

# NW2045: Socio-Economic Profile



February 2025





# Executive Summary

The NW2045 Socio-Economic Profile identifies the challenges and potential opportunities for creating a sustainable future for the North West of Scotland.

- The Local Area, located in the North West of Scotland, is a rural and sparsely populated region facing challenges such as depopulation and an ageing population. Over the past two decades, the number of young people (aged 0-15) has decreased by 47%, while the population of those aged 65 and over has increased by 45%. The economy is heavily reliant on sectors like tourism, agriculture, and construction, all of which are characterised by lower wages and productivity. This makes the region's economy fragile, more vulnerable to instability, and less resilient to economic shocks. These challenges are further reflected in higher levels of deprivation and fuel poverty. Despite these issues, the region maintains a high standard of living and quality of life, with generally strong wellbeing among residents.
- However, there is an opportunity to address these challenges and foster sustainable population and economic growth. By building on existing economic strengths such as crofting and tapping into emerging opportunities in the renewable energy sector, the Local Area can create a more resilient and diversified economy. Improving connectivity and local infrastructure will also enhance access to high-quality remote work, making the area more attractive to people at all stages of life. Taking a holistic approach to these challenges and promoting the lifestyle benefits of living in the region, could lead to greater population retention, while contributing to a more sustainable and thriving local economy.
- The potential opportunities available are explored in the subsequent BiGGAR Economics report: "NW2045: Opportunities and Potential Development Models."



# Contents

- **Study Objectives and Approach**
- **Population and Demographics**
  - Population (Estimates, Trends)
- **Employment Structure and Trends**
  - Employment (Type, Structure, Trends, Tourism)
  - Employment Indicators
- **Socio-Economic Indicators**
  - Deprivation, Fuel Poverty
  - Broadband, Housing, Travel, Education
- **Wellbeing Indicators**
  - Wellbeing, Loneliness
  - Social Enterprises
- **Community Resilience**
  - Land Capability, Contribution of Crofting
  - Elderly Residential Care Homes





# Study Objectives and Approach

BiGGAR Economics was commissioned by NW2045 to develop a socio-economic baseline and trends for the North West of Scotland, identifying key themes relating to population, communities, and economy.

- Baseline data was gathered to help identify the key issues and challenges facing the **Local Area** in the North West of Scotland, defined as the following data zones:
  - Ross and Cromarty North West - 04
  - Sutherland North and West - 02
  - Sutherland North and West - 03
  - Sutherland North and West - 04
  - Sutherland North and West - 05
  - Sutherland North and West – 06
- The baseline data for the **Local Area** is set within the context of **Highland** and **Scotland** as a whole.



# Population and Demographics

This section provides an overview of the population and demographic trends in Local Area, set within the context of Highland and the national landscape.

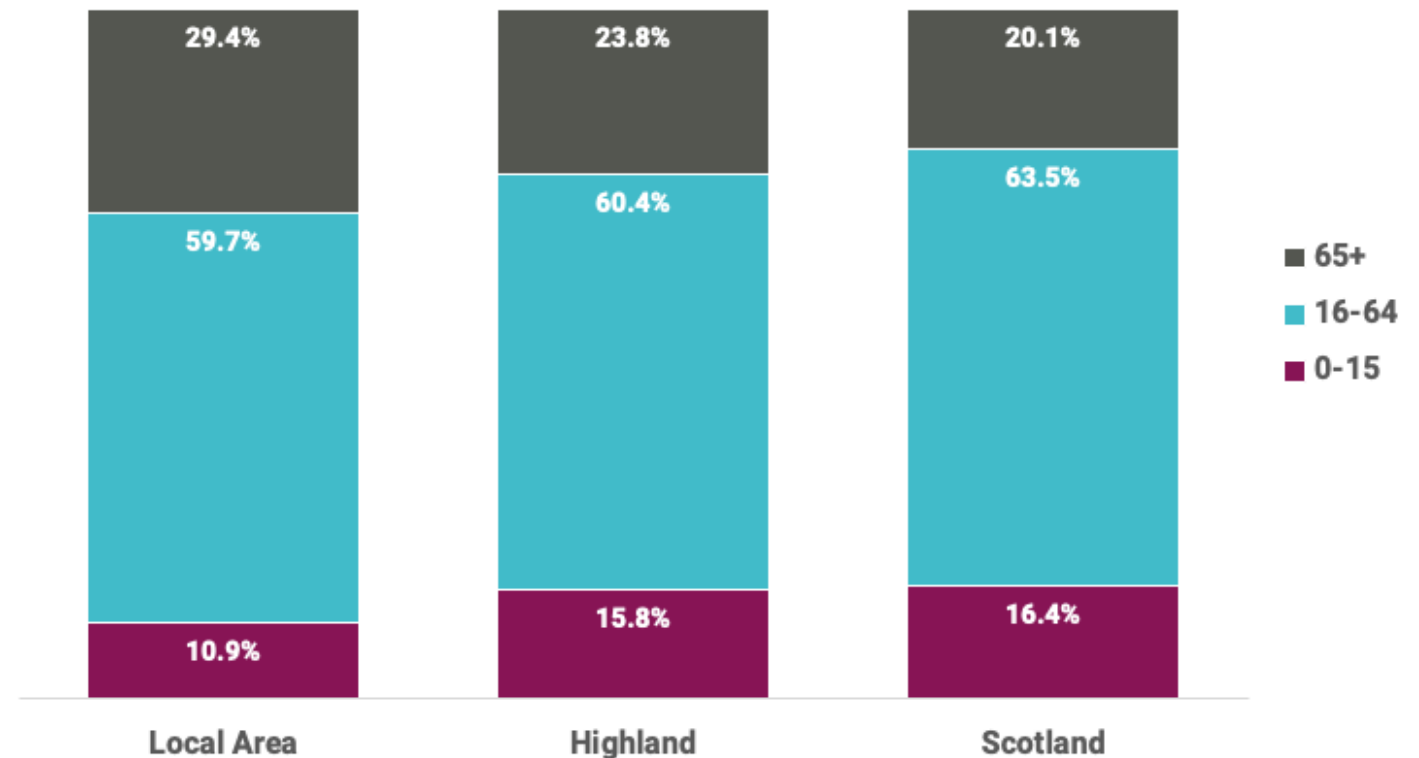




# Population Estimates

Working aged people make up a smaller proportion of the population of the Local Area than elsewhere in Highland or Scotland as a whole.

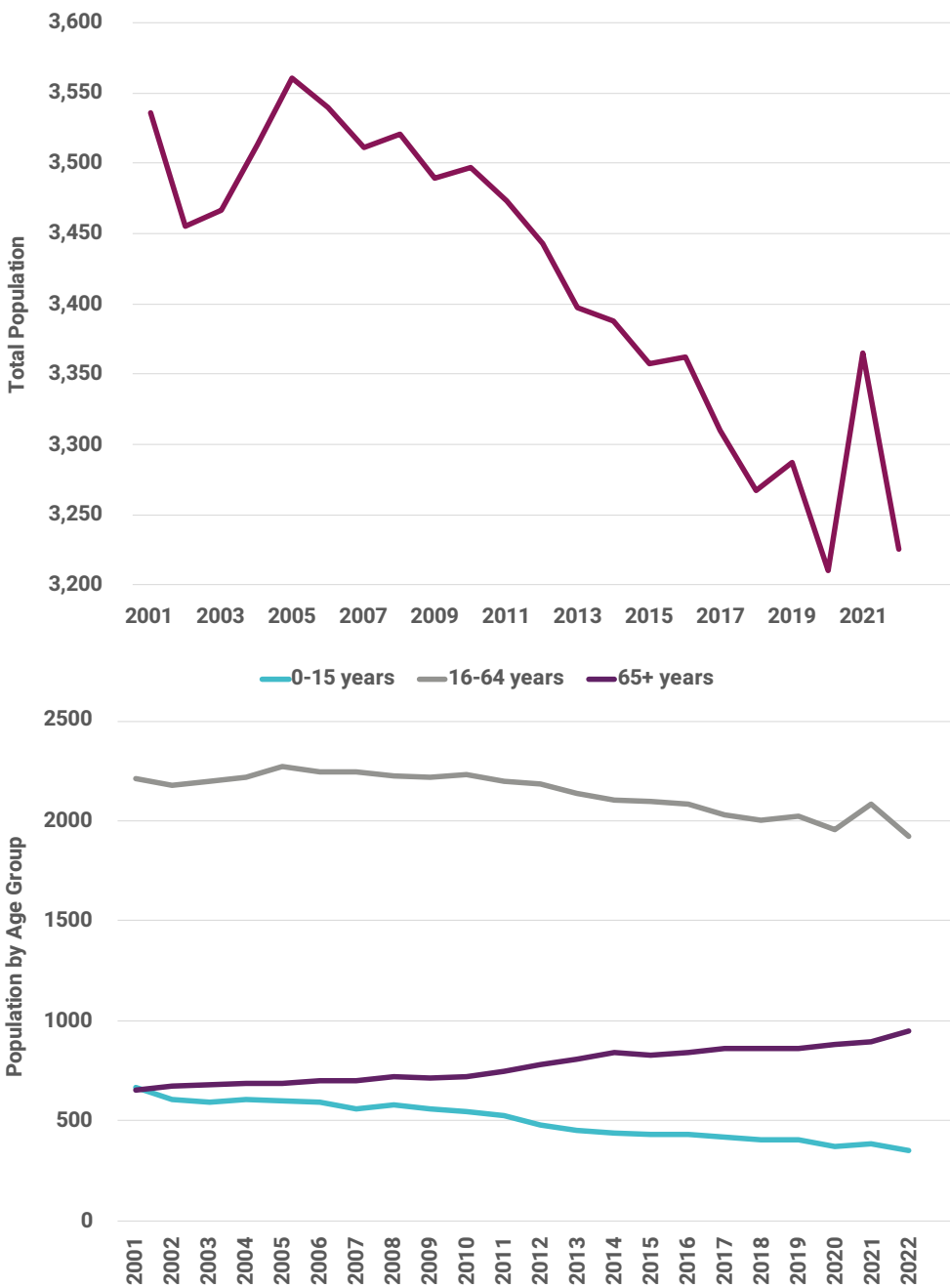
- According to the latest available data, **the Local Area had a population of 3,200** in 2022, accounting for 1.4% of Highland's total population (235,700) and 0.1% of Scotland's overall population (5,447,000).
- **The working-age population (16-64 years) in the Local Area is notably underrepresented**, falling 3.8 percentage points below the national average. In contrast, **the proportion of residents aged 65 + is considerably higher in the Local Area** than the averages across Highland and Scotland.



# Population Trends

The population of the Local Area is both ageing and decreasing.

