Rural and Islands Insights Report: 2025

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Photo: East Lothian sunset (S Thomson)

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Deliverable NISRIE D1.1 "Rural and island economy report"

Highlights

What were we trying to find out?

This report provides new insights on Scotland's rural and island communities, focusing on demographic change, poverty and inequality, transport and connectivity, housing energy efficiency, care provision for children and older people, digital infrastructure, and agricultural transformation.

What did we do?

The report draws on a wide range of public, official and proprietary data sources which, with original analysis of spatial variations and changes over time, highlight the persistent challenges and emerging opportunities shaping rural and island communities in Scotland.

What did we find?

Demographic change: Rural and island populations are ageing at a faster rate than in urban Scotland, with older people representing an increasing share of communities. Many continue to work beyond the age of 65, particularly in island and remote rural local authorities. The ageing population in rural and island communities increases the pressures on social care delivery, with rising demand for care at home, declining care home capacity and workforce, and increasing costs. The population of young children has declined in many rural communities over the past two decades.

Poverty: Around 17% of rural residents live in relative poverty, with 10% in severe poverty, with living costs higher than their urban counterparts. One in five rural children lives in relative poverty. Rural households experience what has been termed a "rural premium", with living costs ranging from 14% to 37% higher (depending on locality and the make-up of the household) than their urban counterparts.

Transport and connectivity: Scotland's major ports have seen freight volumes fall substantially since 2000, largely due to declining oil sector activity. Scotland's ferry fleet is ageing rapidly, and seasonal pressures on many ferry routes exacerbate the strain.

Digital infrastructure: Over the past decade, fixed broadband and mobile coverage have improved considerably. However, a stubborn connectivity gap persists between urban centres and rural and island areas, particularly when it comes to the availability of full-fibre broadband, ultrafast connections, and next-generation mobile coverage.

Housing and energy costs/ fuel poverty: Scottish House Condition Survey is the official source of Scottish Government estimates on fuel poverty. Analysis of Energy Performance Certificate (EPC) data[1] shows that remote and island areas are dominated by poorer-performing housing stock, with between 56% and 69% of homes rated EPC ratings D-G (where A is most efficient and G least efficient). By contrast, urban and accessible regions have seen steady improvements in the ratings of EPCs issued since 2013. Energy costs are consistently higher in rural and island areas, intensifying fuel poverty.

Agriculture: Livestock numbers, particularly sheep and cattle, have fallen significantly in upland, crofting, and island areas over the past two decades. The number of people actively engaged in agriculture has also declined.

The 2025 Rural and Islands Report is the second Insights report produced through the 'Novel insights on Scotland's rural and island economies' and 'Reimagined Policy Futures: Shaping sustainable, inclusive and just rural and island communities in Scotland' projects within Theme E: Rural Futures of the Scottish Government's Strategic Research Programme (2022–2027).

[1] Energy Performance Certificates data is only for dwellings where a certificate was issued in a year (estimated to covers >90% of Scottish house sales) – meaning it is more reflective of the active housing market (rentals and sales), although even then it is still does not cover everything as certificates are valid for 10 years and a landlord many not necessarily update a valid certificate every time a property is rented.

Executive Summary

The 2025 Rural and Islands Insights Report is the second Insights report[2] produced through the 'Novel insights on Scotland's rural and island economies' (NISRIE, SRUC-E1-1) and 'Reimagined Policy Futures: Shaping sustainable, inclusive and just rural and island communities in Scotland' (ReRIC, SRUC-E2-2) projects within Theme E: Rural Futures of the Scottish Government's Strategic Research Programme (2022–2027).

The report provides a significant compendium of evidence and new insights for use by a range of stakeholders to understand the changing characteristics of Scotland's rural and island communities. The **policy context** in which this report is situated has changed significantly over the past year. The Scottish Government's priorities are now framed around four key objectives:

- Eradicating child poverty,
- Growing the economy,
- Tackling the climate emergency, and
- Improving public services.

For rural and island communities, these priorities sit alongside commitments such as the **Rural Support Plan, Rural Delivery Plan**, and the new draft **National Islands Plan** (published in December 2025). These plans, with the accompanying (voluntary) **Rural Assessment Toolkit** - a "rural lens" designed to test the impact of policies across different geographies and community types – and (mandatory) **Island Communities Impact Assessments** respectively, are intended to integrate rural and island realities more fully into government decision-making.

Rural and island economies and communities in Scotland are central to achieving national goals on economic growth, climate action, nature recovery, food security, and social justice. Yet these regions face persistent challenges including higher living costs, ageing infrastructure and transport and connectivity barriers, poor access to affordable housing, persistent poverty – particularly fuel poverty – and economic change.

Demographic change is a major characteristic of rural and island areas. Populations here are ageing at a faster rate than in urban Scotland, with older people representing an increasing share of communities. Many continue to work beyond the age of 65, particularly in island and remote rural local authorities, but this masks deeper challenges relating to workforce renewal and service provision. Rural and island communities are **ageing more rapidly** than the rest of Scotland, and this demographic shift is increasing pressure on health and social care systems. While many older adults remain active beyond retirement age, **rising demand for both home-based care and residential care homes** highlights the human consequences of demographic change.

Whilst rural and island areas face **growing demand for both home-based and residential care**, service provision is sporadic and increasingly difficult to sustain. **Care home places are fewer in remote areas, costs are higher, and workforce shortages are acute**. Recruiting and retaining staff is particularly difficult in island communities, **where housing shortages and lower wages deter potential workers**. This creates pressure, not only on families but also on health and social care systems already

[2] See https://www.ruralexchange.scot/nisrie/2023_insights_report/ for the 2023 report

struggling with financial and staffing constraints. Expanding at-home and community-based care, addressing workforce challenges, and securing sustainable funding for rural services are key priorities if rural and island Scotland is to meet the needs of its growing older population.

The **population of young children has declined in many rural communities** over the past two decades. This decline also threatens the sustainability of formal childcare provision, creating a cycle where fewer services exist to support young families. The Scottish Government notes that parents and carers in rural areas are less likely to utilise all of their state-funded childcare and are more likely to face childcare affordability challenges. **Childcare provision** in rural and island areas remains significantly more limited than in urban Scotland. There is **higher reliance on local authority (and health board) childcare provision in islands and very remote rural areas** in comparison to urban areas and more accessible parts of Scotland, where there is considerably greater private sector and voluntary/not-for-profit childcare provision.

Families in rural and island areas often rely on informal arrangements with relatives or friends because nurseries and **registered childminders are less available, especially in very remote areas**. Where childcare is available, issues of **accessibility and affordability** are acute: long travel distances, limited hours, and higher relative costs restrict uptake. Case studies included in the report show how the lack of childcare options constrain parents' ability to work or pursue training, limiting family incomes and reinforcing cycles of poverty.

Poverty, in particular fuel poverty, also continues to present significant challenges for many rural and island residents, although it often remains hidden. Around 17% of rural residents live in relative poverty, with 10% in severe poverty, levels that are slightly lower than in urban areas but carry a distinct character shaped by geography and cost. Estimates from 2023 also reveal that 44% of remote rural households experienced fuel poverty, with 30% facing extreme fuel poverty.

Rural households experience what has been termed a **"rural premium**", with living costs between 14% and 37% higher than those of their urban counterparts, depending on locality and household make-up. Using Energy Performance Certificate data, **modelled energy bills** in rural households on islands, for example, averaged £1,601 in 2022, compared with £1,072 in accessible rural areas (i.e. £530 per annum more, on average, in island areas compared to accessible rural areas). Food, clothing, and transport costs are also consistently higher, while limited access to childcare, healthcare, and other basic services compounds financial vulnerability. One-in-five rural children are living in relative poverty, and in rural areas, there is restricted access to affordable childcare.

Transport and connectivity remain central to the resilience of rural and island economies. Scotland has more than 200 ports that provide essential lifelines for freight, fisheries, and timber transport, as well as supporting tourism and local employment. Yet collectively, Scotland's major ports have seen freight volumes fall by 59% since 2000, largely due to declining oil sector activity. However, some ports such as Cairnryan and Loch Ryan have seen rising car and freight traffic linked to Northern Ireland. Peterhead continues to dominate **in fish landings, with over £200 million worth of fish landed in 2023**. The TimberLINK service has moved more than two million tonnes of timber since 2000, reducing lorry miles and associated emissions.

Scotland's **ferry fleet,** however, is ageing rapidly, with an average vessel age of 25 years and some boats approaching half a century in service. In Orkney and Shetland, inter-island ferries average 30 to 31 years of age, highlighting the scale of replacement needed. Only 8% of ferries are currently low-emission, well below the government's 30% target for 2032. A number of new vessels are under construction, but delays and cost overruns have raised concerns about renewal plans. **Seasonal pressures on many ferry routes exacerbate the strain**: routes such as Mallaig–Armadale carry more than forty times as many passengers in summer as in winter. This can lead to pressure on services, and **strain local access to ferry routes in peak seasons due to high tourist demand**. **Air links remain vital**, particularly for the Northern Isles, while proposals for fixed links raise sensitive debates around island identity, connectivity, and environmental impacts.

Digital infrastructure remains both a success story and a source of persistent inequality for rural and island Scotland. Over the past decade, fixed broadband and mobile coverage have improved considerably, with more households and businesses now able to access reliable services. However, a stubborn gap persists between urban centres and rural or island areas, particularly when it comes to the availability of full-fibre broadband, ultrafast connections, and next-generation mobile coverage. **Superfast broadband** (30 Mbps or above) is now widely available, but **significant pockets of rural Scotland still lack access**. In island and very remote communities, a notable proportion of premises remain **unable to achieve even the basic 30 Mbps threshold**. Ultrafast broadband (over 300 Mbps), while increasingly common in urban Scotland, is still rare in remote regions, limiting the ability of households and small businesses to take advantage of digital opportunities such as remote work, online education, and e-commerce.

Mobile connectivity presents a similar picture. While 4G outdoor geographic coverage has improved, not all areas benefit equally. **Coverage blackspots persist in remote glens, coastal areas, and islands.** The **rollout of 5G has further exposed these disparities**: urban centres have seen rapid deployment, but rural and island regions lag far behind. The distinction is particularly stark in terms of "wider geographic coverage," where 5G remains patchy or absent in many rural local authority areas.

Housing and energy costs remain among the most persistent challenges. For decades, policy documents have recognised the shortage of affordable housing in rural and island Scotland, and the evidence here confirms the depth of the problem. Analysis of housing and energy performance data from around 200,000 Energy Performance Certificates (EPC) issued annually (e.g. for marketed sales, rental, and newbuild completions) shows that **remote and island areas were dominated by poorer performing housing compared to more accessible and urban areas.** This **performance gap** may reflect the reliance on oil and electricity for heating sources in rural and island areas off the gas grid, but also the higher prevalence of larger, older, detached housing. Only 22%-29% of existing dwellings (i.e. not newbuilds) that were issued EPCs in 2022 in islands, remote and very remote rural areas on the mainland had EPCs ratings of C band and better, compared to 60% in urban areas (where A is most efficient and G least). Urban and accessible regions have seen steady improvements in EPC ratings issued since 2013. **Energy costs are consistently higher in rural and island areas, intensifying fuel poverty**.

The rural economy remains deeply intertwined with agriculture, which continues to play a vital cultural and economic role despite **long-term structural decline**. Livestock

numbers, particularly sheep and cattle, have fallen significantly in upland, crofting, and island areas over the past two decades – reducing the local economic and employment multipliers that activity brings. The number of people actively engaged in agriculture has also declined. At the same time, agricultural activity generates strong ripple effects, supporting local supply chains, jobs, and services that are especially important in fragile areas. **Crofting and common grazings** remain integral to both community identity and environmental stewardship, containing large shares of Scotland's peatlands and nature recovery areas. However, only 45% of common grazing shareholders submitted support claims in 2022, **reflecting administrative hurdles, low returns, and shifting land use**.

The transition away from the EU's Common Agricultural Policy toward Scotland's new four-tier support model, established under the Agriculture and Rural Communities (Scotland) Act 2024, marks a **significant opportunity**. From 2025, all farms receiving support have to complete Whole Farm Plans, with payments increasingly linked to sustainability and biodiversity outcomes.

Over the coming year, further analysis by the SRUC research team will integrate new census outputs on demography, migration, housing, education, labour markets, and health. These findings will strengthen the evidence base on rural and island economies.

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List of Acronyms

AECS	Agri-Environment Climate Scheme
ASHE	Annual Survey of Hours and Earnings
BEIS	Department for Business, Energy & Industrial Strategy
BPS	Basic Payment Scheme
BRN	Business Reference Number (agricultural support)
CAA	Civil Aviation Authority
CAP	Common Agricultural Policy
CLLD	Community Led Local Development
COSLA	Convention of Scottish Local Authorities
COVID	Coronavirus disease
CPH	County Parish Holding Number
DVLA	Driver and Vehicle Licensing Agency
EFA	Ecological Focus Area
EPC	Energy Performance Certificate
EU	European Union
EV	Electrical vehicle
FGS	Forestry Grant Scheme
FMD	Foot and Mouth Disease
FWA	Fixed Wireless Access
GVA	Gross Value Added
HIAL	Highlands and Islands Airports Limited
HIDB	Highlands and Islands Development Board
HLE	Healthy Life Expectancy
IACS	Integrated Administration and Control System
ICIA	Island Communities Impact Assessment
IDBR	Inter Departmental Business Register
LAG	Local Action Group
LE	Life Expectancy
LEADER	Liaison Entre Actions de Développement de l'Économie Rurale (EU rural development programme)
LFASS	Less Favoured Area Support Scheme
LPIS	Land Parcel Information System
LSBS	Longitudinal Small Business Survey
MIS	Minimum Income Standard
MSP	Member of the Scottish Parliament
NCRA	National Council of Rural Advisers
NHS	National Health Service
NISRIE	Novel insights on Scotland's rural and island economies
NOMIS	ONS Official Census and Labour Market Statistics
NRS	National Records of Scotland
NSET	National Strategy for Economic Transformation
OECD	Organisation for Economic Cooperation and Development
ONS	Office for National Statistics
PAYE	Pay as You Earn
PFG	Programme for Government
QMS	Quality Meat Scotland
R100	Reaching 100% (Scottish broadband programme)
ReRIC	Reimagined Policy Futures: Shaping sustainable, inclusive and just rural and island communities in Scotland
RESAS	Rural and Environment Science and Analytical Services Division of the Scottish Government
RET	Road Equivalent Tariff (ferry fare policy)
RPID	Rural Payments and Inspections Division
S4GI	Scottish 4G Infill programme
SAF	Single Application Form (agricultural support)
SAVVI	Scalable Approach to Vulnerability Via Interoperability
SEPCR	Scottish EPC Register
SICRAS	Small Industries Council for Rural Areas of Scotland
SIMD	Scottish Index of Multiple Deprivation
SME	Small and medium-sized enterprise
SNAP3	Scottish National Adaptation Plan (2024–2029)
SRUC	Scotland's Rural College
SSBSS	Scottish Suckler Beef Support Scheme
STPR2	Strategic Transport Projects Review 2
SUSS	Scottish Upland Sheep Support Scheme
UK	United Kingdom
USO	Universal Service Obligation (minimum broadband standard)
VAT	Value Added Tax
WISP	Wireless Internet Service Provider
YFP	Young Farmer Payment

1 Introduction

In April 2022, researchers at SRUC started several new projects exploring the characteristics of, and current challenges and opportunities facing, economies and communities in rural and island Scotland, as part of the Scottish Government's Rural and Environment Science and Analytical Services (RESAS) Strategic Research Programme 2022-27.

