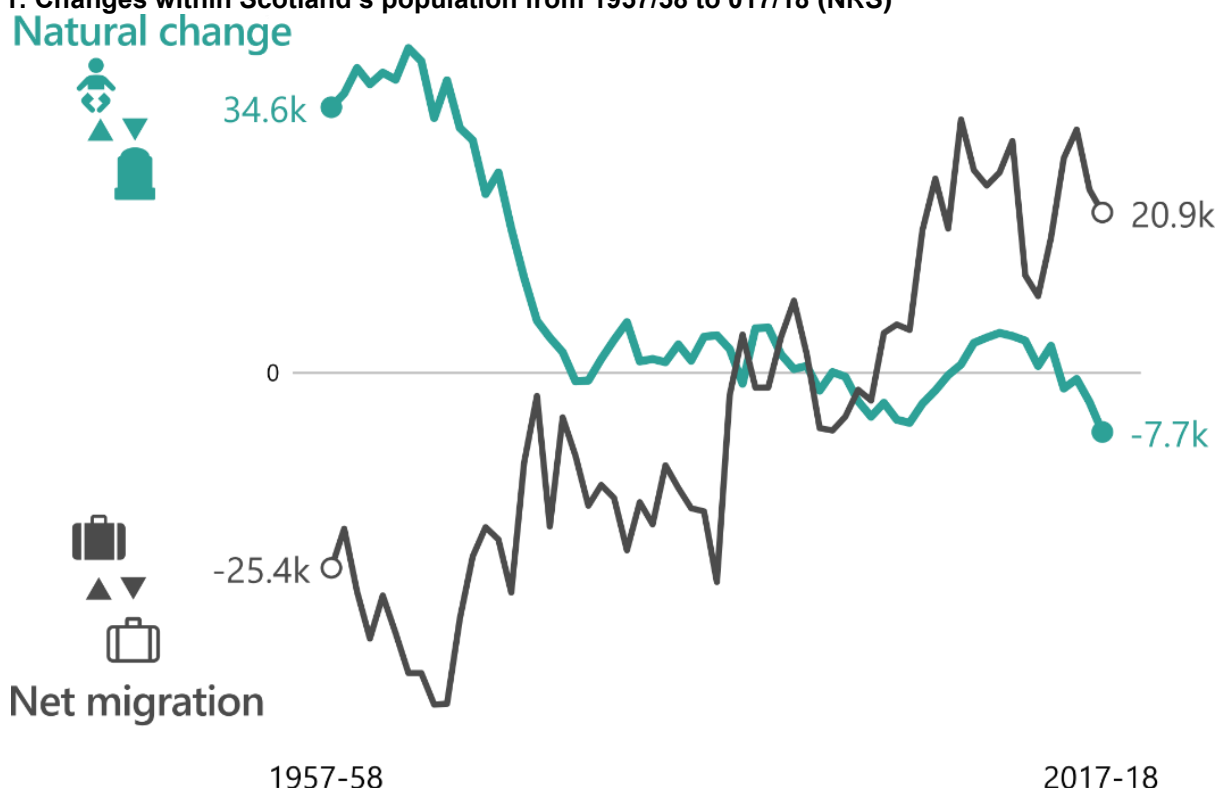


## POPULATION AND PRODUCTIVITY

### Purpose

1. Scotland's population continues to increase and is at a record high of 5,438,100. Despite this, population growth has slowed over the past two years. In the year to mid-2018, Scotland's population increased by 0.2%, compared to 0.4% in the previous year and 0.6% in the year to mid-2016.
2. While Scotland's population has increased, this is solely down to migration. This is because there have been more deaths than births in Scotland (7,700 more in the year to mid-2018). In contrast, inward migration (80,600) has been greater than outward migration (59,700). However, migration is starting to decrease following the UK's decision to leave the EU.

Figure 1: Changes within Scotland's population from 1957/58 to 017/18 (NRS)



3. Despite the overall increase in population, this change is not distributed evenly across the whole of Scotland. 14 council areas are experiencing depopulation, with these areas being mostly rural or island councils as well as areas in the West of Scotland. COHI members are invited to discuss what they can do at a national, regional and local level to address Scotland's population challenge.