- The population of the Local Area (3,225) has fallen by 8.8% since 2001, a reduction of approximately 300 people. This trend differs from Highland and Scotland as a whole, where the total population increased by 12.8% and 7.6% respectively, over the same period.
- Since 2001, the proportion of 0-15 year olds in the Local Area has fallen from 18.8% to 10.9%, marking a 47% reduction in the number of young people in the Local Area.
- Over the same period, the proportion of people aged 65 and over in the Local Area increased from 18.6% to 29.4%, whilst the share of those of working age (16-64) fell from 62.6% to 59.7%. A similar trend is seen across Highland, where the proportion of the population aged 65+ increased from 16.7% to 23.8%, and those of working age fell from 63.8% to 60.4%.





# Employment Structure and Trends

This section provides an overview of the employment structure and trends in Local Area, set within the context of Highland and the national landscape.







# Employment Structure

Employment in the Local Area is heavily concentrated in a few key sectors.

- Employment in the **accommodation and food services sector** accounts for **24%** of local jobs, highlighting the area's strong reliance on tourism-related industries.
- The **agriculture sector** contributes **22%** of local employment, reflecting the area’s traditional reliance on primary industries.
- The **construction sector**, which accounts for **12%** of local employment, is around twice as concentrated in the Local Area than elsewhere in Highland or Scotland. This sector is however particularly, **vulnerable to wider economic cycles** and (like agriculture) typically has **low levels of innovation**, limiting its potential as a long-term driver of growth.
- **Health and social work employment is underrepresented**, which may indicate a **shortage of essential services** – a concern given the Local Area’s **ageing population**.

	Local Area	Highland	Scotland
Accommodation and food service activities	24.3%	12.5%	8.6%
Agriculture, forestry and fishing	22.0%	10.9%	3.4%
Construction	12.1%	6.2%	5.1%
Education	8.3%	7.0%	8.2%
Wholesale and retail trade	7.3%	13.3%	13.2%
Human health and social work activities	5.8%	15.6%	15.6%
Manufacturing	3.8%	4.7%	6.7%
Real estate activities	3.8%	1.4%	1.5%
Transportation and storage	3.2%	4.7%	4.5%
Public administration and defence;	3.2%	4.7%	6.2%
Administrative and support activities	2.6%	4.7%	6.8%
Arts, entertainment and recreation	1.9%	3.1%	2.7%
Professional, scientific and technical activities	1.0%	4.7%	7.2%
Information and communication	0.3%	1.8%	3.1%
Total	1,600	128,450	2,657,000

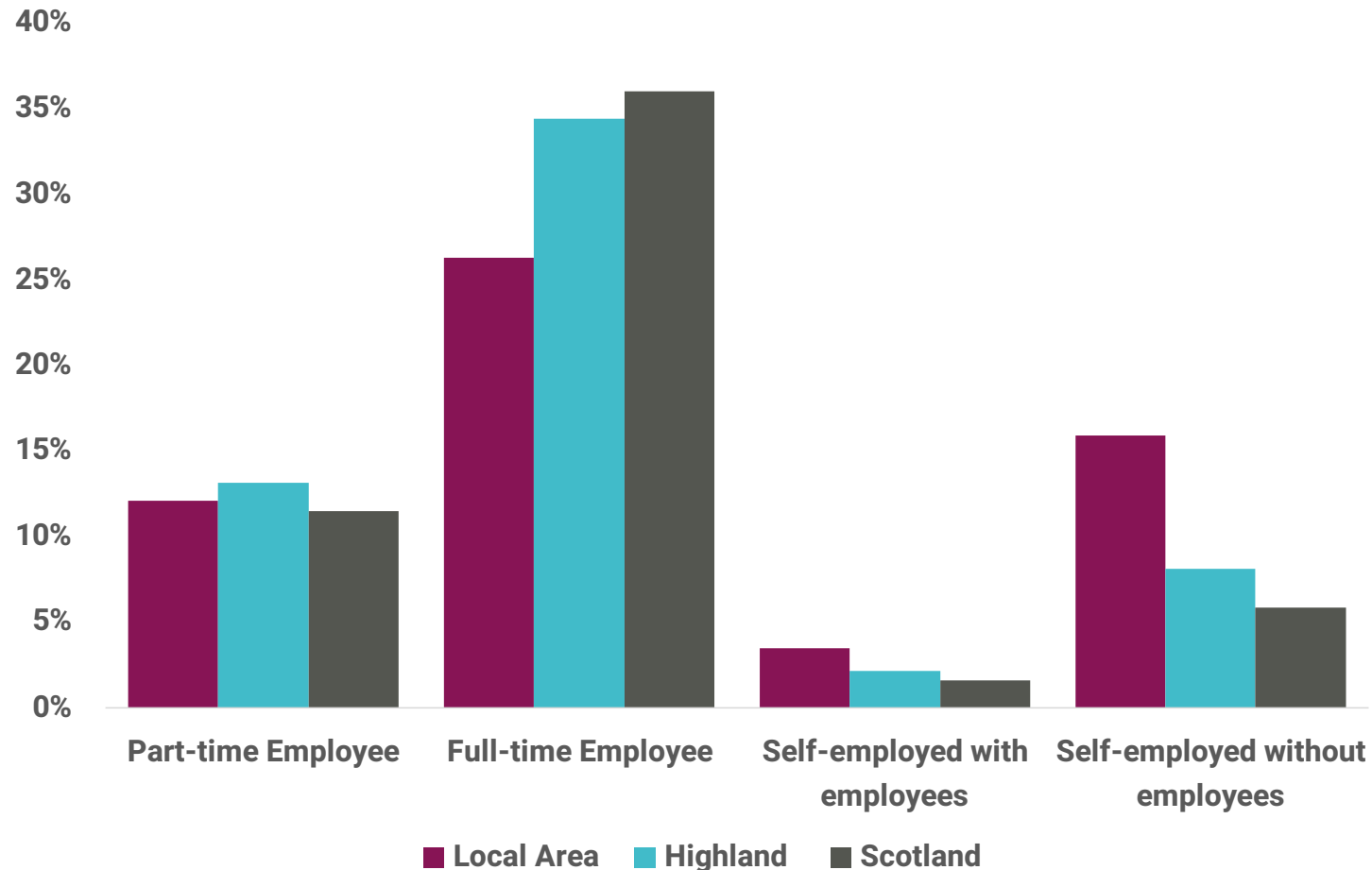
Source: ONS (2024), Business Register and Employment Survey (BRES), 2023. Note: BRES only samples VAT or PAYE registered enterprises.



# Type of Employment

The Local Area has a higher proportion of self-employment compared to Highland and Scotland as a whole.

- Among those who are economically active, the Local Area has a **higher proportion of individuals who are self-employed**, both with and without employees, compared to Highland and Scotland as a whole. It is important to note that the economic activity generated by these individuals is unlikely to be captured in the Business Register Employment Survey statistics.
- Self-employment, while providing flexibility and independence, is often **characterised by greater volatility** and can be more vulnerable to broader economic cycles.



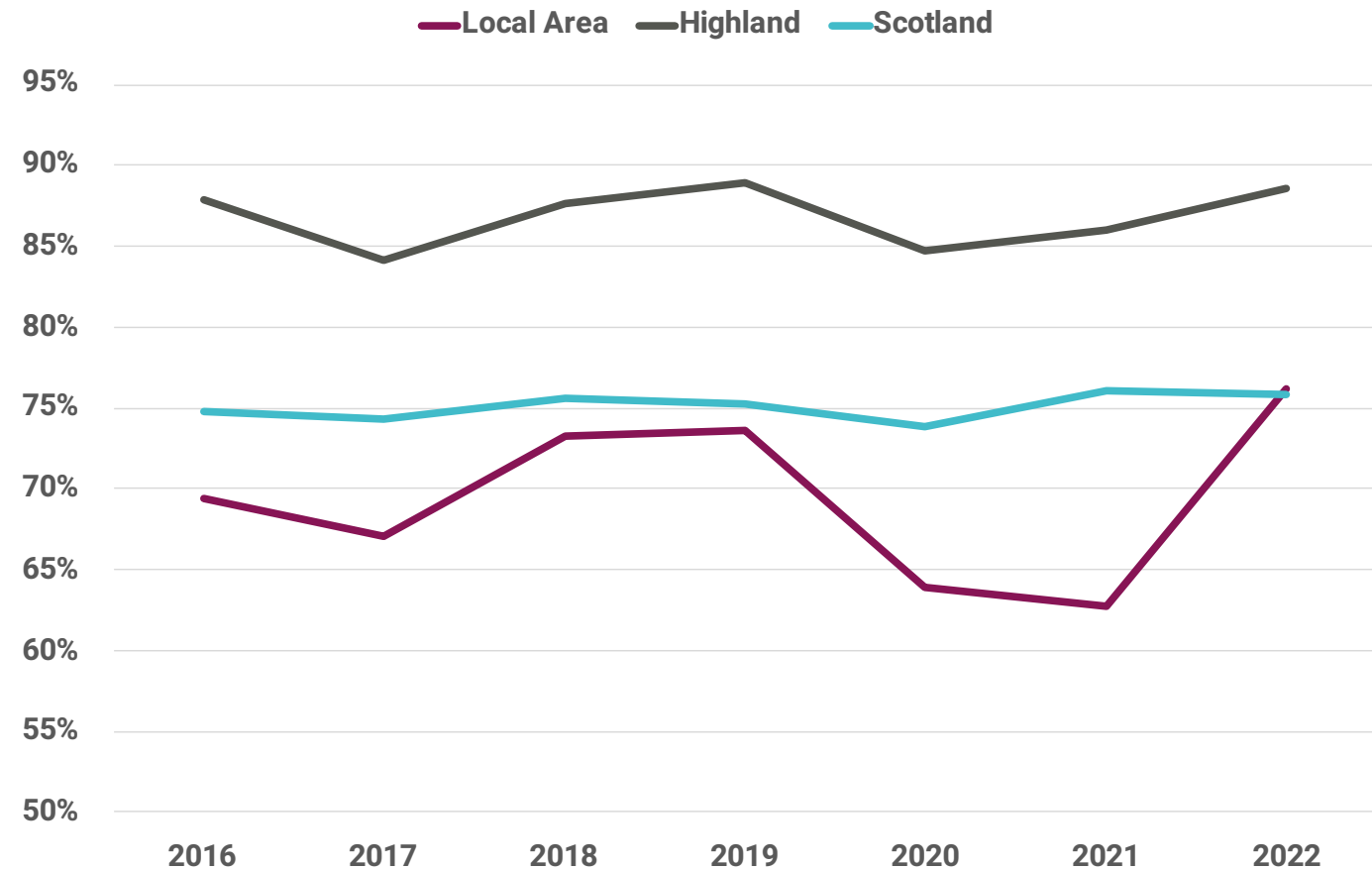
Source: Scotland Census (2022), Economic Activity.



# Employment Trends

Employment rates in the Local Area are significantly lower than in Highland.

- The employment rate in Highland has consistently exceeded that of both the Local Area and Scotland, indicating a relatively tight labour market in the region.
- The **Local Area has experienced greater volatility in employment rates** than both Scotland and Highland, most notably during the COVID-19 pandemic, when the employment rate fell by 9.8 percentage points.
- With the economy relying more heavily on sectors such as tourism, agriculture, and construction, all of which are vulnerable to economic instability, the Local Area's economy is more fragile and less resilient to economic shocks.



