policy or initiative, how can alternative mechanisms be used to ensure fair access for the islands?

Q. Will the policy or initiative have any impact on the types of small business which are a feature of the islands' economies? Specifically, if the policy is to be delivered through suppliers, will there be a requirement for those suppliers to meet accreditation standards that are more difficult for islands companies to achieve?

Q. Has the cost and time taken in travelling between island communities been taken into consideration – particularly for those on low incomes and reliant on infrequent public transport?

Social considerations
Deprivation and social exclusion in the islands tends to be dispersed, unlike more populous areas where there is a tendency for deprivation to be concentrated.

Key questions to answer:

Q. If a measure of deprivation is to be used to target the initiative; does it take into account dispersed deprivation in islands?

Q. If policy delivery is focused on a few key national delivery points – for instance based in a city - can alternative delivery solutions be found for the islands?

Q. Will the policy have a cost of living impact? Is there any risk that impact could be amplified in island communities?

Q. Will the policy have an impact on households experiencing fuel poverty?

Q. Does the policy make any consideration for the part-time and self-employed nature of many island jobs? The availability of childcare provision in island communities being of particular relevance.

5.   Using The Results From Islands Proofing

The core aim of the proofing process is to identify any previously unintended consequences of a policy change, therefore allowing negative or disproportionate impacts to be properly considered and evidenced at the appropriate stage of the policy making process.

Where an impact on the Islands has been identified through the proofing process, the Scotland Office will facilitate further discussions with the relevant UK Government policy team on the extent of these impacts. Potential mitigating measures, or a need for continued evaluation of policy implementation, can be considered as part of these discussions.

6. Embedding communication

The Framework also committed UK Government and the Islands Councils to keep each other informed of developments in the area of responsibility of the other. The Islands proofing process, and the establishment of an Islands Desk within the Scotland Office, form the core of this. The three islands councils will nominate a principal point of contact to work with the Islands Desk.It is anticipated that this person will be nominated on a rotating basis by the three islands councils – current details are at the end of this document.

Through these points of contact, Scotland Office, on behalf of UK Government, and the Islands Councils will seek to co-operate and alert each other as soon as practicable to relevant developments within their areas of responsibility, focusing primarily on the priorities identified as part of the Islands Proofing process.

Wherever possible this will be prior to publication, and both sides will aim to give appropriate consideration to the views of the other party.[15] Scotland Office and the Islands Councils will also aim to share, as far as possible, scientific, technical and policy information including statistics and research16

As an oversight to this activity, the cross-Government Islands Working Group and Islands Annual Summit have been also established.

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[15] It is recognised that there are certain areas of UK Government action, for example, Budget proposals and national security, in which, as a matter of pre-existing practice, advance notification will not take place or would be very limited.
[16] These exchanges between parties may be subject to restrictions or requirements, such as those relating to confidentiality or freedom of information

7.   Contacts For Further Information

UK Government
Scotland Office – Islands Desk
Stuart Matheson
Scotland Office, 1 Melville Crescent Edinburgh, EH3 7HW
Tel: 0131 244 9029 www.gov.uk/scotland-office
Email: Stuart.Matheson@scotlandoffice.gsi.gov.uk

Jennifer Staermose-Johnson
Scotland Office, 1 Melville Crescent Edinburgh, EH3 7HW
Tel: 0131 244 9029 www.gov.uk/scotland-office
Email: Jennifer.Staermose-Johnson@scotlandoffice.gsi.gov.uk

Islands Councils

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www.cne-siar.gov.uk

Orkney Islands Council
Paul Maxton
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Tel: 01856 873535
Email: paul.maxton@orkney.gov.uk
www.orkney.gov.uk

Shetland Islands Council
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Executive Manager, Council Headquarters, 8 North Ness Business Park, Lerwick,
Shetland, ZE1 0LZ
Tel: 01595 744538
Email: peter.peterson@shetland.gov.uk
www.shetland.gov.uk

8. Useful Links

Information on each of the islands is available on the Council's websites. These are available at:

Shetland Islands Council – www.shetland.gov.uk
Orkney Islands Council – www.orkney.gov.uk
Comhairle nan Eilean Siar – www.cne-siar.gov.uk

Further sources of information on the three islands is also available. Examples include:

Islands Proofing
http://www.shetland.gov.uk/OIOF/IslandsProofing.asp

Demographics
National Records of Scotland:
http://www.nrscotland.gov.uk/statistics-and-data/statistics/stats-at-a-glance/council-area-profiles

Islands economies
Orkney Economic Review 2012-13:
http://www.orkney.gov.uk/Files/Business-and-Trade/Economic_Review/Orkney_Economic_Review_2012-13.pdf

Outer Hebrides Regional Accounts
http://www.cne-siar.gov.uk/factfile/economy/regaccounts03/summary.asp

Shetland Islands Input/Output Study
http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3769

NOMIS labour market statistics:
https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx

Islands social challenges
Scottish House Conditions Survey:
http://www.scotland.gov.uk/Topics/Statistics/SHCS/keyanalyses

The Experience of Rural Poverty in Scotland:
http://www.scotland.gov.uk/Publications/2009/03/02144159/0

Scottish Neighbourhood statistics
http://www.sns.gov.uk/

A Minimum Income Standard for Remote Rural Scotland:
http://www.hie.co.uk/regional-information/economic-reports-and-research/archive/a-minimum-income-standard-for-remote-rural-scotland.html

General
Shetland in Statistics:
http://www.shetland.gov.uk/economic_development/documents/ShetlandInStatistics2013.pdf

Highlands & Islands Enterprise: Economic area profiles
http://www.hie.co.uk/regional-information/area-information/