### National Context

4. The Scottish Government's 2019/20 Programme for Government (PfG) has put an impetus on addressing Scotland's population challenge. A Ministerial Population Task Force has been established to address our population concerns by intensifying good work where it is already happening and harnessing more opportunities for change. The membership of the Task Force consists of:

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- Cabinet Secretary for Culture, Tourism and External Affairs (chair)
- Cabinet Secretary for Health and Sport
- Minister for Rural Affairs and the Natural Environment
- Minister for Energy, Connectivity and the Islands
- Minister for Europe, Migration and International Development
- Minister for Trade, Investment and Innovation
- Minister for Local Government, Housing and Planning
- Minister for Business, Fair Work and Skills

5. Other Ministers are invited as required.

6. At its meeting on 2<sup>nd</sup> October, the Task Force formally agreed the following aim of the population programme:

*The Scottish Government's aim is to make communities across Scotland attractive places to live, work, bring up families and to move to; so that Scotland's population profile improves sustainable and inclusive economic growth and wellbeing.*

7. Work is now underway to gather intelligence on all the work currently underway across Government that will help contribute to the programme aim. External partners, such as Highlands and Islands Enterprise are also involved in the programme and have been asked to provide similar information. Once collated, this information will allow Government to identify areas of good practice and where further policy development is needed. Proposed workstreams for the population programme are provided at **Annex A**.

8. The Scottish Government's refreshed National Performance Framework includes an indicator around population. This indicator is currently under development and the Task Force is currently analysing data to determine what this indicator will monitor. One option might be a basket of indicators rather than a single measure. Views from COHI members would be welcome.

9. A Communications Plan is also being developed which will focus on the role of Ministers across Scottish Government and partners to highlight the impact of population change; highlight opportunities and publicise the work of the programme.

10. The Scottish Government's Proposed National Islands Plan, laid before Parliament on 3<sup>rd</sup> October, supports the 2019 PfG commitment *to develop an action plan to support the repopulation of our rural and island communities*. The first stage of the action plan development will be a scoping exercise to identify islands and remote rural areas where depopulation is becoming a critical issue and identify interventions which could be utilised to address population decline. The next stage will be to test these interventions through small scale pilots to see whether they can help address population issues in fragile rural and island communities. Views from COHI members on how they could input to this work would be welcome.

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**Highland and Islands Context**

11. Between the two last census periods (2001 and 2011) the population of the Highlands and Islands grew by 7.5% up from 433,524 to 466,112. The latest mid-year estimates (2018) place the population at 489,330. This represents an increase of 13% since 2001.
12. The overall regional story, however, masks a more nuanced picture at sub-regional level, with particular areas continuing to lose population, as set out in Figure 2.

**Figure 2: Latest mid-year estimates and current forward projections (NRS)**

Area	Mid-Year Estimates					2041	%
	2014	2015	2016	2017	2018		
Argyll & Bute	87.6	86.9	87.1	86.8	86.3	78.5	- 9.9
Moray	94.8	95.5	96.1	95.8	95.5	103.9	8.1
Highland	233.1	234.1	234.8	235.2	235.5	238.0	1.4
Outer Hebrides	27.2	27.1	26.9	26.9	26.8	23.1	-14.0
Orkney	21.6	21.7	21.8	22.0	22.2	21.4	-2.2
Shetland	23.2	23.2	23.2	23.1	23.0	22.7	-2.2
Highlands & Islands	487.4	488.4	489.9	489.8	489.3	487.6	-0.5
Scotland	5,347.	5,373.	5,404.	5,424.	5,438.	5,693.	5.3

13. This shows on-going decline and significant decreases being projected for the Outer Hebrides and Argyll & Bute in particular and smaller decreases projected for Orkney and Shetland. Despite on-going increases being projected for the Highland Council area, locations on the west and north coast periphery also continue to lose population.
14. Across the region natural change (i.e. deaths outweighing births) continues to be the main contributor to population change. Population growth has therefore been achieved through in-migration. This in-migration has been a remarkably positive experience across the region although it is accepted that some elements of in-migration can bring challenge, particularly when the migrants are 65 years of age or over.
15. Other factors impacting on population include the drift of population from west to east Scotland. Edinburgh and Midlothian, in particular, are predicted to see a population boom, much of it driven by economic investment.
16. Young people continue to leave the Highlands and Islands looking for further education experiences. It is estimated that 2,500 young people leave the area to attend universities outside the region each year, helping to fuel the growth of cities while impacting adversely on local communities.
17. It is increasingly clear that the market on its own has been unable to find a solution to the challenges of population loss and demographic imbalance. The flow of capital into the region for the purposes of investment, trade and business production has been unable stem depopulation on the periphery. To retain and

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grow population, particularly on the periphery and in island communities, a more interventionist policy approach will be required.