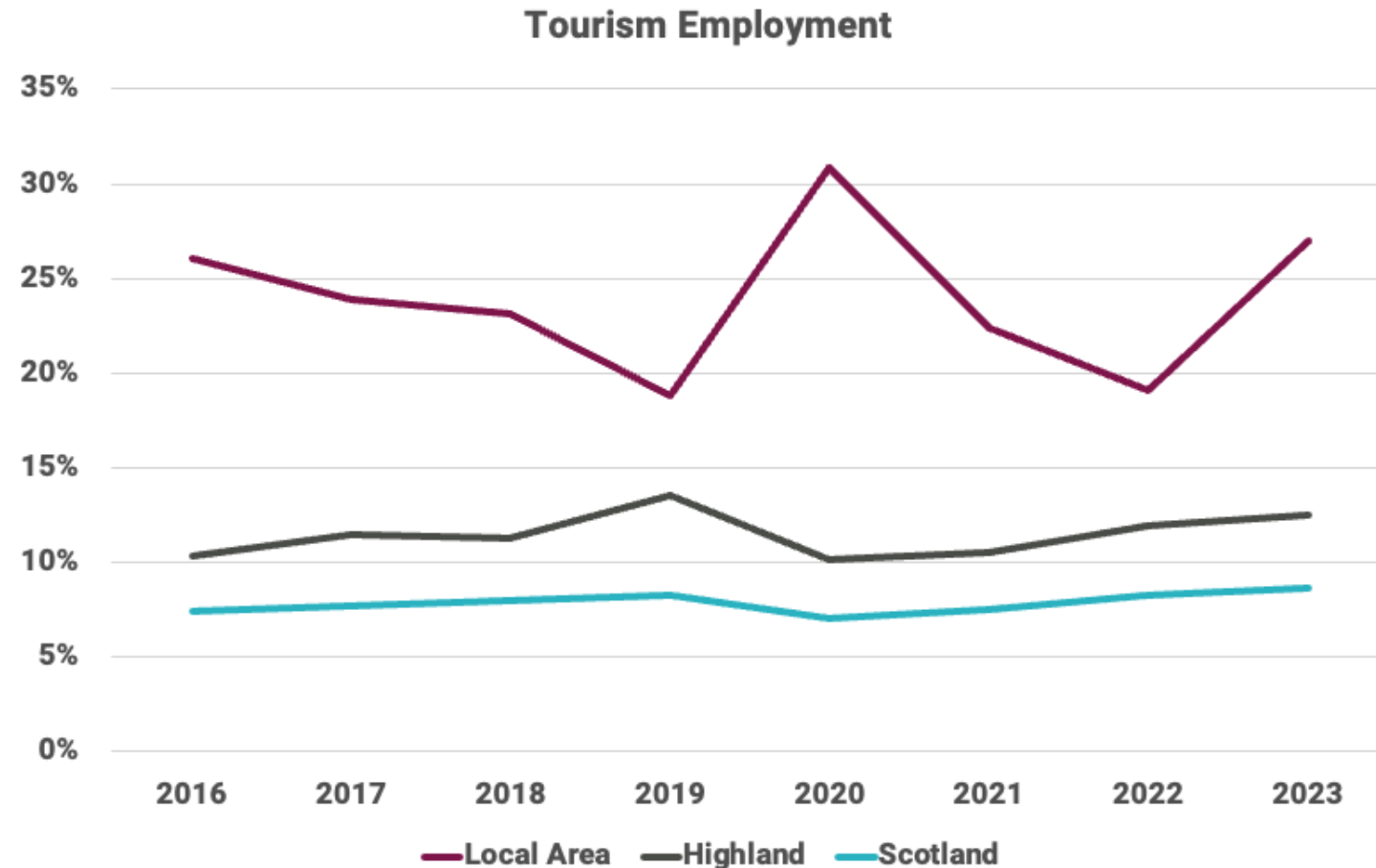
Source: NRS (2024) Small Area population Estimates at Mid-2022 by single year of age – Data for 2016 – 2022 and ONS (2024), Business Register and Employment Survey, - Data for 2016 – 2022.



# Employment in Tourism

The Local Area is particularly dependent on tourism-related employment.

- Employment in **accommodation and food services** has grown by **43.4%** in the Local Area since 2011, a significantly greater increase than in Highland and Scotland as a whole.
- This rapid growth highlights the Local Area's **economic reliance on tourism**, making it more sensitive to fluctuations in visitor demand.
- Employment in this sector has been **less stable**, with a sharp rise in 2018 followed by a **steep decline during the COVID-19 pandemic (2020–2021)**, demonstrating the sector's vulnerability to external shocks.





# Employment Indicators

The Highlands has a relatively tight labour market compared to Scotland as a whole.

- Highland has a slightly higher than average share of the population who are economically active (78.8%) compared to Scotland, where the share of the population who are economically active is 77.9%. This indicates that **there is a relatively tight labour market in the region.**
- This is substantiated by the unemployment rate in Highland being 0.7 percentage points below the Scottish average (3.4%) and the median annual gross wage of residents in Highland was 2.7% lower than the average across Scotland (£29,842).



Source: Annual Population Survey - Data for Oct 2022-Sep 2023 and the annual survey of hours and earnings - resident analysis data for - 2023.



# Socio-Economic Indicators

This section provides an overview of some of the key socio-economic indicators in Local Area, set within the context of Highland and the national landscape.

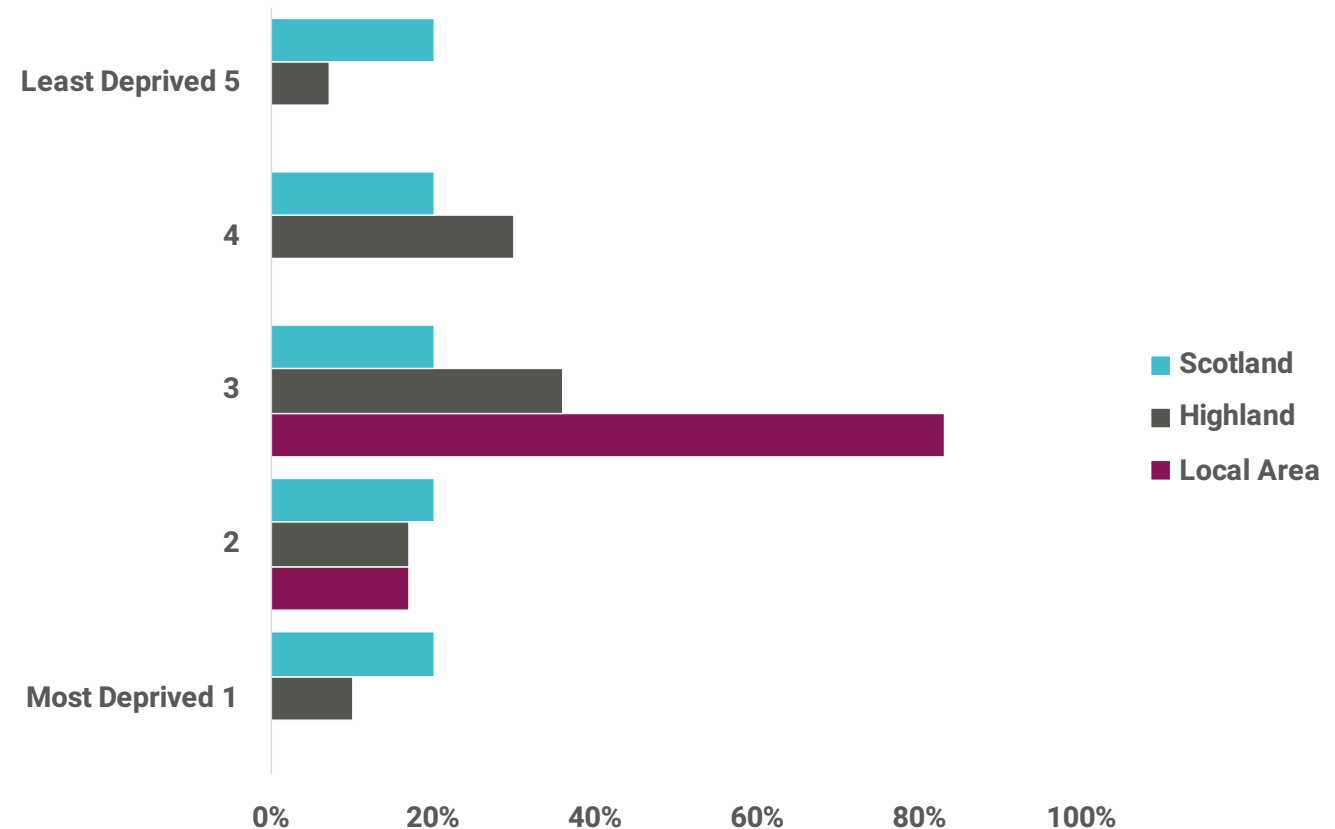




# Deprivation

The Local Area is concentrated within the 2<sup>nd</sup> and 3<sup>rd</sup> quintiles of the Scottish Index of Multiple Deprivation (SIMD).

- SIMD is a relative measure of deprivation which ranks small areas across seven dimensions: income, employment, education, health, access to services, crime, and housing. These areas can be ranked based on which quintile (fifth of the distribution) they belong to, with a small area in the first quintile being in the 20% most deprived areas in Scotland.
- Highland consists of 312 small areas, with 66% of them falling within the 3<sup>rd</sup> and 4<sup>th</sup> quintiles.
- **The Local Area has higher levels of deprivation than Highland and Scotland as a whole, with all the small areas falling within the 2<sup>nd</sup> and 3<sup>rd</sup> most deprived quintiles.**