This report is based on work undertaken in two of these projects: 'Novel insights on Scotland's rural and island economies' (NISRIE, SRUC-E1-1) and 'Reimagined Policy Futures: Shaping sustainable, inclusive and just rural and island communities in Scotland' (ReRIC, SRUC-E2-2). These projects sit within Theme E: Rural Futures of the 2022-27 Programme, alongside a third project exploring land reform, land management and land values. Colleagues at the James Hutton Institute are undertaking parallel work focusing on these topics.

This is SRUC's second Rural and Islands Insight report, which presents novel data and analysis covering several issues. In the 2023 report[3] we: (a) provided an overview of rural and islands policy in Scotland; (b) introduced the new NISRIE analytical framework; (c) gave new insights into rural and island demography (including wellbeing); (d) examined issues pertaining to rural and island transport; (e) discussed issues relating to affordable housing provision and the extent of second and vacant homes; (f) provided an overview of workforce characteristics including economic activity and earnings; and (g) assessed the key characteristics of rural and island economies.

This 2025 Rural and Islands Insights Report focuses on (a) the evolving rural and islands policy context; (b) ferries and ports; (c) broadband and mobile coverage; (d) early years provision of nurseries and childminders; (e) older people – activity and care services; (f) housing insights from energy performance data; and (g) supported agricultural activity and common grazings.

1.1 NISRIE geographical classification

This report aims to provide novel data insights through a granular spatial analytical approach. That is, reporting the data at as low a resolution as possible to help demonstrate the nature and characteristics of economies and communities across Scotland's islands, rurality or peripherality classifications.

Where data was available at data zone (or indeed intermediate geography) level then the NISRIE classification[4] was used to provide a new spatial lens across island-rural-urban contexts. The NISRIE classification is simply derived from the Scottish Government's 8-fold urban-rural classification[5], but it separates out islands and mainland locations. How the NISRIE classifications map to the Scottish Government's urban-rural classification is

[3] Thomson, S.G., Atterton, J., Tiwasing, P., McMillan, J., Pate, L., Vuin, A. and Merrell, I. (2023) Rural and Islands Report: 2023 - An Insights Report. An SRUC output from the NISRIE project funded by the Scottish Government. DOI: https://doi.org/10.58073/SRUC.23807703

[4] See https://doi.org/10.58073/SRUC.23807580

[5] The term 'remote' is not universally accepted among rural and island communities as it indicates being 'situated far from main population centres of population (Meek, 2023 Where and what should be defined as 'remote' is key for rural Scots | The National).

shown below in Table 1 with a map of the broadest NISRIE classification shown in Annex 1 – NISRIE island-rural-urban classification.

Table 1 Mapping the Scottish Government 8-fold data zone urban-rural classifications to the NISRIE data zone rural-urban, peripherality, and rurality classifications

Scottish Government 8-fold Urban-Rural classification	NISRIE urban-rural-islands classification	NISRIE peripherality classification	NISRIE rurality classification
Large urban	Large urban	Urban	Urban
Other urban	Other urban	Urban	Urban
Accessible small town	Mainland accessible small town	Accessible	Mainland small town
	Island accessible small town	Island	Island small town
Accessible rural	Mainland accessible rural	Accessible	Mainland rural
	Island accessible rural	Island	Island rural
Remote small town	Mainland remote small town	Remote	Mainland small town
	Island remote small town	Island	Island small town
Remote rural	Mainland remote rural	Remote	Mainland rural
	Island remote rural	Island	Island rural
Very remote small town	Mainland very remote small town	Very remote	Mainland small town
	Island very remote small town	Island	Island small town
Very remote rural	Mainland very remote rural	Very remote	Mainland rural
	Island very remote rural	Island	Island rural

Where the lowest available spatial reporting is at the local authority level, then the RESAS local authority classification was utilised, namely, island and remote, 'mainly rural', urban and substantial rural' and 'larger cities'.

Table 2 RESAS local authority classification

Islands and Remote	Mainly Rural	Urban & Substantial Rural	Larger Cities
Argyll and Bute	Aberdeenshire	East Dunbartonshire	Aberdeen City
Na h-Eileanan Siar	Angus	East Renfrewshire	City of Edinburgh
Orkney Islands	Clackmannanshire	Falkirk	Dundee City
Shetland Islands	Dumfries and Galloway	Fife	Glasgow City
	East Ayrshire	Inverclyde	
	East Lothian	Midlothian	
	Highland	North Ayrshire	
	Moray	North Lanarkshire	
	Perth and Kinross	Renfrewshire	
	Scottish Borders	South Lanarkshire	
	South Ayrshire	Stirling	
		West Dunbartonshire	
		West Lothian	

Photo: Accessible Rural Scotland. Concorde – National Museum of Flight, East Fortune (S Thomson)

2 Policy Context

Key points in this section

- The Scottish Government's 2024 priorities include eradicating child poverty, fostering economic growth, addressing the climate emergency, and improving public services.
- The Rural Assessment Toolkit, launched in April 2025, applies a "rural lens" to evaluate policy impacts across diverse geographies. The Rural Delivery Plan will show how the Scottish Government has been delivering for rural Scotland across a range of policy areas including transport, housing, social justice, digital connectivity, and economic development.
- The draft National Islands Plan was published in December 2025 and aims to support population retention and attraction across Scotland's island communities and highlights the importance of young and working-age residents for balanced demographics and community resilience. Community Wealth Building is a central strategy in the plan as it looks to address persistent issues on transport and (i) digital connectivity, (ii) affordable, suitable housing, (iii) health and care services (iv) sustainable island economies, (v) climate adaptation, (vi) biodiversity protection, and deliver the transition to net zero in ways that benefit island communities (vii) higher living costs, fuel poverty, and inequalities in access to services and opportunities.
- Whilst poverty levels are generally lower in rural Scotland than in urban Scotland, persistent rural poverty remains a critical challenge, with higher living costs and fuel poverty disproportionately affecting remote and island communities. Fuel poverty remains persistently higher in rural and remote parts of Scotland due to factors such as heating costs and poor household energy efficiency.
- Agricultural policy is undergoing significant reform under the Agriculture and Rural Communities (Scotland) Act 2024, introducing a four-tier support model and mandatory Whole Farm Plans to promote sustainability.
- The Scottish Government's Just Transition framework emphasises equitable pathways to net zero, ensuring rural and island communities are supported through climate adaptation and decarbonisation strategies. The Just Transition Commission has raised concerns that current pathways will not deliver a just transition and has called for greater embedding of Just Transition principles across Scottish Government policy portfolios. The First Minister has announced that the work of the Just Transition Commission will continue into the next Parliamentary period.

Scotland's rural and island policy context is constantly evolving as the Scottish Government and UK Government progress policies that are focused on and affect households, communities, businesses and the environment. The 2024 General Election resulted in the formation of a new UK Labour Government at Westminster, whilst the 2024 dissolution of the Bute House agreement between the Scottish National Party (SNP) and the Green Party led to a change in emphasis of the Scottish Government, led by the new First Minister, John Swinney MSP. He set out the four priorities for the Scottish Government in a speech to the Scottish Parliament in May 2024: eradicating child poverty; growing Scotland's economy; tackling the climate emergency by investing in green energy and infrastructure; and improving Scotland's public services[6]. Whilst these changes are

[6] Priorities for Scotland: First Minister's statement - 22 May 2024 - gov.scot

relatively new, pressure on public finance has already led to some challenging policy decisions being made at both UK and Scottish level.

2.1 Rural Delivery Plan

The Scottish Government has committed to publishing a Rural Delivery Plan. Working across a range of portfolios, a Ministerial Working Group[7] has overseen the development of the plan that will show "*how all parts of the Scottish Government are delivering for rural Scotland. As well as policies on agriculture, land reform, marine, and our Islands Plan, this will cover areas such as transport, housing, social justice, repopulation, digital connectivity and economic development*."

Scottish Ministers recognise that rural, island, and coastal communities face enduring and distinct challenges and due to their complexity, a proactive and collaborative effort across the Scottish Government is essential to help unlock the opportunities for rural Scotland. As part of the plan development process, the Ministerial Working Group minutes from 2024 reveal the desire to:

a) Better capture the opportunities (including investment opportunities) and challenges in addressing climate change and nature recovery in rural areas.
b) Recognise the role and value of partnership working across community, agencies and all branches of government to enable "*communities to deliver on their place-based priorities".*
c) Recognise the importance of narratives alongside data in the Scottish Government's new Rural and Islands Dashboards.
d) Recognise the importance of the Scottish Government's 'rural lens toolkit' and to test it in different policy domains.
e) Improve embedding different aspects of rurality within policy portfolios and cross-cutting topics (such as just transition to net zero).
f) Incorporate and represent the perspectives of people living in rural areas.

To help inform the Rural Delivery Plan, the Scottish Government has developed a Rural Scotland Dashboard[8] and there is also an Scottish Islands Data Dashboard[9]. These provide context and evidence on a number of issues faced by rural and island residents and businesses, with 101 rural and 76 island indicators. The dashboards cover a broad suite of topics to which this report is relevant:

2.1.1 A Rural Lens for Policy

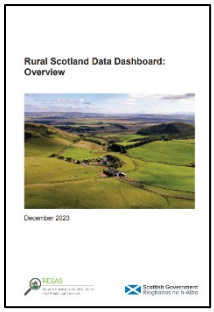
Prior to the Rural Delivery Plan commitment, Scottish Ministers committed to apply a rural lens to projects funded under the Scottish Government's National Strategy for Economic Transformation (NSET, 2022) to make economic development more inclusive of Scotland's diverse rural communities. An expert Specialist Advisory Group[10] was established to provide advice and design guidance on a rural lens approach (also known as rural proofing in some other countries) to policy officials who may have limited rural expertise.

[7] Rural Delivery Plan: Ministerial Working Group - gov.scot
[8] Rural Scotland Data Dashboard - Infogramhttps://www.gov.scot/publications/rural-scotland-data-dashboard-overview/
[9] Supporting documents - Scottish islands: data overview 2023 - gov.scot
[10] See https://sefari.scot/blog/2024/06/03/informing-scotlands-rural-delivery-plan-and-rural-lens

The Specialist Advisory Group report[11] outlined design options (intervention logics) for the Delivery Plan and rural lens approach. It notes that Scotland, like many other countries, has a diverse range of rural communities and a one-size-fits-all approach is not recommended. The report identified challenges in gathering complete and exhaustive data and in setting meaningful indicators for these diverse places. The Advisory Group suggested Scotland develop a robust rural policy framework that has sufficient flexibility to be applied in an array of different places and contexts, with different challenges and opportunities, whilst recognising the interconnections between policy portfolios.

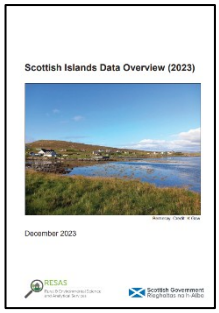
Rural Scotland Dashboard Contents

- Economic development
- Transport
- Housing
- Social justice
- Population
- Digital connectivity
- Education and skills
- Health and social care



Scottish Islands Data Dashboard Contents

- Population
- Sustainable economic development
- Transport
- Housing
- Fuel poverty
- Digital connectivity
- Health
- Social care and wellbeing
- Environmental wellbeing
- Climate change mitigation
- Communities
- Arts, culture and language
- Education



The 2023 Scottish Rural and Islands Parliament (SRIP, 2023) proposed a rural lens framework[12] that would embed rural expertise across all stages of policy development and implementation, and is refined through continuous review. Parliament delegates felt this approach should acts in tandem with and strengthen the Island Communities Impact Assessments (ICIAs) process[13], with both needing greater consideration from a bottom-up perspective, rather than the top-down perspective government's regularly use.

The Scottish Rural and Islands Parliament 2023 Framework provides delivery options at three different levels - *community*, *policy/fiscal/legislative* and *structural.* They suggest that this would enable policy designers to: (i) explore the potential of bottom-up (place-based) interventions; (ii) how they may be strengthened through action at the regional or national level, and; (iii) how to support them financially. The framework is designed to be interactive and used in facilitated workshops, which are adaptable to different policy interests. This type of approach does require resourcing but can bring dividends through more targeted and accepted interventions.