### Current Government Commitments

18. The Programme for Government includes a number of commitments already underway which will support the population programme. These include:

- **Talent attraction** – a number of portfolio areas identified work underway to support recruitment and talent attraction activity targeted at workers from the rest of the UK and internationally;
- **Modern Apprenticeships** – building on the number of Modern Apprentices (MAs) across the Highlands and islands (in 2018/19, there were 1,489 MA starts in Highland Local Authority Area and 132 MA starts in the Western Isles Local Authority Area alone), rural supplement payments will continue to be paid to support the training of remote and rural apprentices;
- **Supporting EU citizens/retaining workers** – evidence has been gathered on the reliance of businesses on EU citizens and work undertaken to ensure EU citizens felt welcome within Scotland with the aspiration that such an approach would further encourage EU citizens to move to Scotland in the future. This includes the Stay in Scotland campaign, which includes digital and printed toolkits helping EU citizens and their employers know what to do in the wake of Brexit around ensuring EU citizens can remain in Scotland, as well as funding to Citizens Advice Scotland to offer support for those with more complex needs;
- **Tailored migration policy** – arguing for changes to UK level immigration policy and for a devolution of powers to allow for a migration policy tailored to Scotland's needs;
- **Labour market policies** – the fair work, employability and skills agenda supports people to remain in and move into the labour market (to help address shortages) and to develop the skills to meet employer demand;
- **Developing the Young Workforce** – supporting the Scottish Government's youth employment strategy *Developing the Young Workforce*, many regional groups have already carried out work to reduce youth unemployment across the region from the rollout of the Children's University in Argyll, to the annual Junior Dragon's Den in North Highland and collaboration with Business Gateway to encourage school pupils to take a part-time job in Orkney;
- **Housing** – local government, housing and planning colleagues identified the importance of housing both in relation to suitability and location as well as the need to ensure the availability of housing that meets the needs of older people. Working closely with local authorities to make sure we provide the right homes in the right places, The Scottish Government is making up to £25 million available between 2016 and 2021 to the Rural Housing Fund and a further £5 million to meet the specific housing needs of our island

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communities. Furthermore, PfG includes a commitment to explore how the rural and island housing fund might be adapted in the future to expand the range of options to support housing development in remote and island communities. The Croft House Grant Scheme also seeks to attract and retain people within crofting areas;

- **Planning** – this is a key enabler for sustainable rural communities and increasing the population of rural areas of Scotland is included as one of four outcomes for the revised National Planning Framework (NPF). Scottish Ministers must have regard to the desirability of resettling rural areas that have become depopulated when preparing the content of the Framework and allocating land for resettlement may now be a consideration for developing both the NPF and Local Development Plans. As part of our work on the fourth National Planning Framework, the Scottish Government will explore new, proactive policy options for planning to enable development that supports dynamic rural economies and helps to sustain and support rural communities in the future. We will also review permitted development to examine what additional measures can be introduced to further support the delivery of affordable homes in rural areas.
- **Children** – the Scottish government has committed to a range of policies which seek to support families and children notably in relation to tackling child poverty as well as the delivery of early learning and childcare and the investment in the Scotland’s Schools for the Future programme;
- **Rural and island repopulation** – Recognising the specific challenges in some rural and island communities there is a commitment to develop an action plan to support repopulation of our rural and island communities and work with partners to test approaches using small scale pilots in rural Scotland.

19. It should be noted this list is not exhaustive, and as part of the programme’s work, it will look to capture additional policies and commitments to add to this list as well as identifying areas for further work.

### Conclusion

20. The Scottish Government recognises the population challenge facing parts of the country, and the issues compounding this, from declining birth rates, to reducing migration to rural depopulation.
21. Addressing these issues requires a long-term approach and the issues facing the country will not be fixed overnight. Through the population programme and other policy interventions such as those outlined above, a range of actions are being developed. Some of these are immediate challenges (such as encouraging EU citizens to remain in Scotland following the UK’s exit from the EU) but other actions, such as tackling housing supply will take longer.
22. There is a need for a range of interventions at a national, regional and local level. While the Scottish Government can implement national policies to look at the overall balance of the population both in relation to the proportion of the

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population in work and the geographical distribution of that population to support our rural and island communities, it is important that these issues are also tackled where appropriate at a regional and at local community level. As highlighted in the National Islands Plan, it is important that community-led initiatives are explored and prioritised if appropriate. Consideration should also be given to how actions can be taken at a regional level, by organisations such as Highlands and Islands Enterprise.

23. However, we must remain cognisant to potential unintended consequences to any actions taken, such as council areas competing against each other to attract families and talent, which could affect other areas struggling with depopulation, as well as working with council areas that are seeing a population increase, such as Edinburgh and the Lothians to help manage the issues these areas are facing.

### **Recommendations**

24. COHI members are invited to endorse the following four recommendations:

- To identify depopulation as a priority as part of COHI's work programme;
- To endorse the aim of the Scottish Government's population programme aim as set out in paragraph 6
- To agree how these issues are best addressed: whether at a national, regional or local level
- To engage with Scottish Government as it gathers intelligence and develops interventions to address Scotland's population challenges particularly impacting on rural and island communities