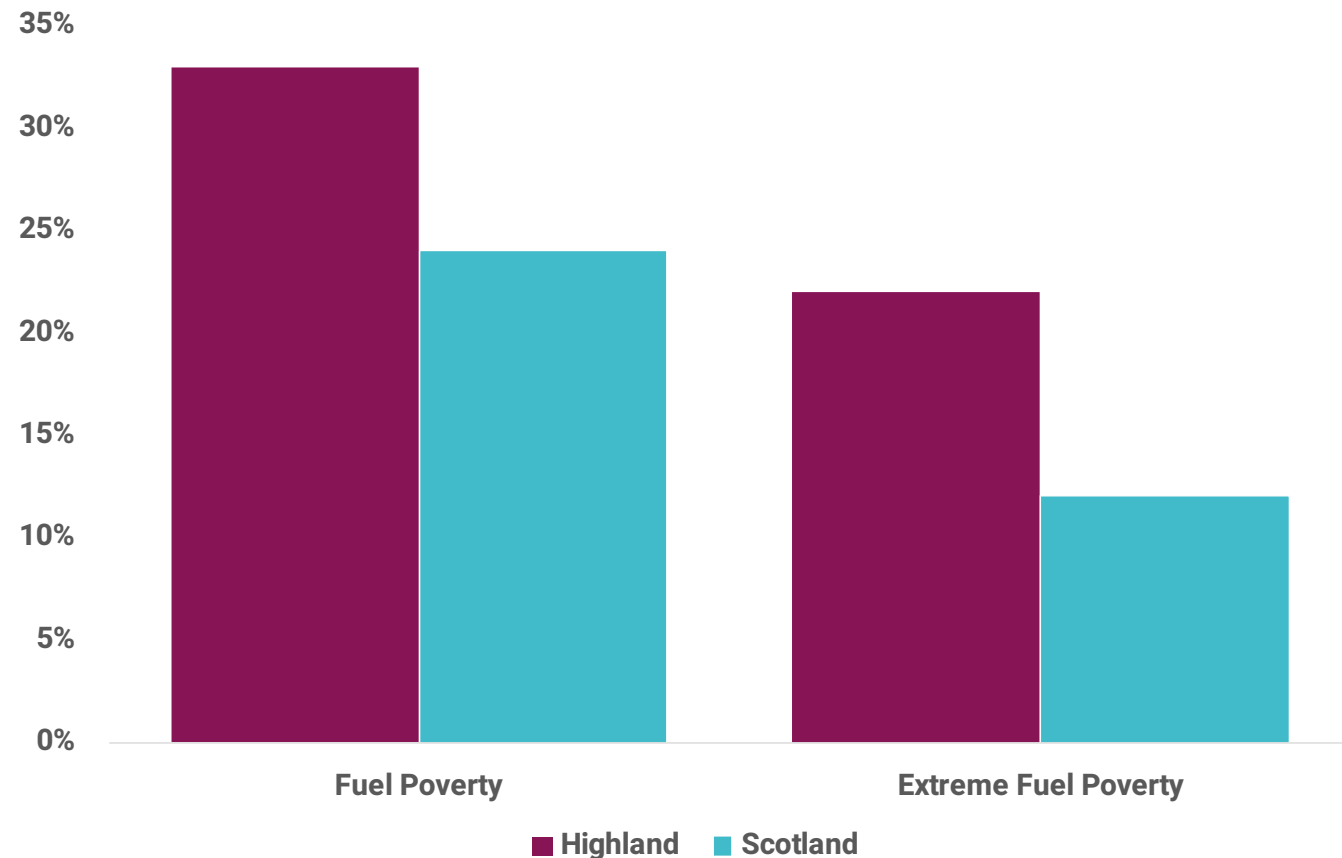
Source: Scottish Government (2020), Scottish Index of Multiple Deprivation 2020.



# Fuel Poverty

Fuel poverty is an issue across Highland and may be more of a concern in the Local Area.

- Scottish legislation defines a household as being in fuel poverty when more than 10% of its income is required to pay for heating, or more than 20% for extreme fuel poverty. **In Highland, 33% of households are living in fuel poverty and 22% are in extreme fuel poverty.** These figures are significantly larger than the average across Scotland of 22% and 12%, respectively.
- Residents aged 65+ are most affected by fuel poverty, as they are more likely to live on fixed incomes and spend more time at home. **Given that the Local Area has a higher proportion of people aged 65+ than Highland, fuel poverty is likely to be more widespread in the Local Area than these statistics suggest.**



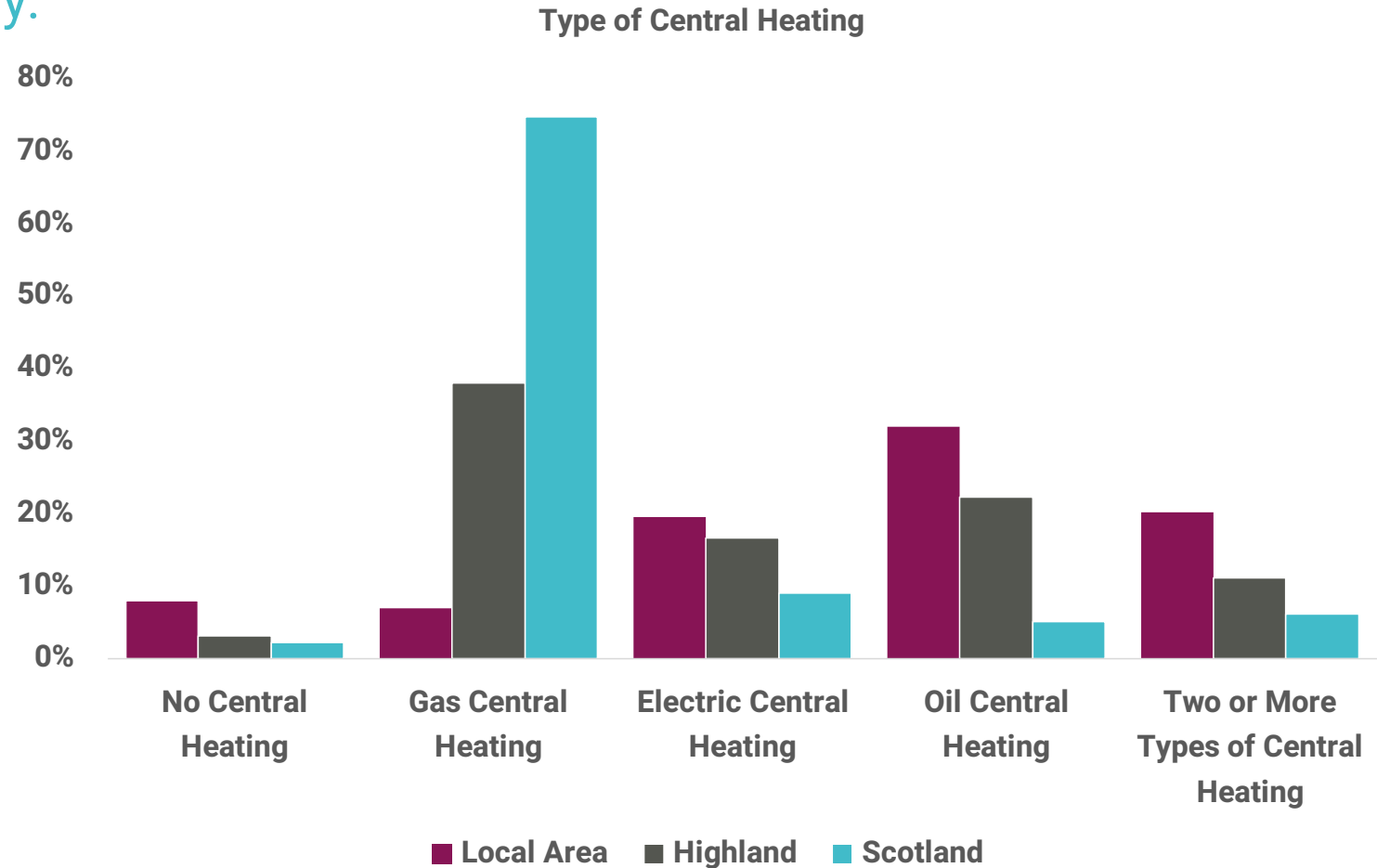




# Type of Central Heating

The Local Area is likely to have less availability of on-grid heating solutions, increasing the likelihood of greater fuel poverty.

- Only 7% of households within the Local Area have gas central heating, compared to 38% in Highland and 75% across Scotland.
- The more dispersed nature of the population in the Local Area means that there is **less availability of on-grid heating solutions**, leading to a higher reliance on more costly off-grid fossil fuel solutions, increasing the likelihood of greater fuel poverty in the Local Area.



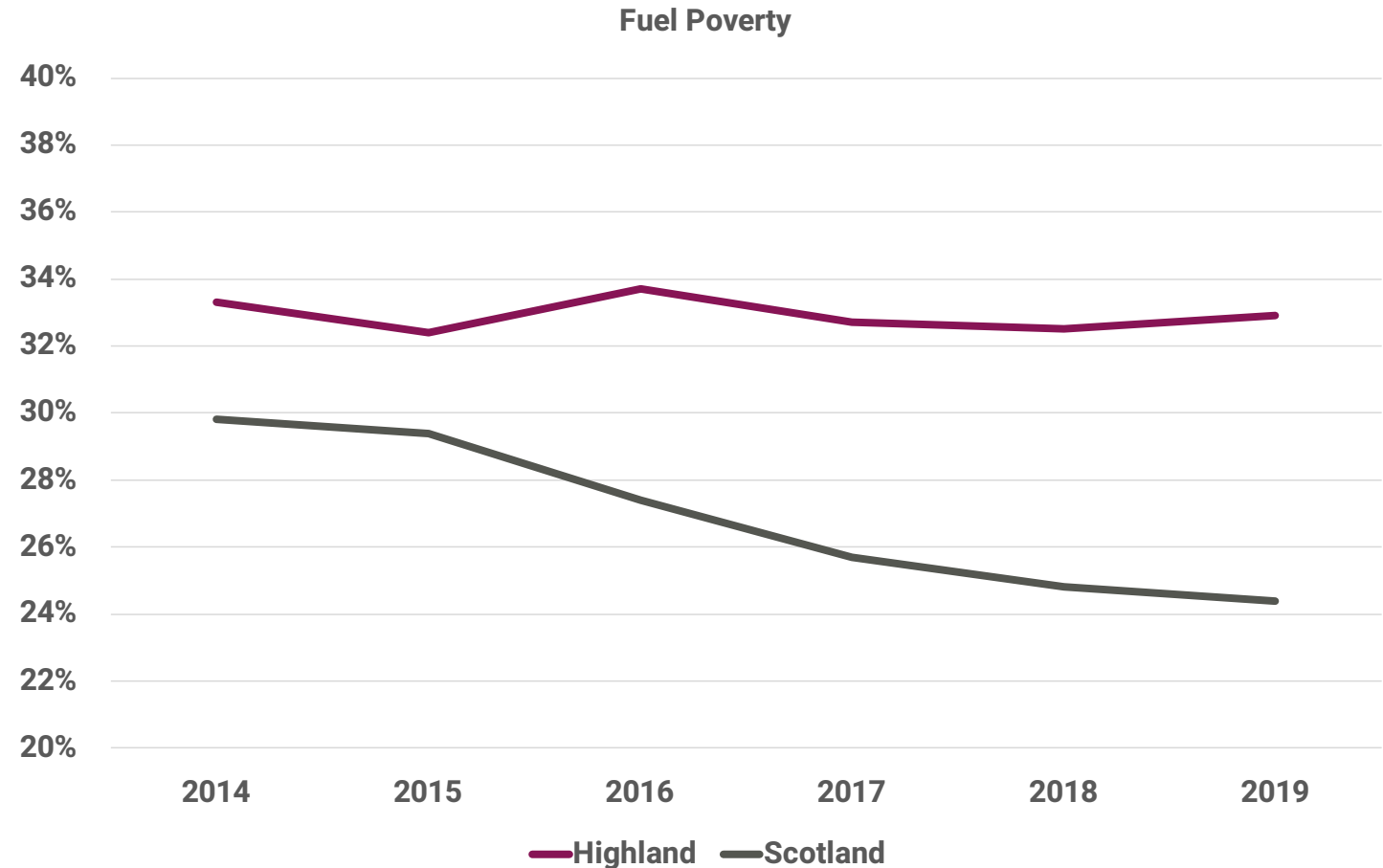
Source: Scotland Census (2022), Type of Central Heating.