[11] Atterton et al (2022) Informing Scotland's Rural Delivery Plan and Rural Lens: Evidence, Indicators and Evaluation https://sefari.scot/document/informing-scotland%E2%80%99s-rural-delivery-plan-and-rural-lens-evidence-indicators-and-evaluation

[12] A Rural Lens Approach | Scottish Rural Action

[13] Under the Islands (Scotland) Act 2018 relevant authorities must have regard to island communities in carrying out its functions and where appropriate an Island Communities Impact Assessment needs to be undertaken 'Island-Proofing' your work Introducing Island Communities Impact Assessments (ICIA) - gov.scot

With the launch across Government Departments of the Scottish Government's Rural Assessment Toolkit (as the rural lens toolkit is now called) in April 2025 and, following the Ministerial Working Group's desire to better account for rural perceptions and voices, there is an opportunity to ensure elements of the Scottish Rural and Islands Parliament 2023 approach are integrated in the Scottish Government's toolkit.

2.1.2 The Scottish Rural and Islands Parliament and Scottish Rural and Islands Youth Parliament

The Scottish Rural and Islands Parliament (SRIP) is a platform for rural and island communities to connect with decision-makers in a predominantly urban-focused policy environment. The SRIP functions similarly to a citizens' assembly[14], with processes designed by Scottish Rural Action[15] in partnership with over 60 curator organisations, including the Scottish Islands Federation, SRUC, Community Land Scotland, InspirAlba, the Scottish Rural & Islands Transport Community and the Young Islanders Network.

The SRIP's outputs, owned by individual curators but collectively driven, aim to shape policy, legislation, and practice. For example, Community Land Scotland used the Land Thematic output to influence the Land Reform Bill. SRIP 2023 outputs also included (i) network building amongst organisations, (ii) a contribution to strengthening Scotland's rural movement, and (iii) the Last Dance Framework and rural proofing approach (described earlier).

The Scottish Rural & Islands Youth Parliament (SRIYP)[16], created at the request of young people, held its inaugural session in November 2023. At the event, ten priorities were developed that were then debated in the Scottish Parliament in January 2024[17], receiving cross-party support. The ten priorities related to; housing; transport; arts and culture; food and agriculture; environment and nature regeneration; skills, education and employment; mental health and wellbeing; young carers; equity and accessibility; leadership, engagement and participation.

In July 2024, funding was secured from the Scottish Government to consolidate[18] momentum behind a collective rural Youth Action Network in Scotland, building on the Young Islanders Network, to enable young people to progress the priorities they identified at the SRIYP.

In addition to working with partners to deliver SRIP and SRIYP events, Scottish Rural Action works across Scotland to build a grassroots-led rural movement. This activity is informed by learning from rural movements across Europe[19], including through the European Rural Parliament which was held in Scotland in October 2025[20]. The Scottish

[14] A citizens assembly is a deliberative democratic body made up of a randomly selected group of ordinary citizens, who come together to discuss, debate, and make decisions on important public issues.
[15] Scottish Rural Action | Scottish Rural Action
[16] The Scottish Rural & Islands Youth Parliament 2023
[17] The Scottish Rural & Islands Youth Parliament | Scottish Rural Action
[18] 'consolidate' was the term adapted by the SRIYP. They felt strongly that the project needs to move slowly, at their own pace – emphasising the need to engage organisations that will support and contribute to it.
[19] Learning from European Rural Movements: Research to inform a Scottish approach - SRUC, Scotland's Rural College
[20] Find out more about the European Rural Parliament!

Rural Network also helps to build relationships and networks between communities in rural and island Scotland, including through its website and events[21].

2.1.3 Community Led Local Development

The European Union's LEADER[22] programme, which funded bottom-up, community-led local development in rural areas across member states[23], ceased to run in Scotland in December 2021 following the UK's departure from the European Union. Since then, the Scottish Government has made a total of approximately £38million funding available on an annual basis for Community Led Local Development (CLLD) based around many of the same principles as LEADER. CLLD is delivered by the network of 20 LAGs that continue to exist across rural and island Scotland (though some of these have evolved from LEADER arrangements, for example in terms of changing their governance structures).

CLLD aims to address social, environmental and economic issues affecting rural and island communities to:

- drive community action on climate change
- enhance rural services and facilities, including transport initiatives
- enhance natural/cultural heritage, tourism and leisure
- support food and drink initiatives (for example short supply chains, community food)
- build co-operation with similar groups in Scotland, UK and Europe
- empower communities to exchange learning and knowledge with each other, realise their potential and build opportunities for all[24].

In late 2024, the Scottish Government commissioned a review of Scottish Rural Action, the Scottish Rural Network and CLLD in order to inform the future support system for rural communities in Scotland which will deliver the provisions of the Agriculture and Rural Communities (Scotland) Act 2024[25]. This review will report in early 2026[26].

2.2 National Islands Plan and Island Communities Impact Assessments

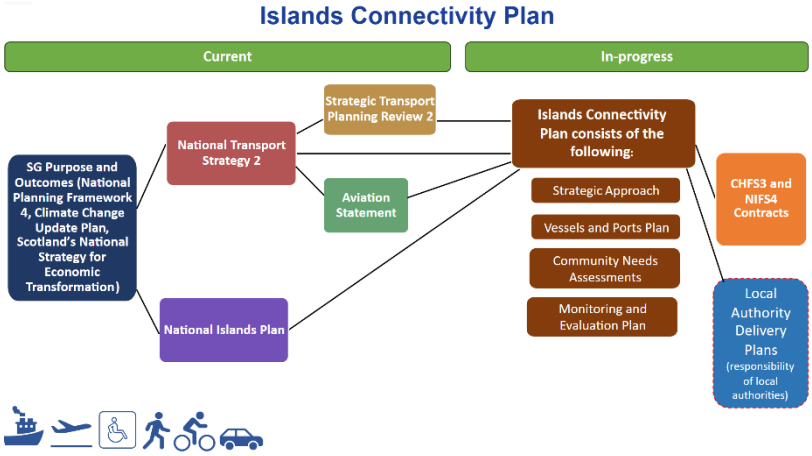
The Islands (Scotland) Act 2018 made a number of commitments for Scotland's islands, including the publication of a National Islands Plan and a duty for public authorities to undertake Island Communities Impact Assessments (ICIAs). The first National Islands Plan was published in December 2019 and has been subject to annual review, with the most recent review published in March 2025[27].

The Scottish Government published its new draft National Islands Plan in December 2025 alongside its implementation route map[28]. This revised Plan was informed by a Scottish Government Consultation held in 2023, with a report based on the responses published in April 2024[29]. A second Scottish Islands Survey was also held in 2023, with the main findings report also published in 2024. Similar to the National Islands Plan Survey held in

[21] Scottish Rural Network
[22] Liaison Entre Actions de Développement de l'Économie Rurale (EU rural development programme)
[23] LEADER/CLLD | The European Network for Rural Development (ENRD)
[24] Community Led Local Development - Scottish Rural Network
[25] Agriculture and Rural Communities (Scotland) Act 2024
[26] Scottish Rural Communities Policy Review
[27] National Islands Plan: annual report 2024 - gov.scot
[28] National Islands Plan - Draft - gov.scot
[29] National Islands Plan review: consultation analysis - gov.scot

2020 (and reported on in 2021[30]), the second Scottish Islands Survey achieved a 22% response rate across island Scotland. Key findings from the survey include the variety of experiences of island life (including within island groupings), including in relation to accessing affordable housing, education provision and digital and transport infrastructure. Comparing the results of the 2020 and 2023 surveys revealed a decline in residents' perceptions of public transport, housing availability, fuel poverty and sense of community in the intervening years, but increased access to fast internet connections, higher levels of participation in community events, and an increase in young people reporting that they will stay on their island in the medium term.

The Islands (Scotland) Act 2018 also established a duty on public authorities to undertake ICIAs to establish whether new policies, strategies or interventions are likely to have different impacts in different island communities and between island and mainland communities. The Scottish Government has produced guidance to inform the ICIA process, but the process and impacts of ICIAs have not yet been formally evaluated[31].



In terms of island connectivity, it is worth noting that Transport Scotland is consulting on the Islands Connectivity Plan[32] that will include a Strategic Approach paper (now published[33]) and a number of delivery plans, including the Vessels and Ports Plan (now published[34]), the Community Needs Assessments and the Monitoring & Evaluation Plan. This replaces the existing Ferries Plan and is broader in scope, covering ferries, aviation and fixed links. However, it only covers Transport Scotland-run and managed services, not those run/managed by other operators (e.g. inter-island ferries in Orkney and Shetland).

2.3 Poverty and inequality

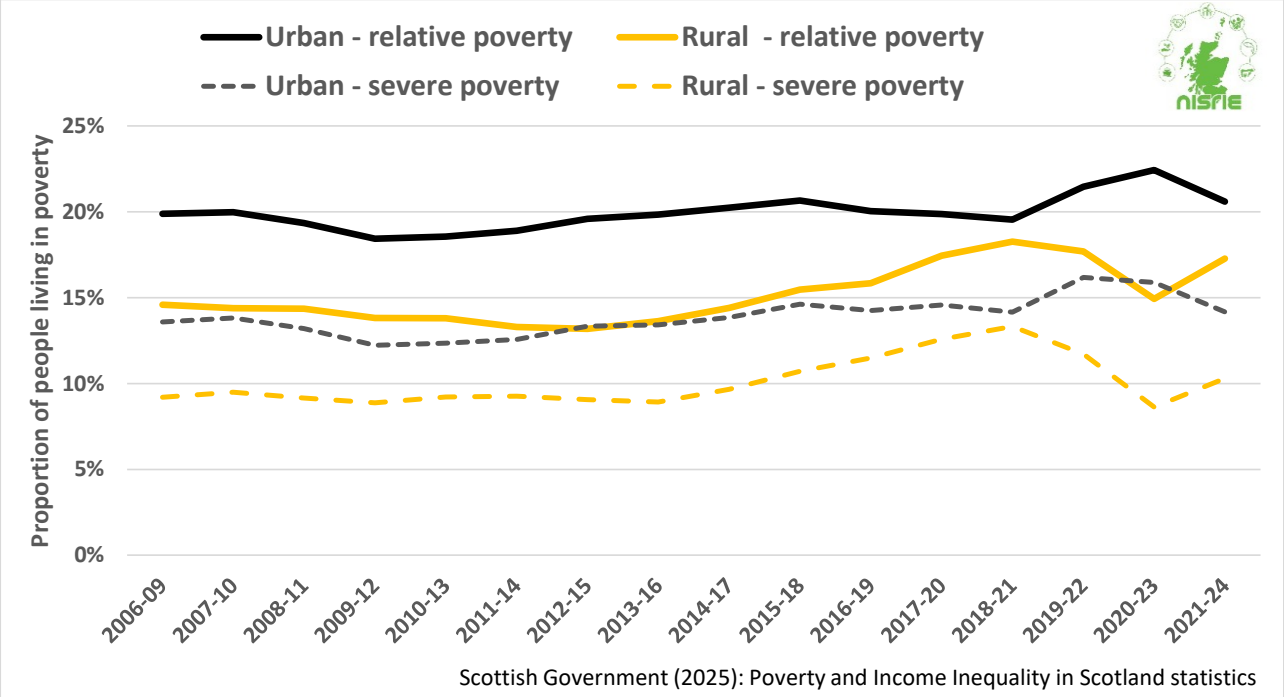
Poverty and other forms of social marginalisation in rural areas have been a prominent topic for decades. In the UK context, the academic literature has explored poverty, social exclusion and deprivation since the 1970s. Poverty remains one of the persistent "hidden" challenges in rural and island communities across Scotland,[35] where a 'rural premium'[36] on living costs is widespread.

[30] Supporting documents - National Islands Plan Survey: final report - gov.scot
[31] An evaluation of early ICIAs was undertaken in 2019: Learning Lessons from early Island Communities Impact Assessments - SRUC, Scotland's Rural College
[32] Islands Connectivity Plan | Transport Scotland
[33] Ministerial Foreword | Transport Scotland
[34] Islands Connectivity Plan - Vessels and Ports Plan - Draft for consultation | Transport Scotland
[35] House of Commons Scottish Affairs Committee (2024) Cost of living: impact on rural communities in Scotland
[36] Hirsch, D., Bryan, A., Davis, A., Smith, A., Ellen, J. and Padley, M. (2013) A Minimum Income Standard for Remote and Rural Scotland. https://hdl.handle.net/2134/15266

Relative poverty *measures whether low-income households are keeping pace with middle-income households. The relative poverty line is 60% of the median UK income. It changes every year along with the median income.*
Severe poverty *measures whether the lowest-income households are keeping pace with middle-income households. The severe poverty line is 50% of the median UK income. It changes every year as median income levels change.*[37]

Stevelink (2025)[38] noted that "*while rural Scotland has overall experienced lower poverty rates than urban areas since 2010, significant and widening disparities in rates of poverty exist between rural, remote and island communities*". Using the Family Resources Survey, the Scottish Government estimated (as shown in Figure 1) that approximately 17% of the rural population live in relative poverty with 10% in severe poverty, compared to 21% and 14% respectively in urban areas. Rural poverty levels are estimated to have risen in the last decade. However, it is acknowledged that there is likely an underreporting of the issue in rural and island communities due to a lack of comprehensive and accurate poverty data as a result of a number of factors, including social stigma and shame; centralisation and digitalisation of services; and an inability to access information and support[39,40].

Figure 1 Estimated proportion of people in relative and severe poverty in rural and urban Scotland, 2006-24



When assessing a minimum, socially acceptable standard of living, research reported that there are between 13.6% and 37.1% extra minimum living costs (excluding rent, council

[37] Poverty and Income Inequality in Scotland 2021-24
[38] Understanding the changing nature and context of poverty in Scottish rural and island communities since 2010 - gov.scot
[39] Vuin & Atterton (2023) Social exclusion and marginalisation in rural and island Scotland: ReRIC persistent challenge 3. https://doi.org/10.6084/m9.figshare.24057555
[40] Shucksmith, Chapman, Glass and Atterton (2023) Rural Poverty Today: Experiences of Social Exclusion in Rural Britain https://academic.oup.com/policy-press-scholarship-online/book/51510

tax, heating and childcare) for households in remote rural and island areas of Scotland compared to the urban areas of the UK[41]. This finding adds to the wider body of evidence[42] that highlights higher living costs and poorer access to services for those living in remote rural Scotland, including factors such as:

- **Food and Drink**: Higher costs associated with limited local options and higher prices in small stores.
- **Clothing**: Increased need for weatherproof clothing and thermal underwear.
- **Household Goods**: Higher prices for goods bought locally, and increased need for e.g. tumble dryers and oil heaters.
- **Transport**: Significant additional costs related to reliance on cars and longer travel distances.
- **Social and Cultural Participation**: Higher costs for holidays and social activities, especially for island residents.
- **Mainland vs. Islands**: Costs were generally higher on islands compared to the mainland (noting that for some things like car insurance many of Scotland's rural and island regions have very low 'risk ratings' and therefore have lower annual premiums[43]).
- **Economic Challenges:** Seasonal and low-paid employment, depopulation, and demographic changes.
- **Access to Services:** Inadequate public transport, healthcare, childcare, and education.
- **Housing:** Lack of affordable housing, leading to fuel poverty and higher living costs.
- **Transport:** High costs and poor availability of public transport, impacting access to services and employment.
- **Food Security:** Higher food costs and limited access to affordable, nutritious food.