# Fuel Poverty Trends

Fuel poverty continues to be an ongoing challenge for Highland despite progress across Scotland as a whole.

- Since 2014, the proportion of households experiencing fuel poverty across Scotland decreased from 30% to 24%.
- **In contrast to this broader trend, Highland has continued to see high levels of fuel poverty**, with the proportion of residents affected remaining between 32% and 35% over the same period.

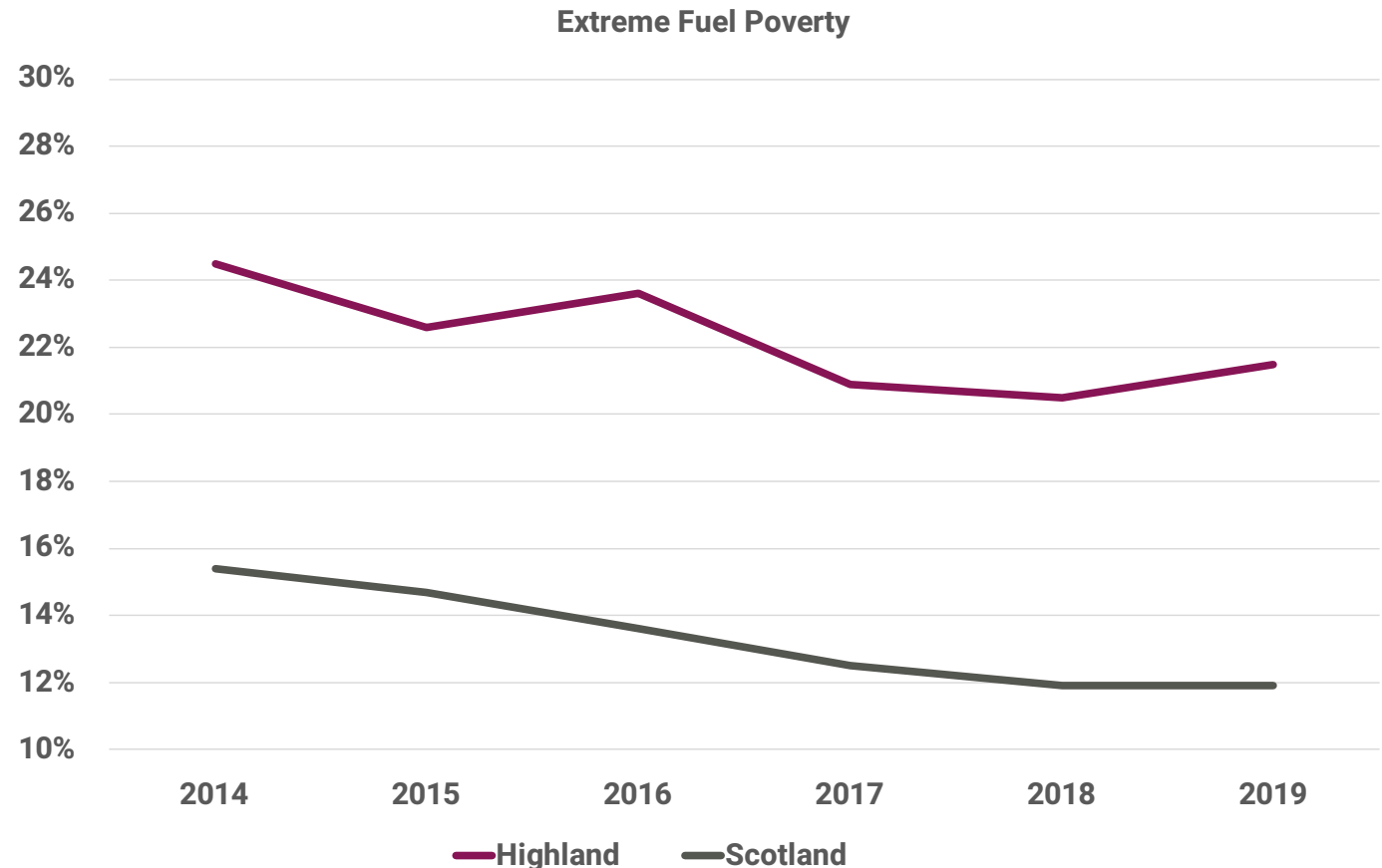




# Fuel Poverty Trends (continued)

Fuel poverty continues to be an ongoing challenge for Highland despite progress across Scotland as a whole.

- Whilst the proportion of households living in extreme fuel poverty fell from 15% to 12% in Scotland between 2014 and 2019, **the gap between Highland and the national average continued to widen.**
- These trends suggest that fuel poverty continues to be an ongoing challenge for Highland despite progress across Scotland as a whole.
- Given the relatively high concentration of older people living in the Local Area and the availability of heating solutions, this pattern is likely to be similar, if not worse, at the local level.

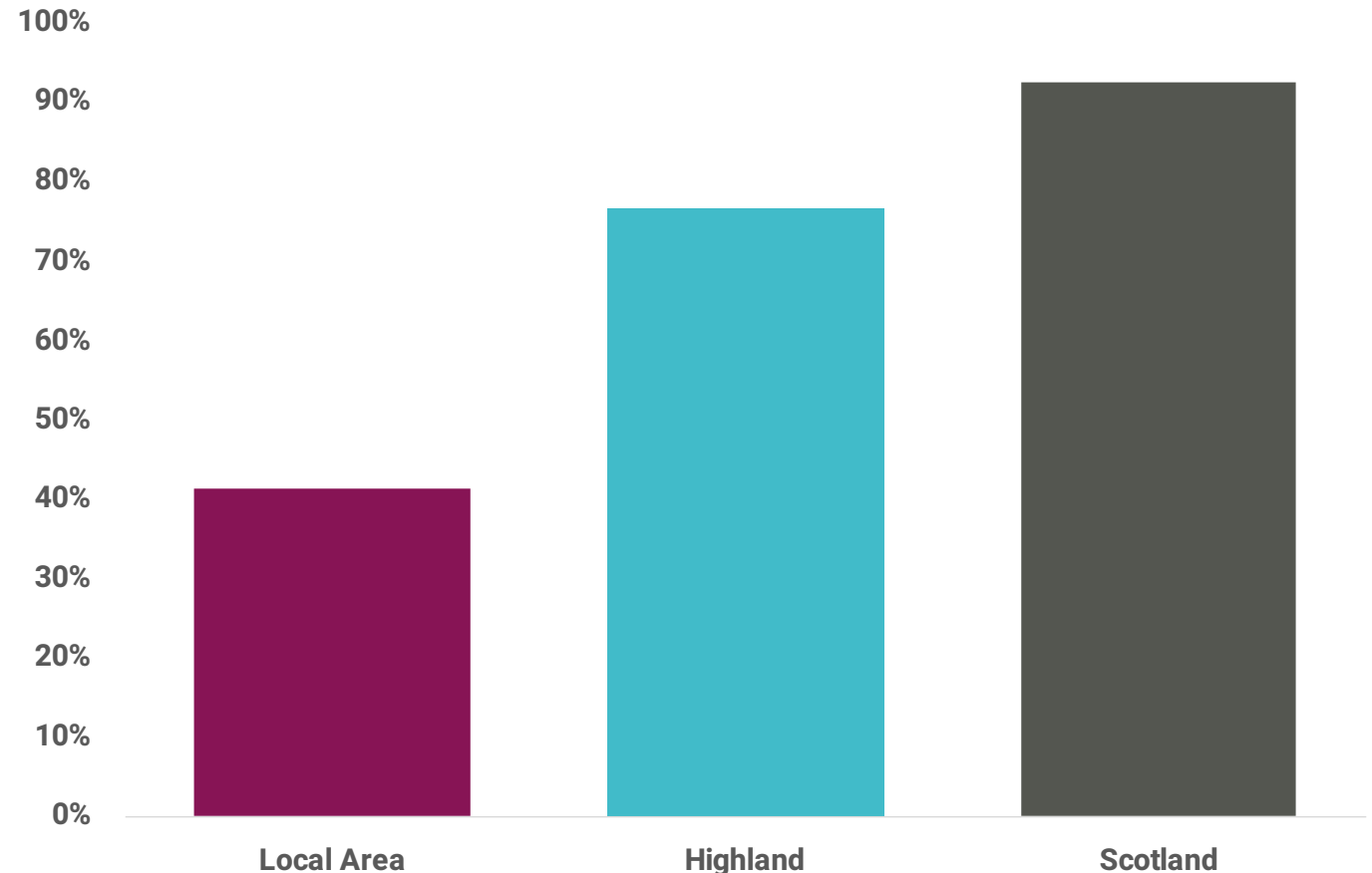




# Broadband Connectivity

The Local Area has relatively poor access to superfast broadband.

- **Only 41% of the Local Area has access to superfast broadband** (at least 30Mb/s download speed). This is a significantly smaller proportion than across Highland (77%) and Scotland (93%).
- **Access to broadband contributes to the high levels of deprivation in the Local Area** and is an important indicator of economic prosperity.
- Reduced connectivity reduces access to opportunities for future employment and can exacerbate inequalities.





# Housing Affordability

Housing is less affordable in the Local Area compared to Highland and Scotland.

- House price trends in the Local Area have generally followed those in Highland and Scotland, driven primarily by macroeconomic factors.
- In 2023, the median house price in the Local Area was **£215,000**, higher than Highland (**£203,000**) and Scotland (**£185,000**).
- House prices in the Local Area are **6.0× the median full-time salary**, compared to **5.6× in Highland** and **5.2× in Scotland**.
- Affordability challenges may impact population and workforce retention and recruitment.