Many authors have noted the specific ways in which some people living in rural and island communities experience financial hardships, financial vulnerability, lack of financial wellbeing, poverty, social exclusion and marginalisation. The connection between digital literacy, access, broadband and poverty is becoming more prominent across rural and island Scotland. This is particularly true for island residents who are unable to travel to the mainland for benefits appointments, and where a transition to digitised benefits systems may lead those unable to access or afford broadband to further struggle to access support[44] (although some authors have reported they have been unable to find quantitative evidence to support or refute these suggestions[45]). It is further highlighted that there can be real access challenges to a broad range of vital social services in rural areas, including

[41] Davis, A., Bryan, A., Hirsch, D, Ellen,J., Shepherd, C. and Padle, M. (2021) The Cost of Remoteness Reflecting higher living costs in remote rural Scotland when measuring fuel poverty. A report for Scottish Government. https://www.gov.scot/publications/cost-remoteness-reflecting-higher-living-costs-remote-rural-scotland-measuring-fuel-poverty/pages/2/

[42] See Bell, D. (2023) The cost of living: Impact on rural communities in Scotland : Royal Society of Edinburgh; Scottish Parliament Cross Party Group on Poverty (2024) Inquiry into Poverty in Rural Scotland; House of Commons Scottish Affairs Committee (2024) Cost of living: impact on rural communities in Scotland - Committees - UK Parliament

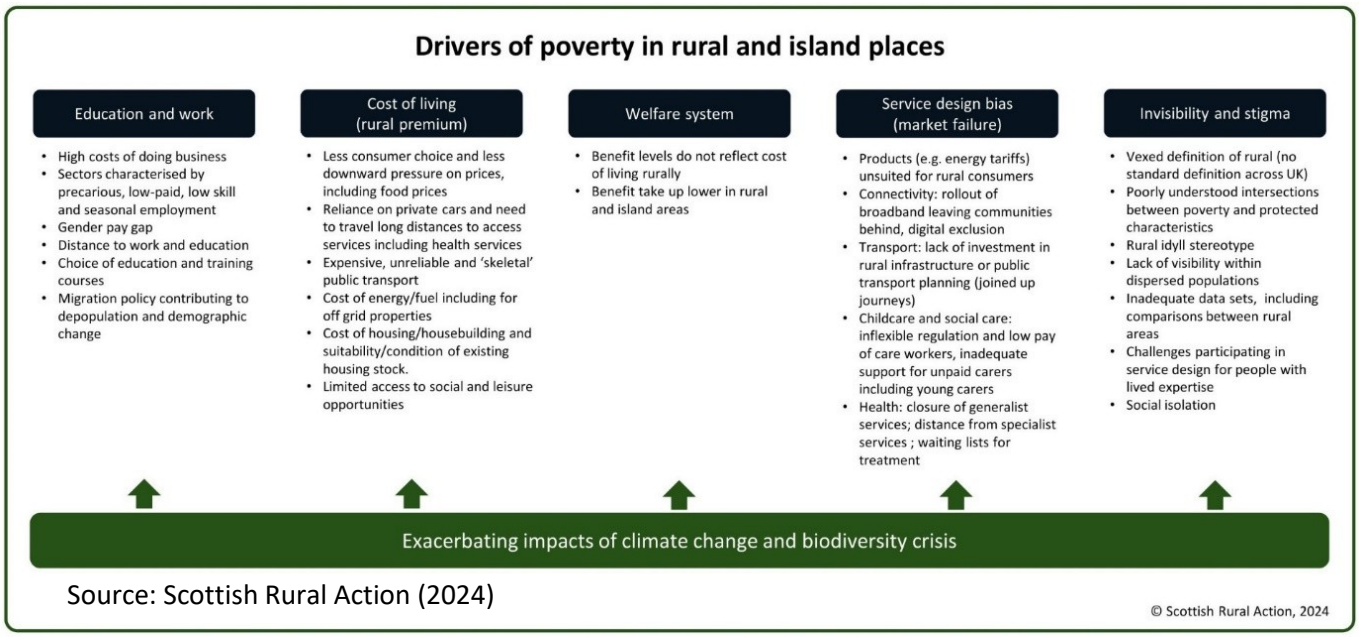
[43] See How Do Postcodes Affect Car Insurance? | Compare the Market

[44] Shucksmith, Chapman, Glass and Atterton (2023) Rural Poverty Today: Experiences of Social Exclusion in Rural Britain https://academic.oup.com/policy-press-scholarship-online/book/51510

[45] See, for example: Supporting documents - Understanding the changing nature and context of poverty in Scottish rural and island communities since 2010 - gov.scot

health services, childcare and care for older people - noting the vulnerability of these services to changes in Scotland's most sparsely populated areas[46].

Figure 2 Summary of poverty drivers in rural and island places



The Cross-Party Group (CPG) on Poverty's Inquiry into Poverty in Rural Scotland made several key observations:

- **Reliance on seasonal, low-paid jobs and businesses** can lead to precarious livelihoods. The spillover effect of this seasonality means that many people earn less in the winter months when energy costs are highest.
- '**Enabling' service** functions such as access to employment (e.g. public transport, healthcare, childcare), are inadequate in many areas and act as a barrier to training and potential employment.
- **Poor access to further and higher education** can restrict learning and upskilling opportunities in many rural and island areas.
- The **younger population face challenges to remain in rural and island areas**. The challenges are cited as relating to education, jobs and appropriate/affordable housing access – with the latter sometimes exacerbated by the nature of housing stock (larger dwellings not meeting needs) and inflows of commuter/retirement migrants alongside second home ownership.
- **Issues accessing healthcare**, exacerbated by a lack of services, affordable housing, and lower salaries, deterring healthcare practitioners from considering locating to islands.

It has been highlighted that both the UK Government and Scottish Government cost-of-living support schemes fail to account for the higher real costs that remote and island communities face[47]. While the Scottish Government has focused attention on some of the

[46] Bell, D. (2023) The cost of living: Impact on rural communities in Scotland : Royal Society of Edinburgh Advice Paper Apr23-1.
[47] See Vuin and Atterton (2023) Social Exclusion and Marginalised Voices in Scotland's Rural and Island Communities: A Persistent Challenge (Policy Spotlight). https://doi.org/10.6084/m9.figshare.24058584

related rural poverty challenges through a wider range of interventions and policies[48], some of the interventions would likely benefit from a 'rural lens' or 'rural proofing' approach. Indeed, the Cross-Party Group made two key recommendations to address rural poverty:

- A need for an anti-poverty strategy which takes much better account of rural experiences, and;
- A need for the key rural policy (including the Rural Delivery Plan) to be developed with an anti-poverty lens, taking into account the rural premium.

2.3.1 Fuel Poverty

It is well documented (including by the Scottish Fuel Poverty Advisory Panel[49]) that there has been a persistent and higher prevalence of 'fuel poverty' and 'extreme fuel poverty' in rural and island locations in Scotland[50]. The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019[51] introduced a new statutory definition of fuel poverty and extreme fuel poverty.

Fuel poverty definition
As set out in section 3 of the Fuel Poverty (Targets, Definition and Strategy)(Scotland) Act 2019, a **household is in fuel poverty** if, (a) to maintain a satisfactory heating regime, total fuel costs necessary for the home are **more than 10% of the household's adjusted net income** (after housing costs); **AND** (b) if after deducting fuel costs, benefits received for a care need or disability and childcare costs, the **household's remaining adjusted net income is insufficient to maintain an acceptable standard of living**. The remaining adjusted net income must be at least 90% of the UK Minimum Income Standard[52] (MIS) to be considered an acceptable standard of living, with an additional amount added for households in remote rural, remote small town and island areas. **Extreme fuel poverty** follows the same definition except that a household would have to spend more than 20% of its adjusted net income (after housing costs) on total fuel costs to maintain a satisfactory heating regime.[53]

Based on the new definition, using the 2023 Scottish Household Condition Survey, the Scottish Government estimated that 44% of households in remote rural Scotland were in fuel poverty (see Figure 3), compared to 41% in remote small towns, 35% in Other urban areas, 33% in Large urban areas, 32% in accessible small towns and 31% in accessible rural areas. Accessible small towns and rural areas within 30 minutes of an urban centre therefore had the lowest proportion of households in fuel poverty, whilst those living in small towns and rural areas more than an hour's drive from an urban centre had the highest prevalence of fuel poverty. Figure 3 also shows that rural areas had the highest estimated proportion of households in extreme fuel poverty. Although estimated rates of extreme fuel poverty were higher in remote rural (30%) and accessible rural areas (23%) than in urban areas (18–19%) in 2023, these differences were not statistically significant.

[48] For example: Fuel Insecurity Fund, Cost of Living Support Package, Package of energy relief for households, The Energy Bill Relief Scheme, Scotland's National Strategy for Economic Transformation, Adoption and Children (Scotland) Act 2007, Fairer Scotland for Disabled People Action Plan, Equality and Human Rights Commission 2017, Fairer Scotland for All: Race Equality Action Plan (2017-21), The Carers (Scotland) Act 2016, Carers Strategic Policy Statement.
[49] established in 2022 as part of a statutory requirement to provide advice to Scottish Ministers What We Do - Fuel Poverty Scotland
[50] See: Rural-FP-Literature-Review-Final.pdf and A-Perfect-Storm-Fuel-Poverty-in-Rural-Scotland.pdf
[51] Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019
[52] UK Minimum Income Standard
[53] Scottish Government (2025) Pers Comm

Figure 4 shows more historic fuel poverty data (average 2017-2019) by local authority (grouped by RESAS local authority classification). It reveals the higher estimated levels of fuel poverty in many island and remote local authorities. Further, findings from focus groups on fuel poverty in remote and rural Scotland, undertaken in 2025, reported a number of challenges that can lead to or exacerbate fuel poverty[54], such as:

- increased heating demand due to weather variability
- poor, or lack of insulation
- difficulties in accessing support services
- difficulties running all electric heating systems (expense of storage heaters, lack of supplier competition), and
- upfront costs of oil, coal and LPG.

Figure 3 Estimated proportion of households in fuel poverty and extreme fuel poverty by the Scottish Government Urban Rural classification, 2023

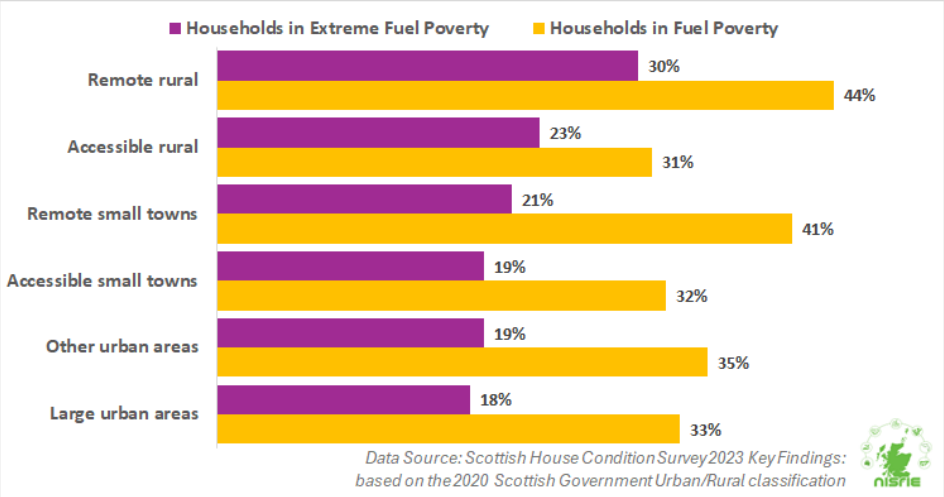
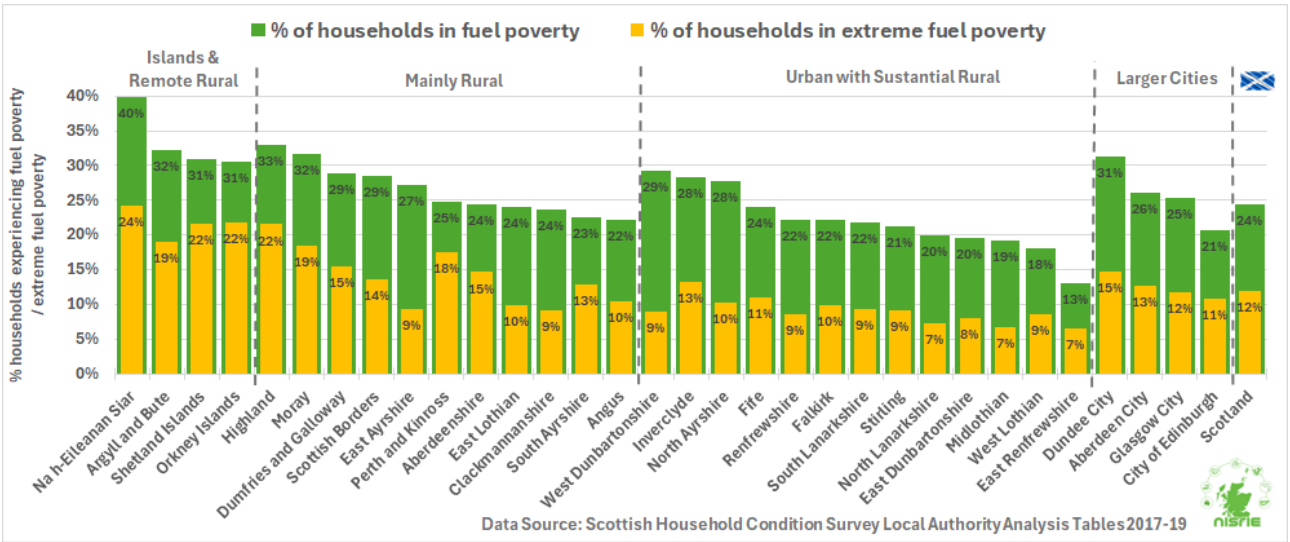