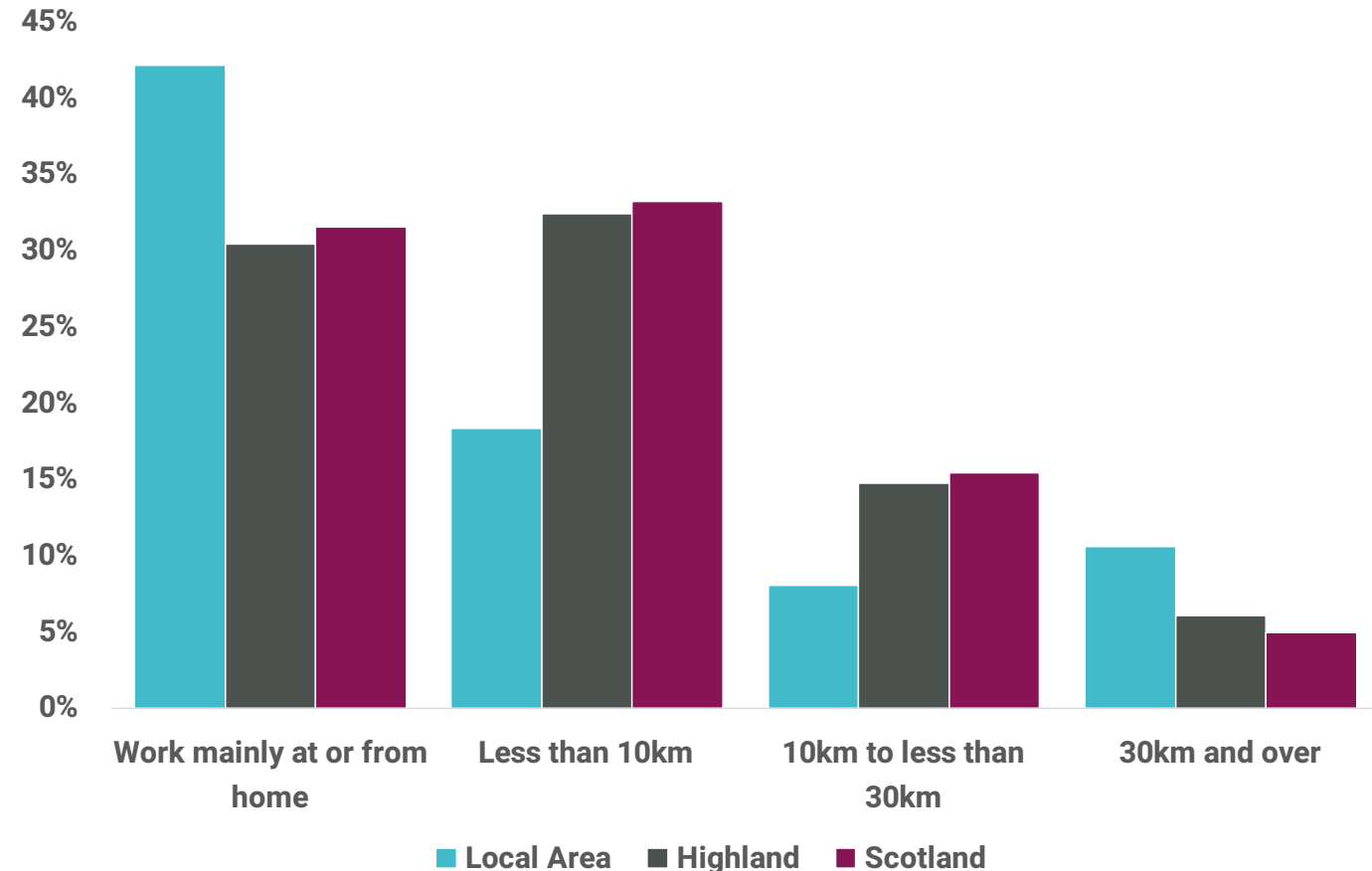




# Travel

Residents of the Local Area tend to live further from their place of work, making access to transport important.

- **The rates of home working are higher in the Local Area** than elsewhere with 42% of people in the Local Area mainly working at or from home, compared to 31% in Highland and 32% across Scotland. This highlights the necessity for high-speed digital connectivity in the Local Area to support and enable remote working opportunities.
- **In the Local Area, only 18% of residents live within 10km of their place of work, compared to 32% in Highland and 33% across Scotland.** An additional 11% of residents in the Local Area must travel 30km or more to reach their workplace, nearly double the proportion of that in Highland and Scotland.



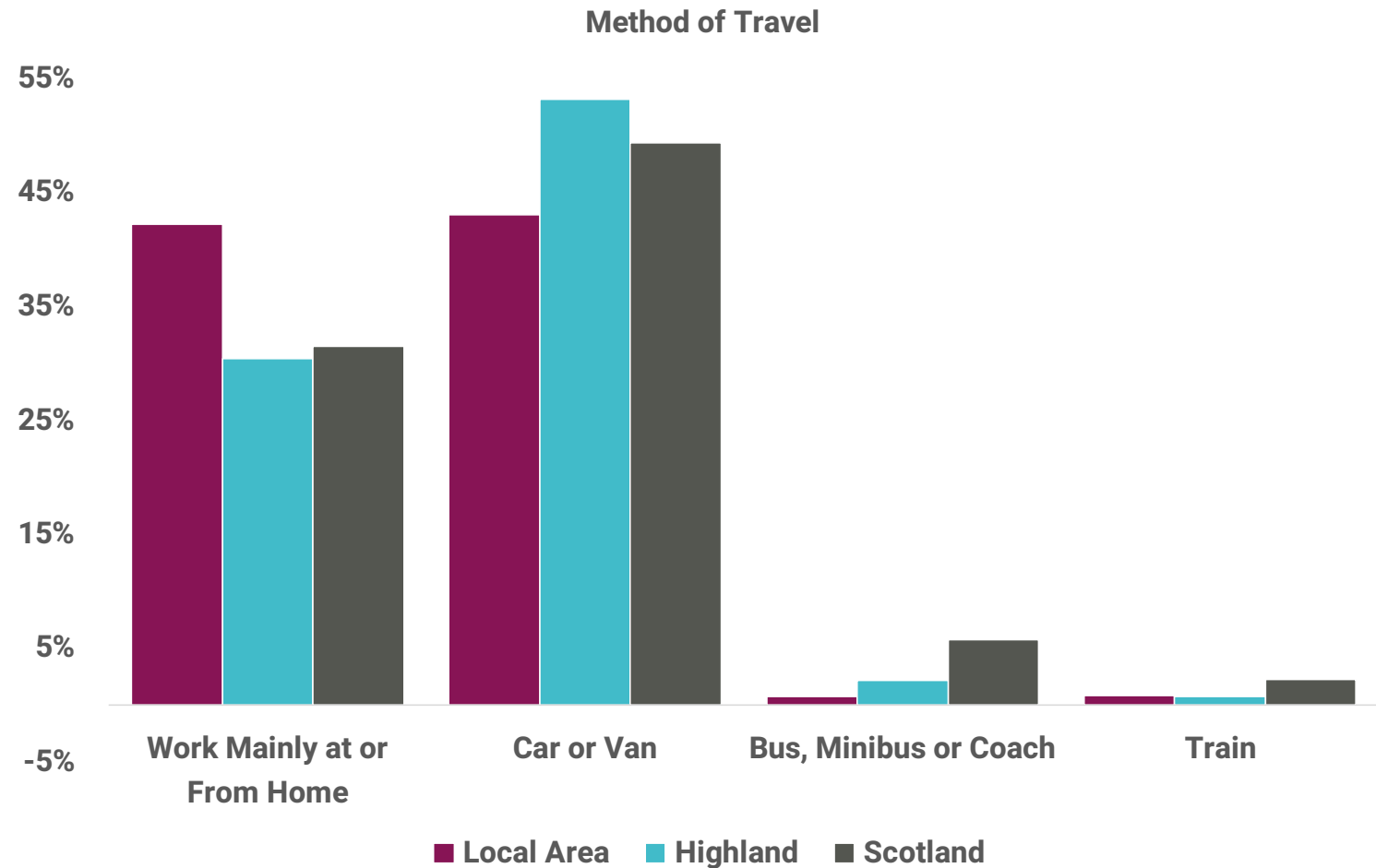
Source: Scotland Census (2022), Distance travelled to place of work.



# Travel (continued)

Residents of the Local Area are more likely to work from home and rely more heavily on private transport.

- In the Local Area, less than 1% of workers reported commuting by bus, minibus, or coach, compared to 6% across Scotland. This suggests that public transport options may be limited in the Local Area, leading to a greater reliance on private transport among workers and opportunities for remote working.
- The longer commuting distances faced by workers in the Local Area further emphasises the need for enhanced and accessible transport links.



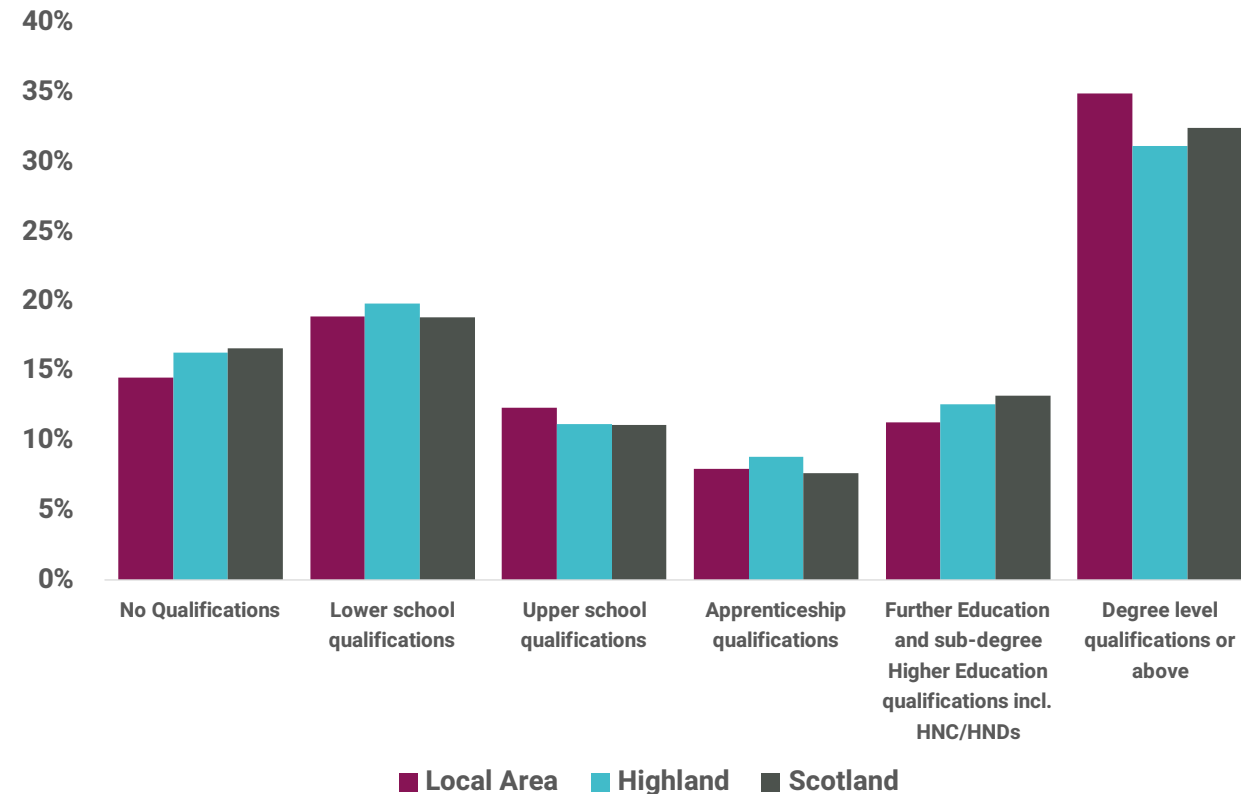
Source: Scotland Census (2022), Method of travel to place of work.



# Education

The workforce in the Local Area has higher levels of education than Highland and the wider Scottish population.