Figure 4 Estimated proportion of households in fuel poverty and extreme fuel poverty by local authority, by RESAS local authority classification, average 2017-2019

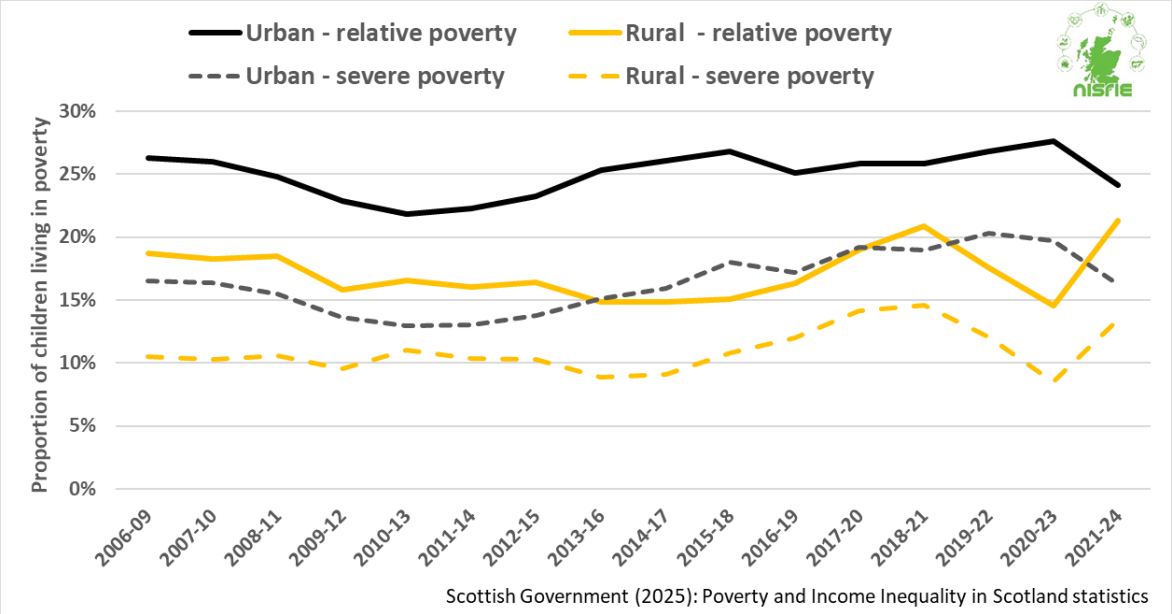


[54] Scottish Fuel Poverty Advisory Panel in conjunction with ALIenergy, Scarf and Tighean Innse Gall (2025) Fuel poverty in remote and rural Scotland: focus group analysis - Fuel Poverty Scotland

2.3.2 Child Poverty

Figure 5 shows that between 2021-24 the Scottish Government estimated that 21% (i.e. one-in-five) rural children lived in relative poverty, and 13% lived in severe poverty. Whilst these figures compare favourably to urban child poverty levels (24% living in relative poverty and 16% living in severe poverty), there are a number of challenges in dealing with child poverty in rural and island contexts, particularly in relation to the higher living costs and the higher prevalence of low-paid seasonal jobs, and more limited access to childcare facilities.

Figure 5 Estimated levels of relative and severe child poverty in rural and urban Scotland, 2006-24

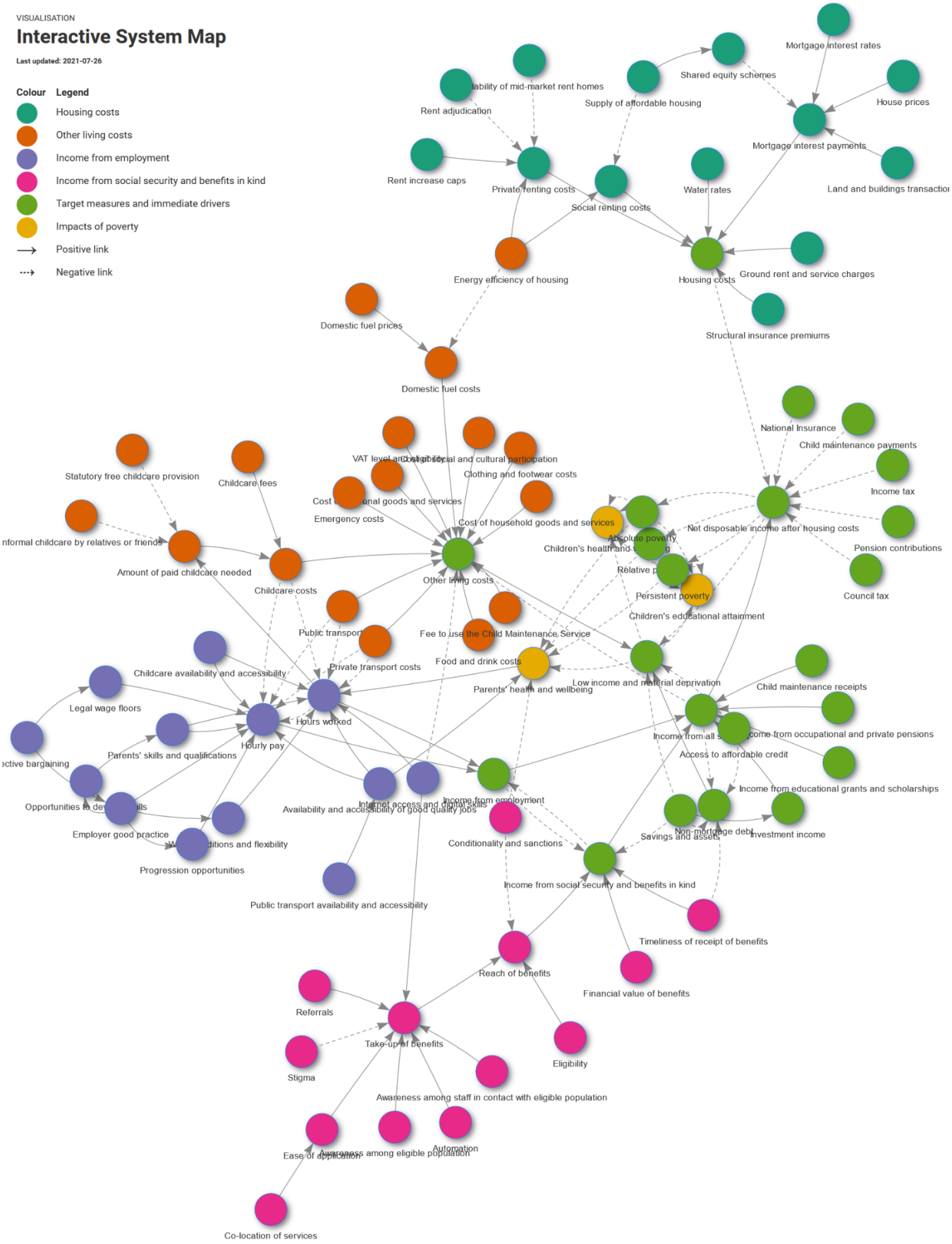


The Scottish Government[55] identifies three direct drivers of child poverty: (i) lower incomes from employment; (ii) higher costs of living, and (iii) lower income from social security/ benefits in kind. However, a complex mix of other factors influences child poverty, which can be amplified in rural areas. These factors are detailed in the Child Poverty System Map (see Figure 6) which provides a useful interactive visual summary of child poverty factors.

Available data is often unreliable or outdated, hindering local efforts to identify and support children in poverty. This data issue is more pronounced in rural areas, where area-based deprivation measures (such as the Scottish Multiple Index of Deprivation[56]) mask the underlying poverty in dispersed rural areas, meaning it is harder to identify and address by policy makers and service providers[57].

[55] Scottish Government (2018) Every child, every chance: The Tackling Child Poverty Delivery Plan 2018-22 – Annex 2, Technical Annex. Housing and Social Justice Directorate.
[56] https://simd.scot/
[57] Glass, J. and Atterton, J. (2022) Improving our understanding of child poverty in rural and island Scotland. Improving our understanding of child poverty in rural and island Scotland: research - gov.scot

Figure 6 Child poverty system map



Source: Scottish Government (2021) Available via: [Child poverty system map - gov.scot]

Under the Child Poverty (Scotland) Act 2017, local authorities are required to prepare annual Local Child Poverty Action Reports[58] that could provide an insight into the issues and challenges across RESAS local authority classifications.[59] Furthermore, in 2022, a new Remote, Rural and Island Child Poverty Network was established by the Improvement Service[60] to share and design solutions to the barriers identified (particularly data barriers). Through the Rural Child Poverty project, the Improvement Service has worked with Scalable Approach to Vulnerability via Interoperability (SAVVI) to develop novel approaches to identify "*legitimate and ethical ways of re-using personal data to identify and reach families at highest risk of child poverty*" in rural areas[61] – focusing on Angus, Argyll and Bute and Inverclyde.

> *Families in rural areas "often find themselves hidden from statistical analysis, situated among wealthier populations, making it difficult for local authorities to identify those in need… By establishing data standards and practical guidance, SAVVI aims to empower local authorities to make smarter interventions and referrals, ensuring that vulnerable families receive the support they need." (Khalid, 2024)*

Additionally, the Tackling Child Poverty Delivery Plan (2022-26) committed to a number of actions, including:

- Significantly increasing employment services to support parents' entry into, and progress in, sustainable and fair work, with initial investment of up to £81 million in 2022-2023.
- Increasing the Scottish Child Payment from £20 to £25 when the benefit is extended to under 16s by the end of 2022 (approx. £1,300 per eligible child per year).
- Delivering a new Parental Transition Fund to tackle the financial barriers parents encounter when entering the labour market.
- Mitigating the UK Government's Benefit Cap as much as possible within devolved powers, through Discretionary Housing Payments.

Following some of the work in Scotland, in 2024, the UK Prime Minister Keir Starmer established a ministerial taskforce to work with devolved administrations in the development of a new Child Poverty Strategy[62]. The aim is to "*address systemic drivers of poverty, including employment and housing, which are complex issues, that also vary by place and often at a very local level*" with focus on four themes: (1) Increasing incomes; (2) Reducing essential costs; (3) Increasing financial resilience, and; (4) Better local support, focused especially on children's early years.

2.4 Agricultural Policy

The Scottish Government has committed to a new model of agricultural support to deliver against the objectives of the Agriculture Reform Programme[63] and enshrined in legislation

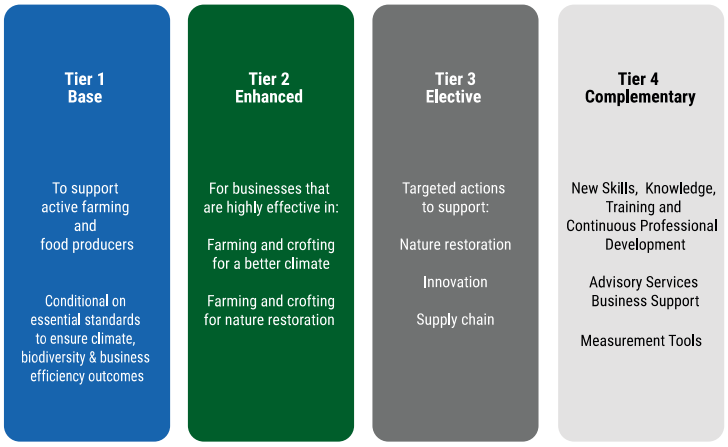
[58] https://www.improvementservice.org.uk/products-and-services/inequality-economy-and-climate-change/local-child-poverty-action-reports
[59] This has not been done in this project – but it may be a useful longer term exercise.
[60] Remote and Rural Poverty | Improvement Service
[61] Kahlid (2024) How SAVVI is Tackling Child Poverty in Scotland · SAVVI
[62] Tackling Child Poverty: Developing Our Strategy (HTML) - GOV.UK
[63] https://www.ruralpayments.org/topics/agricultural-reform-programme/arp-route-map/

through the Agriculture and Rural Communities (Scotland) Act 2024[64]. The future model of support will evolve away from the old Common Agricultural Policy (CAP) of the European Union (EU), noting that the EU's support has evolved in the 2023-27 iteration to deliver better for the environment and to provide greater equity in support distribution[65].

Whilst committing to a Just Transition[66], the objectives of future agricultural support, as enshrined in statute, are:

(a) the adoption and use of sustainable and regenerative agricultural practices,
(b) the production of high-quality food,
(c) the promotion and support of agricultural practices that protect and improve animal health and welfare,
(d) the facilitation of on-farm nature restoration, climate mitigation and adaptation,
(e) enabling rural communities to thrive.

Figure 7 Future agricultural support model



Source: Scottish Government (2024)[67]

With these objectives in mind, and recognising the important role of food production, and agriculture's impact on rural communities and economies, the future model of Scottish agricultural policy is designed around four tiers of support that will require more environmental delivery (so-called 'conditionality') for those in receipt of agricultural support. The greater targeting of support to 'transition' to greater 'regenerative and sustainable' agricultural practices will therefore require adaptation in how farms, crofts and estates are managed to remain eligible for support. However, the sector is used to change – as it is constantly evolving due to a complex mix of policy and market signals, as well as social factors.

2.4.1 Whole Farm Plan

In 2025 the Scottish Government introduced the requirement to undertake elements of a Whole Farm Plan[68] to be eligible for support payments. The Whole Farm Plan elements (and minimum timeframe for completion) include:

- an animal health and welfare plan (annually)
- a carbon plan – including details on how to reduce emissions (one-in-five years)
- a habitat report – that maps different habitats and linear features (one-in-five years)

[64] Agriculture and Rural Communities (Scotland) Act 2024
[65] See CAP overview - European Commission
[66] Just transition - Climate change - gov.scot
[67] Agricultural Reform Route Map
[68] The Rural Support (Improvement) (Miscellaneous Amendment) (Scotland) Regulations 2025

- an integrated pest management plan – that details measures planned to be used to control plant pests, including use of any herbicides / pesticides / fungicides / nematicides, etc (annually), and
- a soil report – that details the pH and the levels of organic matter, phosphorus and potassium in each grassland and cropping field (one-in-five years).

Whilst the Whole Farm Plan is considered standard practice by many larger, commercial farms, for some smaller crofts and smallholdings, these are new requirements to access support.

2.4.2 Calving Interval

Also in 2025, a new calving interval eligibility criteria was introduced to the Scottish Suckler Beef Support Scheme. In 2025, beef calves born to dams that have more than 410-days between the last and second last calf (excluding twins) will be ineligible for support, as the Scottish Government signals to the industry that it is only willing to support efficient production as they start introducing conditions with a climate change focus.

There were concerns raised by the industry that the calving interval condition could have the biggest impact on the smallest herds, which may be providing biodiversity, social and economic outcomes in rural and island areas. The Scottish Government is addressing these concerns through dialogue with industry and in order to support a 'just transition', it announced a derogation for claims of 10 or fewer calves[69] for the 2026 claim year.

2.4.3 Ecological Focus Areas

From 2026, further environmental conditionality will be required for those receiving Tier 2 support payments. The Scottish Government has announced that the "Greening" rules will be extended[70], meaning progressively more accepted 'environmental benefit' will need to be delivered by a wider group of businesses than those that currently have to comply with Ecological Focus Area (EFA)[71] rules. EFA requirements were brought into the EU's CAP in 2013 targeted at cropped land with the aim of reducing environmental pressures where they were most acute. Cropped land has more intensive soil disturbance, chemical inputs, and landscape simplification than permanent pasture or permanent crops, potentially giving rise to greater biodiversity loss, higher nutrient runoff and water pollution, and greater soil erosion. Similar measures were not deemed necessary in areas dominated by grassland and rough grazing, as they were less intensively farmed, and in many cases were already delivering positive outcomes for nature.

Smaller producers were safeguarded by the EU from having to put 5% of their cropped land to EFA measures, as 15 hectares of arable land (crops and temporary grassland) was used as the starting threshold for EFA. That safeguard for smaller land holdings (less than 15 hectares of arable) is continuing in Scotland following changes to the derogations, thereby ensuring undue burdens are not placed on small producers.

[69] Royal Highland Show - Rural Affairs Secretary speech - gov.scot
[70] Greening guidance (2026) and now legislated for through The Rural Support (Improvement) (Miscellaneous Amendment) (Scotland) (No. 2) Regulations 2025
[71] Ecological Focus Areas

Box 1 Implied Intervention Logic for EU's Ecological Focus Area on arable land

Issue: Intensification of EU agriculture led to biodiversity loss, soil degradation, and water pollution. Most agri-environment schemes were voluntary and had limited uptake

Objective: Improve the sustainability of agriculture by mandating baseline environmental practices. EFAs were to act as a minimum ecological safety net across on arable land

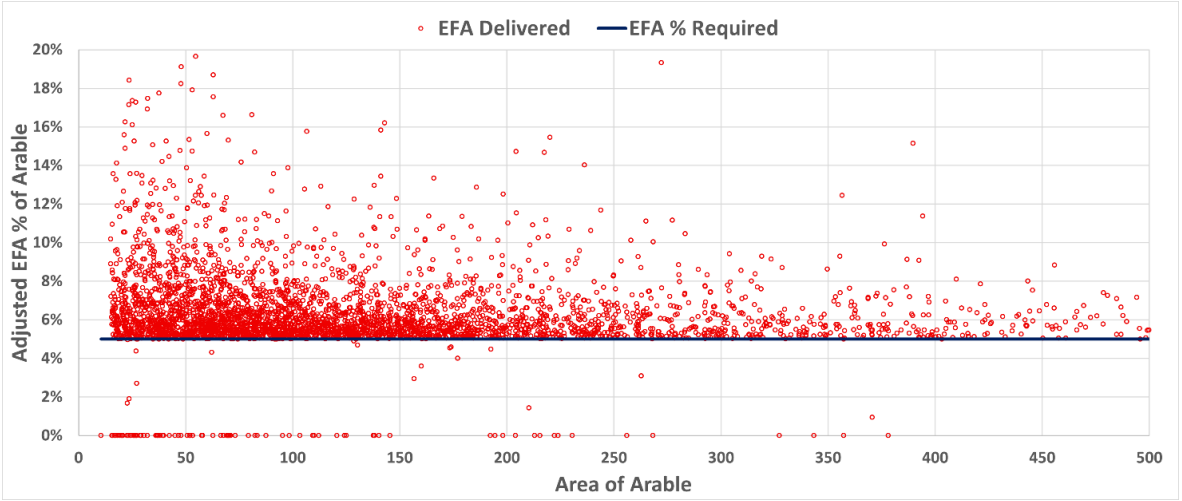
Mechanism: Create ecological "space" on arable farms to support biodiversity, reduce runoff, and enhance soil/water protection.

Outcomes sought: Increased landscape heterogeneity, improved habitats for pollinators, birds, and other wildlife.

The 2025 rules also provided a derogation for grassland-dominated businesses (more than 75% of the arable area is temporary grass, or more than 75% of the total supported area is grass or permanent pasture) from having to comply. From 2026 the Scottish Government will withdraw these existing grassland derogations which would expand the number of businesses undertaking EFA measures from about 3,700 to nearly 6,000, and the area of EFA required will increase from 28,000 hectares to about 34,000 hectares (noting the area delivered on-farm is higher due to low weightings for options such as catch-crops and green cover crops). The Scottish Government will also increase the area of EFA required from 5% to 7% in 2027, reflecting its commitment to nature recovery.

The Scottish Government has also said that it is considering extending the area required to 7% of the arable area and is also considering similar requirements for permanent grassland areas. It is worth noting that there is already considerable over-delivery on the existing EFA requirements, with 35,000 hectares declared in 2021 from a required area of 28,000 hectares (as demonstrated in Figure 8). Those 35,000 EFA hectares delivered in 2021 equated to 40,000 in field hectares and 3,800 kilometres of hedges.

Figure 8 2021 EFA Delivery by non-exempt businesses (BRNs)



As part of the ongoing evolution of agricultural policy the Scottish Government will prepare a 'Rural Support Plan' that provides details of support schemes, budget allocations and

any intent to change[72]. In accordance with the Act the plan will detail: (i) the outcomes Scottish Ministers seek to achieve; (ii) the levels of support to be made; (iii) how that support will be allocated across schemes; (iv) details on when schemes may become operational or end, and (v) measures that are intended to benefit small producers, tenant farmers and crofters.

2.5 Just Transition

Climate change is a key driver for the Scottish Government. Whilst annual and interim climate targets are now replaced by five-yearly carbon budgets that better reflect the challenges of climate change mitigation and immediate fiscal pressures, the Scottish Government remains committed to a Just Transition to a net zero Scotland by 2045[73].

Scotland's legally binding target for net zero climate change emissions by 2045 was established in the Climate Change (Emissions Reduction Targets) Act in 2019[74]. This increased the 80% reduction target by 2050 set by the Climate Change (Scotland) Act 2009[75] in accordance with the 2019 recommendations made by the Climate Change Committee[76]:

> *"In Scotland, we recommend a net-zero date of 2045, reflecting Scotland's greater relative capacity to remove emissions than the UK as a whole. These are tough, but achievable targets, in line with the UK net-zero target"*

The 2019 Act uniquely established Just Transition Principles (S35c) in Scotland, that stress that approaches to reducing emissions targets should: (a) support "*environmentally and socially sustainable jobs*"; (b) support "*low-carbon investment and infrastructure*"; (c) develop and maintain *"social consensus through engagement with workers, trade unions, communities, non-governmental organisations, representatives of the interests of business and industry*"; (d) create "*decent, fair and high-value work in a way which does not negatively affect the current workforce and overall economy*"; and (e) contribute to "*resource efficient and sustainable economic approaches which help to address inequality and poverty*."

As such, a Just Transition in Scotland requires careful planning, with consideration of spatial, sectoral and distributional impacts and expectations. To support this process, the first Just Transition Commission (2019-2021) was established by the Scottish Government in 2018 to *"provide independent advice to Scottish Ministers on the long-term strategic opportunities and challenges relating to the transition to a net-zero economy"*. The Commission were tasked with highlighting[77] *"economic and social opportunities"* that *"build on Scotland's existing strengths and assets"* whilst considering how to *"mitigate risks that*

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[72] Agriculture and Rural Communities (Scotland) Act 2024
[73] Statement to the Scottish Parliament by Cabinet Secretary for Wellbeing Economy, Net Zero and Energy, Màiri McAllan (18th April 2024) https://www.gov.scot/publications/climate-change-committee-scotland-report-next-steps/ .
[74] Climate Change (Emissions Reduction Targets) Act in 2019
[75] Climate Change (Scotland) Act 2009
[76] Climate Change Committee (2019) Net Zero: The UK's contribution to stopping global warming. Available at Net-Zero-The-UKs-contribution-to-stopping-global-warming.pdf (theccc.org.uk)
[77] Just Transition Commission - Terms of Reference. Archived document available from https://webarchive.nrscotland.gov.uk/20210722181227/https://www.gov.scot/publications/just-transition-commission-governance/

could arise in relation to regional cohesion, equalities, poverty (including fuel poverty), and a sustainable and inclusive labour market." The second Just Transition Commission (2021-2026) was tasked with providing independent scrutiny and advice on just transition plans being developed by the Scottish Government and "advising on the most suitable approaches to monitoring and evaluation".[78]

As the impacts of climate change are already being felt (e.g. more extreme weather events), the Scottish Government launched its Scottish National Adaptation Plan (2024 – 2029) – so-called SNAP3[79]. The draft plan emphasised climate vulnerabilities that undoubtedly have the potential to be disruptive in island, coastal and remote rural communities, particularly to key lifeline services[80]:

- *"Increased vulnerability to coastal erosion, coastal flooding, and sea-level rise, particularly in low lying areas.*
- *Increased vulnerability to power outages caused by storm events and relative difficulty in repairing any damage to undersea cables.*
- *Increased vulnerability to supply chain and transport disruption from climate related weather events due to reliance on ferries or small planes.*
- *Key cultural heritage sites and assets are located on islands which are vulnerable to loss and important for community cohesion.*
- *Population loss due to migration to mainland/inland areas."*

As part of the SNAP3 consultation process the Islands Communities Impact Assessment[81] concluded that Scotland's island communities have 'specific vulnerabilities' to climate change that need careful consideration in the development of the final adaptation plan. It is likely that many mainland coastal communities and wider rural communities face similar vulnerabilities that merit close attention and policy responses. Just Transition Plans are being developed for key sectors of the economy that directly affect rural and island communities and economies. These include: (i) the built environment and construction sector[82]; (ii) the transport sector[83]; (iii) land use and agriculture[84]; and (iv) the energy sector[85].

The Just Transition Commission (2023) concluded in their 2023 annual report[86] that "*the current path will not deliver a just transition*" and that "*the time for difficult conversations is now*". However, it is worth noting that the Just Transition discussion documents for the transport and the built environment and construction sectors do highlight and recognise some of the unique challenges faced in transitioning towards net zero equitably in rural and island areas. It is imperative that recognition of these challenges is fully acknowledged and addressed (including in the transition pathways and required policy interventions) as Just Transition Plans are finalised. Fuel poverty (including extreme fuel poverty) remains

[78] The Commission – Just Transition Commission
[79] Climate change: Scottish National Adaptation Plan 2024-2029 - gov.scot
[80] Climate change - national adaptation plan 2024 to 2029: consultation - gov.scot (www.gov.scot)
[81] Supporting documents - Climate change - national adaptation plan 2024 to 2029: consultation - gov.scot (www.gov.scot)
[82] Just transition for the built environment and construction sector: a discussion paper - gov.scot (www.gov.scot)
[83] Just Transition: draft plan for transport in Scotland - gov.scot
[84] Just transition in land use and agriculture: a discussion paper - gov.scot (www.gov.scot)
[85] Draft Energy Strategy and Just Transition Plan - gov.scot (www.gov.scot)
[86] Time to Deliver: Annual Report 2023 – Just Transition Commission

higher in rural and island areas, particularly where there is no gas network, and a reliance on electric or oil heating. Further, residents and businesses in these areas also have a greater reliance on car transport due to fewer public transport options. Yet, many of these communities now live in concentrated renewable energy generation hot-spots, which is not reflected in lower electricity costs for them (e.g. see October 2024 Parallel Parliament debate[87]).

Examples of Climate Action initiatives in the Highlands and Islands were presented at the Scottish Rural and Island Parliament (SRIP) in 2023[88]. The recommendations for the Climate Change plan included:

- Communities need more common spaces to discuss and act on climate change that could support, profile and measure the impacts of locally led initiatives. Town halls on wheels could be an alternative option for those communities that cannot create space.
- When framing climate change, it is important to ensure the language is accessible and the messages are framed in a proactive, optimistic and place-based way.
- When creating policies and initiatives to fund local climate actions, it is crucial to engage and support communities on issues that matter the most to people, and explore how to make climate-friendly choices natural and easier to adopt.
- Instead of focusing policies on addressing individual shifts in behaviour (e.g., encouraging electric car use), they should be informed by and focus on addressing and supporting community needs first (e.g., improved public transport access and infrastructure).
- Policies should support the reduction of overconsumption in every segment of life, especially as island communities already have difficulties dealing with waste and often have lower turnover of technology or appliances.