- In the Local Area, 35% of the working-age population have achieved a degree level qualification or higher. This proportion is greater than that of Highland (31%) and the wider Scottish population, for which the average is 32%.
- With only 15% of the workforce holding no qualification, the Local Area has higher levels of education compared to the 25% in Highland and 27% across Scotland.
- Despite the Local Area outperforming regional and national comparisons, the ongoing population trends suggest that many of the skills, experience, and qualifications being attained by young people are not being retained within the Local Area.



Source: Scotland Census (2022, Highest Level of Qualifications).





# Wellbeing Indicators

This section provides an overview of some wellbeing indicators within the Local Area.





# Wellbeing

Highland has greater levels of wellbeing than the average across Scotland, with an average of 620 WELLBYs/person.

- Wellbeing-adjusted Life Years (WELLBYs) provide robust way of measuring wellbeing, incorporating life satisfaction and life expectancy into a single metric. **The average wellbeing in Highland is 620 WELLBYs/person**, greater than the average across Scotland of 587 WELLBYs/person.
- Contributing to Highland’s high WELLBY score is a high life expectancy of 79.7 years compared to 78.9 years across Scotland. **Highland also performs well on other indicators associated with health and community.**
- However, there are areas of wellbeing where performance is below the Scottish average. For example, only 66.9% of residents in Highland reported attending cultural events or places, compared to 73.5% across Scotland. Furthermore, of those living in Highland, only 14.2% feel that they have an influence over local decisions, compared to 17.8% of people across Scotland who feel this way.

Wellbeing Indicator	Highland	Scotland
Employees earning below the real living wage (%)	9.6	10.1
Children live in low-income families (%)	18.9	20.8
Loneliness (%)	19.0	23.1
Attendance at cultural events or places of culture (%)	66.9	73.5
Influence over local decisions (%)	14.2	17.8
Lonely “some, most, almost all or all of the time” (%)	19.0	23.1
Live within a 5-minute walk of their local green or blue space (%)	74.4	69.6

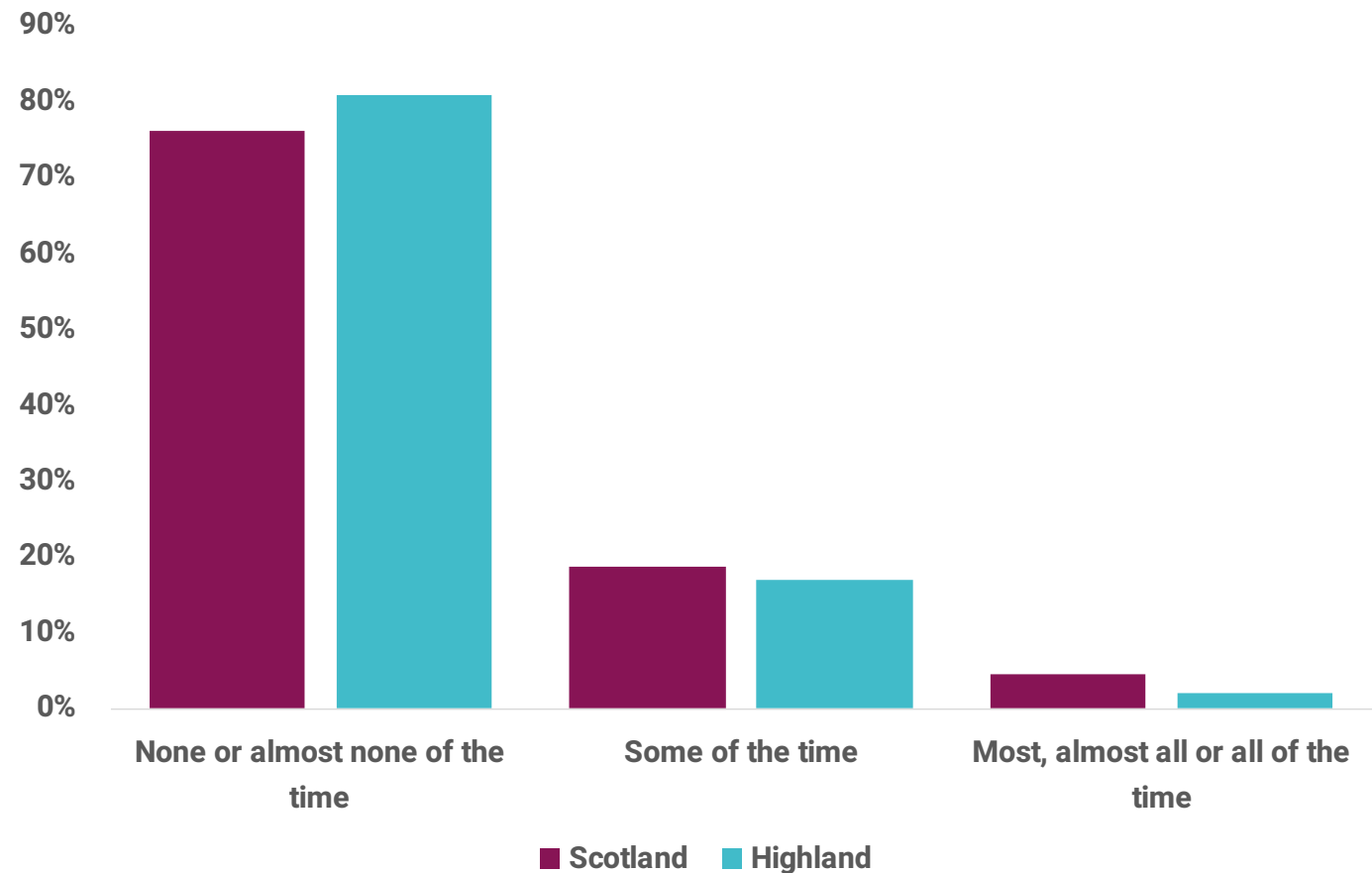
Source: ONS (2021), Number and proportion of employee jobs with hourly pay below the living wage, UK Government (2022), children in low income families, Scottish Government (2023), Scottish Household Survey - Data for 2022.



# Loneliness

The socio-economic profile of the Local Area is likely to contribute to increased rates of loneliness.

- In Highland, 81% of the population never or almost never feel lonely, whilst 17% feel lonely some of the time, and 2% feel lonely most or all the time.
- Although these rates of loneliness are not as high as other parts of Scotland, **loneliness rates tend to be higher for those living in small towns** (21% feeling lonely some of the time and 4% most or all the time) and for single pensioners (28% feeling lonely some of the time and 5% most or all of the time).
- **Given the characteristics and demographics of the Local Area, it is likely that loneliness is more prevalent across the Local Area.**

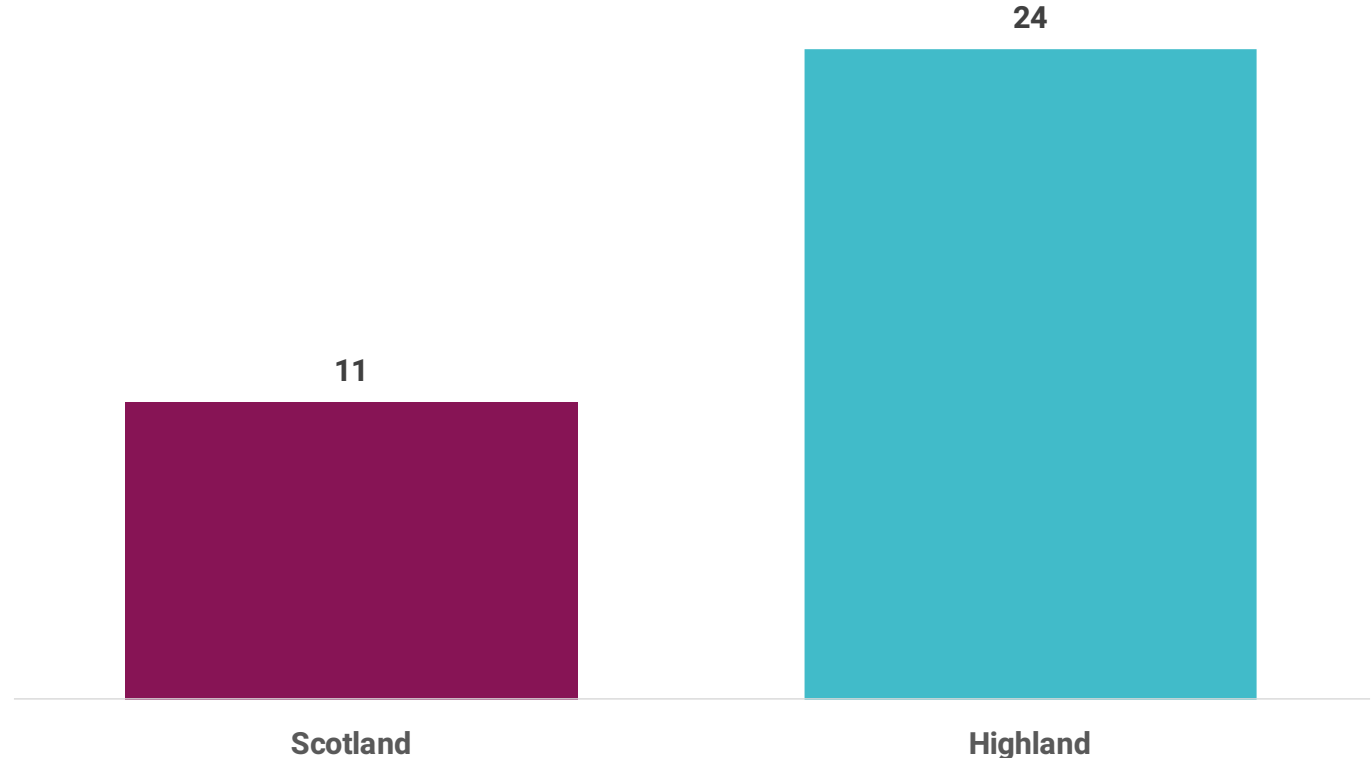




# Social Enterprises

Highland has twice the number of social enterprises per 10,000 population than Scotland as a whole.

- In Highland, there are approximately 24 social enterprises per 10,000 of the population. This figure is double the number in Scotland, which stands at 11 per 10,000 of the population.
- The presence of locally owned businesses with a social purpose in the region can help to retain wealth locally and therefore generate spend in the regional economy.