The SRIP recommendations mirror recommendations from the Scottish Parliament's Climate Change People's Panel,[89] which explored how effective the Scottish Government has been at engaging the public on climate change and how to inform and involve the public further. The recommendations[90] stressed how collaboration with local experts and key community organisations would improve the chances of success in delivering climate change actions – noting current inconsistency in communication, education, evaluation and funding that prevents organisations and individuals (particularly vulnerable people and communities) from taking action.

2.6 Conclusion

This section has summarised the relevant policy context for the report and provided some baseline data to frame the new insights presented in this report. The report covers a breadth of issues, meaning that the data and evidence discussed are pertinent to a range of policy areas, including rural and islands policy, and also national policies on poverty and inequality (including child poverty and fuel poverty), agriculture, and climate change and just transition. Each of the subsequent sections of the report includes further detailed information on the relevant policy context.

[87] Parallel Parliament (2024) Renewable Energy Projects: Community Benefits. 15 October 2024. Available at Debate: Renewable Energy Projects: Community Benefits - 15th Oct 2024
[88] See https://www.ruralexchange.scot/blog/climate-action-in-scottish-rural-and-island-communities-20/
[89] See Scottish Parliament's (2024) Climate Change People's Panel
[90] See using Scottish Parliament (2024) Net Zero, Energy and Transport - People's Panel-led post-legislative scrutiny of section 91 of the Climate Change (Scotland) Act 2009,

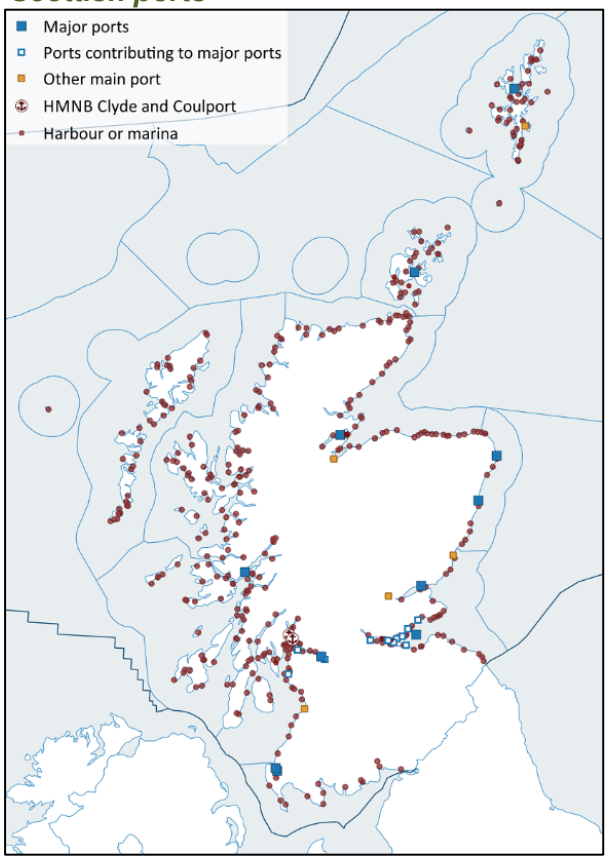
3 Port and Ferry Infrastructure

Key Points

- Scotland has over 200 ports that act as key transport and economic hubs for people and vital inputs and products to be traded in wider markets.
- Freight volumes at Scotland's (11) major ports have declined by 59% since 2000, primarily due to reduced oil sector activity, although Cairnryan and Loch Ryan have experienced growth linked to Northern Ireland trade.
- The designation of Forth and Cromarty Green Freeports is expected to stimulate renewable energy development and enhance Scotland's role in global trade.
- Sea fisheries remain economically significant, with £524 million worth of fish landed in Scottish ports in 2023, 40% of which was at Peterhead.
- Scotland's network of ferry services ranges from commercial routes that only operate during the summer months, to 'lifeline services' from the Scottish mainland and between islands and peninsular communities, which operate year-round
- Scotland's ferry fleet is ageing, with an average vessel age exceeding 25 years; only 8% of ferries are low-emission compared to the 2032 target of 30%.
- Seasonal demand places considerable strain on ferry services, exemplified by the Mallaig-Armadale route, which carries 44 times more passengers in summer than winter.

Scotland's ports provide vital local, regional and national infrastructure, not only for marine-based activities (such as sea fish, shellfish, aquaculture, oil and gas, and marine renewable energy) but also to the wider economy through the vital import and export of goods (and services) between islands and the mainland, but also across the United Kingdom and internationally. Marine Scotland reports that there are over 200 ports across Scotland (as shown in Map 1).

Map 1 Scottish ports



Source: Marine Scotland[91]

3.1 Ports and freight

Ports, by their very nature, are economic hubs, enabling vital inputs and products to be transported and traded in wider markets. Data from the Department for Transportreveals that the 11 major Scottish ports handled 75 million tonnes less freight

[91] Original source Transport Scotland: see Maritime transport (freight, ports and shipping) | Scotland's Marine Assessment 2020

(-59%) in 2023 compared to 2000[92] . This change was largely driven by the significant decline in oil related sea freight in many of Scotland's major ports, driven by decarbonisation and the increased importance of renewable energy (see details below).

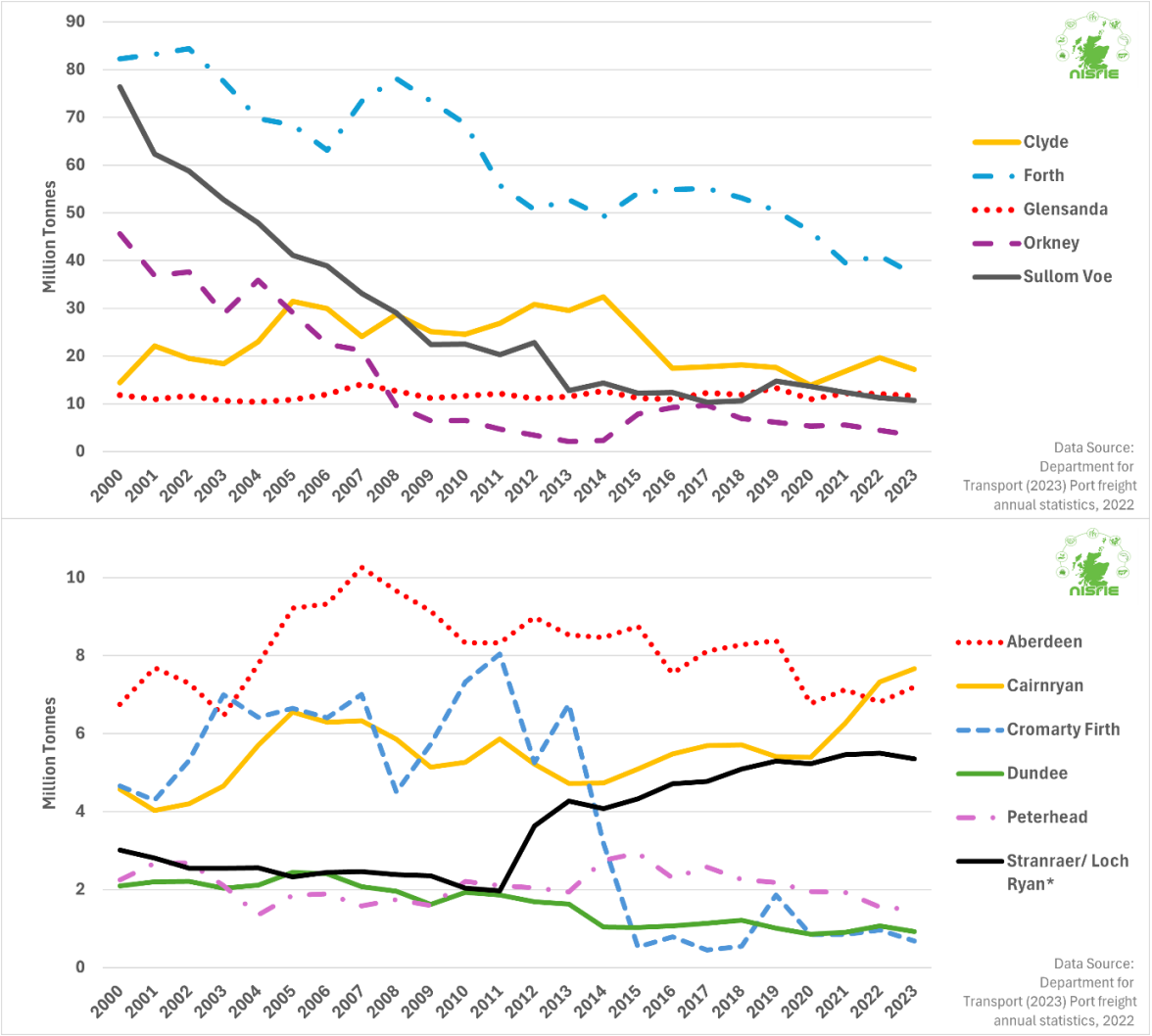
Whilst port volumes do not provide a good measure of economic value (indeed the value of trade data is not readily available), the data can provide insight into the changing activity in Scotland's major ports, that reflects wider economic trends in these regions. Figure 9 shows the significant decline in the volume of freight through the Forth Ports (-55% volume from 2000-2023), Sullom Voe (-86% volume), and Orkney (-93% total volume) over the last two decades. The large change in volumes reflects the changes in North Sea oil production and trade, for example from Grangemouth. Shetland Island Council report that the Sullom Voe terminal had peak receipts of 58 million tonnes in 1984, declining to six million tonnes in 2022[93]). Cromarty freight volumes fell significantly (-85% from 2000-2023), largely reflecting the downturn in the North Sea oil and gas sector – where sustained low oil prices led to a reduction in investment in the exploration, appraisal, and drilling activities that Cromarty Ports supported through activities such as rig inspection, repair, and maintenance.

In contrast to the major ports that were heavily reliant on the oil and gas sector, the Glensanda port (on Scotland's north west coast) has had a consistent volume of freight over the last 20 years due to it being part of the coastal super-quarry north of Oban that is only accessible by boat. Further, the Clyde ports saw increased freight volumes from 2000-2005 before a decade of relative stability which was then followed by a decline from 2015-2023. The ports of Loch Ryan and Cairnryan in the south west of Scotland (Stranraer up to 2011) saw freight volumes increase from 2000-2023 by 68% and 78% respectively. The Stranraer / Loch Ryan increase was largely due to the £200 million investment by Stena Line in the new Loch Ryan port facility (and closure of Stranraer), aimed at improving tourism and freight business between Scotland and Northern Ireland[94].

Photo: Islands - Cruise ships berthed in Kirkwall (S Thomson)

[92] See UK maritime statistics: interactive dashboard for an interactive dashboard
[93] Economy – Shetland Islands Council
[94] BBC News - £200m Stranraer ferry port move investment announced

Figure 9 Freight throughput (million tonnes) at major Scottish ports (2000 to 2022)



The type of goods transferred through Scotland's major ports remains dominated by oil and oil products, as detailed in Figure 10. Cargo and bulk products (particularly for outbound goods) are relatively more important in city-based ports, and freight goods vehicles and trailers were the only type of goods transferred by sea from the Loch Ryan / Cairnryan Port in 2023.

Photo: Island Eriskay-Barra Ferry (S Thomson)

Figure 10 Category and direction of Scottish major port freight (thousand tonnes), 2023

Port	Direction	Energy	Bulk products	Cargo	Freight
Forth	←	1,937	1,080	1,046	
	→	13,090	100	1,268	
Clyde	←	6,399	745	443	
	→	708	202	98	
Glensanda	←				
	→		5,827		
Sullom Voe	←				
	→	5,351	3.8	0.2	
Aberdeen	←	772	414	375	170
	→	388	633	660	186
Cairnryan	←				1,772
	→				2,062
Loch Ryan	←				1,389
	→				1,289
Orkney	←	31	10	31	94
	→	1,469			54
Dundee	←	67	257	69	
	→		68	2	
Cromarty Firth	←	20	39	134	1.7
	→	0.8	6.9	133	3.1

Categories

Energy - including crude oil, liquefied gas, oil products

Bulk products - including agricultural products, ores, non-oil based bulk products

Cargo – including containerised goods, forestry products and iron and steel

Freight – includes goods vehicles and trailers with or without cabs

Direction

← **Inbound**

→ **Outbound**

The UK and Scottish Governments selected two Scottish sites to develop new 'Green Freeports' designed to "*boost innovation and inclusive growth*" through a variety of customs and tax incentives[95]. After a competitive process, Inverness and Cromarty Firth Green Freeport[96] and Forth Green Freeport[97] were selected as Scotland's Green Freeports. There is expected to be significant spillover effects into the wider economies as these extended port areas (including other ports / facilities in the locality) are anticipated to become hubs for global trade and investment that promotes decarbonisation of the Scottish economy in the net-zero transition. The Forth site is being promoted by Scottish Development International (SDI) as offering opportunities for "*green technologies, alternative fuels, renewable energy manufacturing, industrial biotechnology*", whilst the Inverness and Cromarty site is promoted as focusing on "*renewable energy, offshore wind, floating wind, hydrogen, oil and gas decarbonisation and life sciences.*"[98]

[95] Such as Land and Building Transaction Tax relief, Employer National Insurance Contributions employer create a relief on new employees, enhanced Structures and Building Allowance relief, Enhanced Capital Allowances. See Green Freeports

[96] Home - Inverness and Cromarty Firth Green Freeport

[97] Home - Forth Green Freeport

[98] Green Freeports

3.2 Ports and fish landings

Beyond these major ports, there is a network of Scottish ports that provide vital infrastructure for sea fisheries, as locations for landings, supplies, and onward transportation. Table 3 shows that in 2023 it was estimated that £523m worth of sea fish caught by UK vessels was landed in Scottish ports, where demersal species (those living near the bottom of the sea) accounted for 38% of these landings by value, shellfish 32% and pelagic species (species that inhabit the open water column away from the seabed) 30%. A summary of recent 'lived-in experiences' interviews with sea fishing representatives, where recent challenges and opportunities in the sector were discussed, can be found on SRUC's Rural Exchange[99].