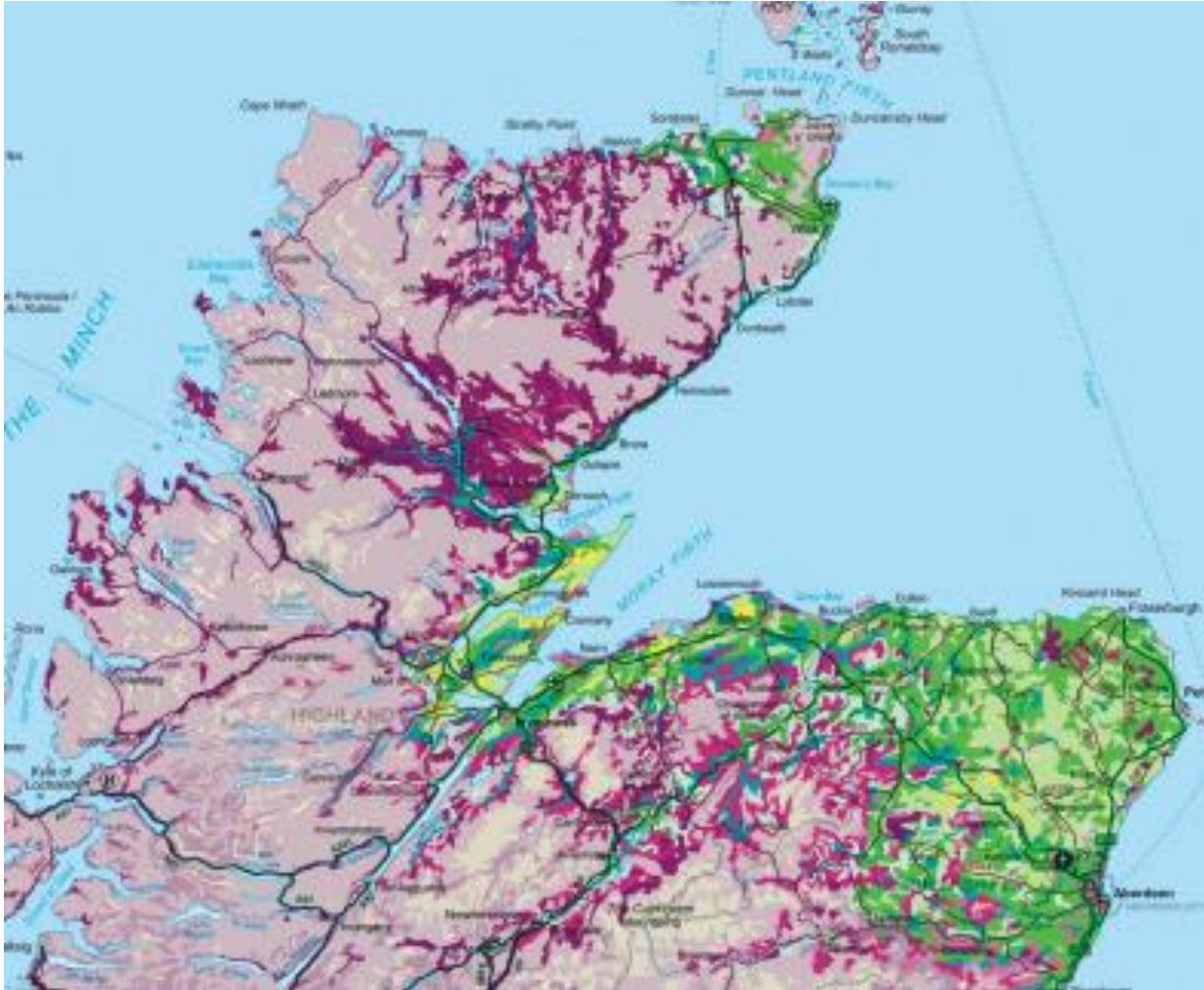
# Community Resilience

This section provides an overview of some of indicators of community resilience within the Local Area.









# Land Capability



## Key

-  Class 6.1 capable only of rough grazing due to intractable limitations; the semi-natural vegetation provides grazing of high value
-  Class 6.2 as 6.1 but vegetation of moderate grazing value
-  Class 6.3 as 6.1 but vegetation of low grazing value
-  Class 7 very limited agricultural value and use is restricted to very poor rough grazing. This is lowest land classification

- Most land is Class 6.3 – capable of rough grazing with low grazing value.
- 68% of the study area is heathland and bog - twice as much as that found in other areas of Scotland. The area has high levels of carbon storage in its extensive peatlands.
- The area has half as much grassland (16%) compared with the rest of Scotland and a third (5%) of the average proportion of woodlands.
- This reflects its wetter climate, inaccessible terrain, and predominance of peatland.
- More than half of area is designated as protected or important for plants, animals, habitats, geology and scenery.

Source: James Hutton Institute Land Capability for Agriculture

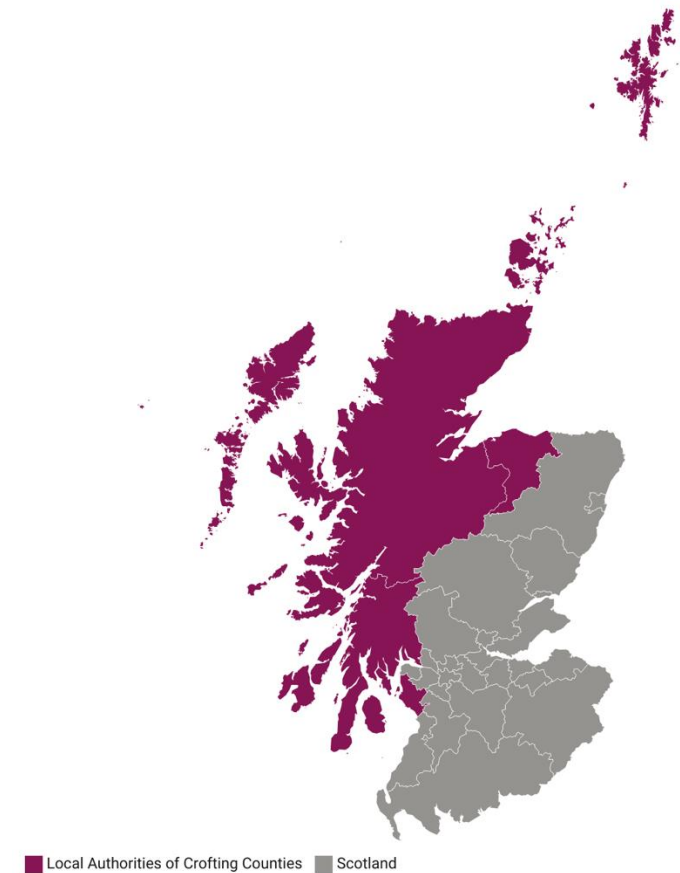




# Contribution of Crofting in the Local Area

Crofting is an important source of economic activity for the Local Area.

- Crofting is a unique land tenure system found only in the Highlands and Islands and in designated areas of Scotland. A croft is a small agricultural land holding, averaging approximately 5 hectares, often with a share in a common grazing. **Crofts are found can play an important role in strengthening the economy and supporting the resilience of rural communities.**
- According to the Crofting Commission (2024), approximately 9% of Scotland's land area is held under crofting tenure, with 21,514 crofts recorded in Scotland in 2022/23. **The Highland region accounts for 10,111 these crofts, of which 6,224 are tenanted and 3,887 are owned.**
- Based on the boundaries of parishes, **there are approximately 1,100\* crofts in the Local Area**, making crofting an important source of economic activity.



*\*Note: boundaries are approximate.*

Source: BiGGAR Economics. Made with DataWrapper.

Source: BiGGAR Economics (2024), *The Value of Crofting*, Crofting Commission (2024), *What is Crofting?*, and Crofting Commission (2023), *Annual Report and Accounts 2022/23*



# Population Retention and Crofting Workforce

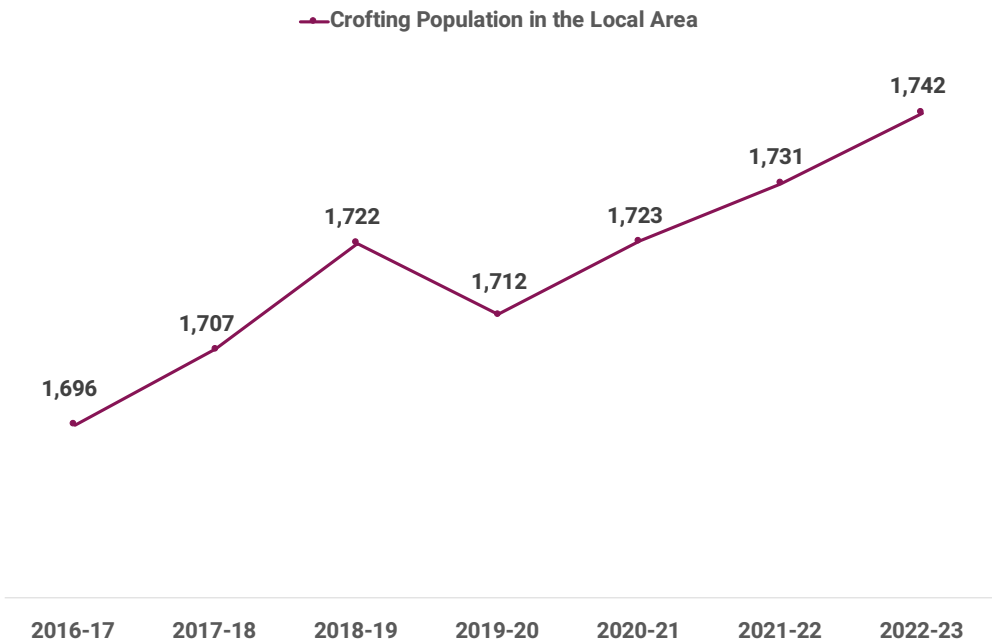
Crofting makes an important contribution to population retention in crofting counties and helps support the resilience of rural communities.

If the number of crofts in the Local Area has changed at the same rate as those across Highland, this would imply that the crofting population has increased by approximately 3% since 2016 in the Local Area. This is in stark contrast to the total population of the area, which fell by 4% over the same period.

**The contrast between these trends provides a powerful illustration of the the important role crofting is playing in retaining population in many parts of rural Scotland, including the Local Area.**

As crofters have a duty to be ordinarily resident on their croft, a significant share of working people are securely embedded in the area. A crofting survey carried out in 2023 (RESAS, 2023) also found that approximately around two thirds of crofters are self-employed or had another job instead of or as well as crofting.

Crofting enables crofting families to remain in these areas and address depopulation challenges, whilst contributing to the labour supply in the local area and improving the overall resilience of the working population.



Source: BiGGAR Economics Analysis of Crofting Commission Annual Accounts 2022/23



# Elderly Residential Care Homes

The ageing population in Highland and the Local Area necessitates an expansion in elderly care provision.

- In Highland, there is capacity for approximately 1,580 individuals in elderly residential care homes, translating to an average of around 37 individuals aged 65+ for each residential care home bed.
- **Maintaining this level of provision in Highland against the backdrop of an ageing population, will require approximately an additional 320 beds by 2038.**
- This assumes that the existing level of care home provision is sufficient – it is likely not. There is widespread reporting on the lack of care home provision across Scotland.
- **There are no elderly residential care homes within the Local Area itself, with the closest being in Ullapool or Melvich. This means that individuals in need of care of this kind must relocate, which is likely to have detrimental consequences for their wellbeing.**



Source: Google Maps (2025), Care Homes & Nursing Homes UK (2025), and NRS (2020) 2018-based principal population projections for council areas, by sex, single year of age and year.



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BiGGAR Economics

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