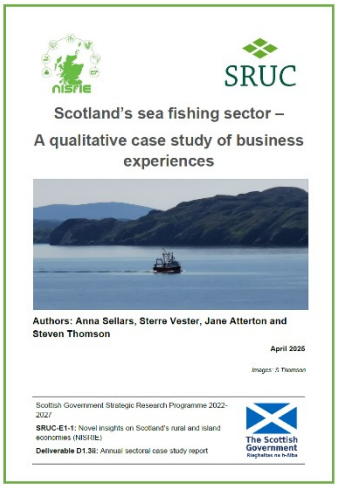


Table 3 Landings into major ports in Scotland by UK vessels, 2023

Port	Value of catch			
	Total Value	Demersal %	Pelagic %	Shellfish %
Peterhead	£207.9m	36%	55%	9%
Lerwick	£69.6m	36%	62%	2%
Fraserburgh	£32.0m	34%	1%	65%
Scrabster	£31.7m	85%	0%	15%
Ullapool	£22.5m	82%	0%	18%
Kinlochbervie	£13.4m	89%	0%	11%
Scalloway and Isles	£11.9m	90%	3%	7%
Cullivoe	£8.2m	91%	0%	9%
Mallaig	£5.6m	4%	2%	94%
Oban	£5.2m	7%	0%	93%
Pittenweem	£5.2m	0%	1%	99%
Stornoway	£4.7m	1%	0%	99%
Kirkcudbright	£3.7m	0%	0%	100%
Troon and Saltcoats	£3.6m	0%	0%	100%
Eyemouth	£3.4m	1%	2%	98%
Lochinver	£3.4m	70%	0%	30%
Campbeltown	£3.2m	0%	0%	100%
Portmahomack	£0.3m	74%	0%	26%
Other Scottish Ports	£88.2m	12%	1%	88%
SCOTLAND	**£523.7m**	**38%**	**30%**	**32%**

Data: (Marine Management Organisation, 2024)[100]

Peterhead was, by far, the most important port for domestic landings in 2023, accounting for 40% of landings by value, followed by Lerwick (13%), Fraserburgh (6%), Scrabster (6%), Ullapool (4%), Kinlochbervie (3%), Scalloway and the Isles (2%). The minor ports spread across the country were responsible for 17% (£88m) of landings from UK vessels in Scotland. Scottish Government (2024) multipliers[101] suggest a 2021 type II output

[99] Views from Scotland's sea fishing sector

[100] Marine Management Organisation (2024) UK sea fisheries annual statistics report 2023 https://www.gov.uk/government/collections/uk-sea-fisheries-annual-statistics

[101] Scottish Government (2024) Supply, Use and Input-Output Tables: 1998-2021 https://www.gov.scot/publications/input-output-latest/ noting that 2019 multipliers were used following Scottish Government Guidance: "*due to the large structural changes and behaviours, unless the intention is to specifically model the economic impacts within the 2020 or 2021 pandemic years, it is strongly recommended that the 2019 model of the economy and associated multipliers are used as a proxy for post pandemic impact modelling".*

multiplier of 1.38 for fishing, meaning for every extra £1 million generated by the sector, an extra £0.38 million would be generated in the wider economy through direct supply chain effects, as well as induced ripple effects as earnings, profits and wages are spent. Further, the Type II Gross Value Added (GVA) effect was estimated at 0.77, meaning that after direct, indirect and induced impacts are considered, every £1 million change in fishing sector revenue would change Scottish GVA by £0.77 million. The Type II employment effect of 15 and the income effect of 0.32 suggest that for every extra £1 million generated by the fishing sector, 15 jobs and £0.32 million in extra wages would be attributable to the sector.

Each port has a different composition of landed species. For example, shellfish such as Nephrops - langoustine, scallops, or lobsters - accounted for the vast majority of landings in Mallaig, Oban, Pittenweem, Stornoway, Kirkcudbright, Troon and Saltcoats, Eyemouth and Campbeltown. In contrast, about 90% of the value of landings in Kinlochbervie, Cullivoe, Scalloway and Isles were demersal species (such as monkfish/other angler species, cod, haddock and hake). Table 4 details the top three species landed by UK vessels in Scottish ports in 2023, where mackerel (24.5%), langoustine (nephrops) (16.5%), haddock (8%), cod (7.9%) and monkfish/anglers (7.2%) accounted for 64% of the landings by value.

Table 4 Top three sea fish species landed (by value) in Scottish ports by UK vessels, 2023

Port	Top 3 species by value					
	First		Second		Third	
Peterhead	Mackerel	43%	Cod	10%	Haddock	9%
Lerwick	Mackerel	52%	Cod	9%	Herring	9%
Fraserburgh	Nephrops	48%	Monks or Anglers	14%	Scallops	7%
Scrabster	Monks or Anglers	18%	Cod	14%	Hake	13%
Ullapool	Monks or Anglers	30%	Haddock	29%	Nephrops	11%
Kinlochbervie	Monks or Anglers	22%	Haddock	18%	Cod	13%
Scalloway and Isles	Cod	27%	Haddock	21%	Monks or Anglers	15%
Cullivoe	Monks or Anglers	20%	Cod	17%	Haddock	16%
Mallaig	Nephrops	84%	Scallops	9%	Sprats	2%
Oban	Nephrops	49%	Scallops	36%	Other Shellfish	8%
Pittenweem	Nephrops	46%	Other Shellfish	35%	Lobsters	13%
Stornoway	Nephrops	89%	Scallops	3%	Crabs	3%
Kirkcudbright	Scallops	93%	Other Shellfish	4%	Lobsters	2%
Troon and Saltcoats	Nephrops	71%	Other Shellfish	24%	Crabs	3%
Eyemouth	Nephrops	70%	Lobsters	15%	Crabs	12%
Lochinver	Nephrops	27%	Ling	26%	Hake	25%
Campbeltown	Nephrops	89%	Scallops	6%	Lobsters	3%
Portmahomack	Haddock	74%	Lobsters	23%	Crabs	2%
Other Scottish Ports	**Nephrops**	**34%**	**Lobsters**	**20%**	**Crabs**	**17%**
SCOTLAND	**Mackerel**	**24%**	**Nephrops**	**16%**	**Haddock**	**8%**

Data: (Marine Management Organisation, 2024)[102]

3.3 Timber transport

Some of Scotland's ports also provide vital infrastructure services for the public service shipping contract 'TimberLINK'[103]. TimberLINK transports timber by sea from Argyll (from Ardrishaig, Campbeltown and Sandbank) to ports in Ayr and Troon for onward transport to processing plants in Ayrshire (Troon, Auchinleck, Girvan and Irvine). Timberlink, funded by

[102] Marine Management Organisation (2024) UK sea fisheries annual statistics report 2023 https://www.gov.uk/government/collections/uk-sea-fisheries-annual-statistics
[103] Scottish Forestry - TimberLINK

the Scottish Government since 2000/01, has helped reduce the impacts of road haulage on communities, the environment, and the road network. Table 5 shows that the accumulated cost and tonnage of the service alongside the avoided road mileage, lorry trips and greenhouse gas emissions for selected years. Between 2000/01 and 2024/25 this infrastructure service transported over two million tonnes of timber by sea, avoiding the need for more than 98,000 lorry journeys covering 23 million miles and 44,000 tonnes of CO_2e greenhouse gas emissions. The overall cost from 2000/01 to 2024/25was £19.2 million.

Table 5 TimberLINK cumulative cost, tonnage, miles and lorries reduced and emissions avoided, 2001-2022 to 2001/02 to 20245/25

Year (accumulated impacts)	Subsidy (£)	Timber Transported (Tonnes)	Distance reduced (Miles)	Lorries avoided	Emissions avoided (tCO2eq.)
2000/01	£0.4m	75.6k	0.8m	3.3k	3.1k
2001/02 to 2020/21	£7.9m	1,106.5k	11.5m	48.1k	23.5k
2001/02 to 2010/12	£16.0m	1,983.6k	20.2m	86.2k	40.5k
2001/02 to 2024/25	£19.2m	2,263.1k	23.0m	98.4k	44.2k

Source: Scottish Forestry (2025) Strategic Timber Transport Fund – Annual Report 2024-2025 [104]

3.4 Ferry routes and marine vessels

Scotland's ferries provide vital connectivity to and from mainland Scotland and between islands for residents, businesses and tourists alike, but by the very nature of this mode of transport, they are subject to inclement weather-related delays and cancellations. Projected worsening weather due to climate change could cause increased levels of disruption to ferry services and damage to port and harbour infrastructure[105], emphasising that the resilience of Scotland's ferry fleet both now and in the future is a key concern for all users.

Map 2 shows 154 of Scotland's active ferry routes by type. These ferry services range from commercial routes that only operate during the summer months, to so-called 'lifeline services'[106] from the Scottish mainland and between islands and peninsular communities, which operate year–round. The length of Scotland's ferry routes varies greatly, from those under 1 kilometre in distance, such as the Mull to Ulva service and the former Renfrew to Yoker service in Glasgow[107], to the Aberdeen – Lerwick service with a route length of over 350 kilometres. Ferries to the Northern Isles (Orkney Islands and Shetland Islands) and Clyde and Hebrides islands receive funding from the Scottish Government. Other key ferry services covering inter-island routes include services run by Shetland Islands Council,

[104] https://www.forestry.gov.scot/forestry-business/timber-transport/strategic-timber-transport-scheme
[105] Our Approach to Adaptation and Resilience | Transport Scotland
[106] Cabinet Secretary for Transport, Fiona Hyslop MSP: "This Government is fully committed to ensuring lifeline ferry services are delivered efficiently and with best value for island and rural communities." In this context, these lifeline services are publicly subsidised https://www.transport.gov.scot/news/clyde-and-hebrides-ferry-services-agreements-signed/
[107] The ferry service ended in 2025 with the opening of a new bridge service Renfrew Ferry: historic river crossing ends after new bridge opens - BBC News

Orkney Islands Council, Argyll and Bute Council, Highland Council, Western Ferries and Pentland Ferries[108].

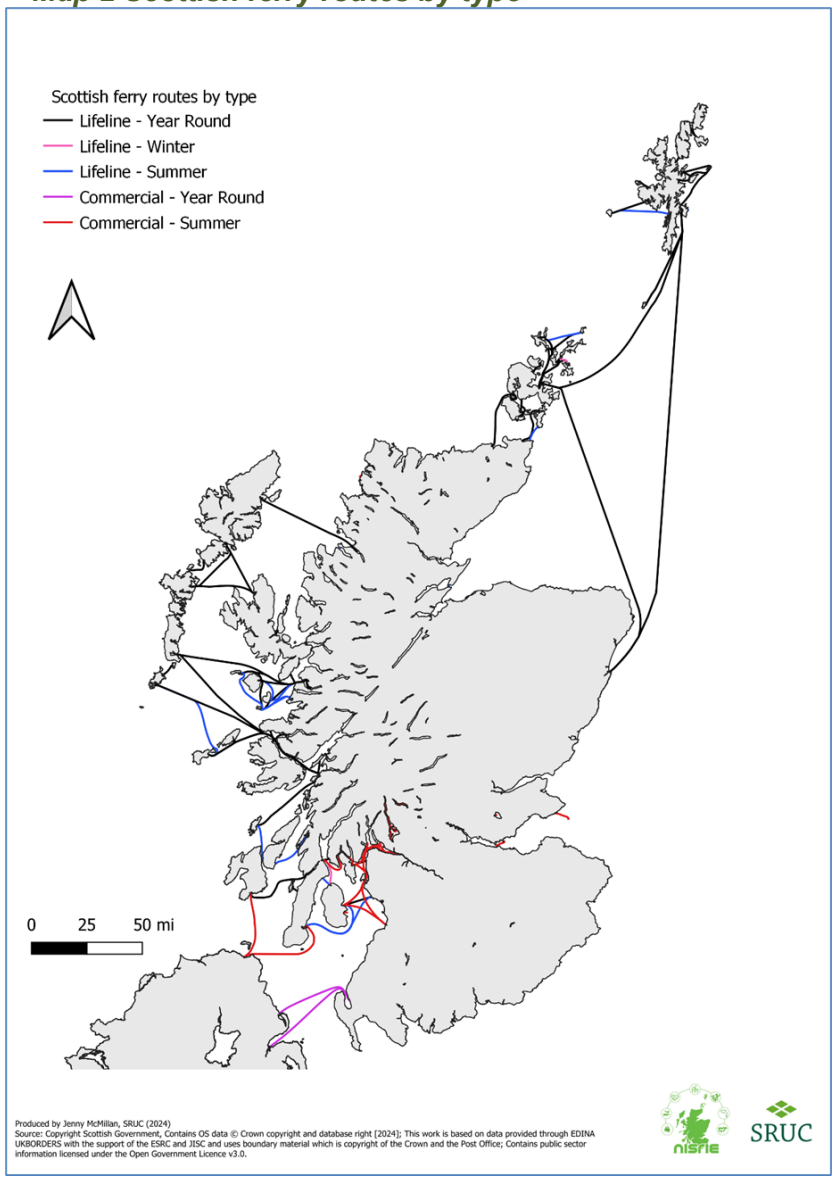
The types of funding for routes are illustrated in Map 3. This shows which ferry routes are subsidised by the Scottish Government, local authorities, private companies or a mixture of subsidy types. Funding Scotland's ferry network is expensive, with the Scottish Government reporting that in the last decade, the gap between operational costs and revenue from ferry fares on the Northern Isles and Clyde and Hebrides Islands routes has widened by nearly 100%[109]. Similarly, Shetland Islands Council has reported higher revenue funding requirements in recent years[110].

Previous research has highlighted the extra living costs for households in remote Scotland, and in particular, the higher travel costs[111]. As island residents need to travel to mainland Scotland for a range of reasons, the affordability of ferry and air travel is crucial. Ferry concessions are available to island residents if they meet the eligibility criteria and have a National Entitlement Card[112]. The concessions provide eligible island residents with four free single (two return) trips to the mainland annually. Eligible people include those aged 5-21, full-time volunteers up to the age of 26, those aged 60 and over, and disabled people and companions who meet the specific criteria. Concessions for older residents and disabled people with a National Entitlement Card are available in Na h-Eileanan an Iar, Orkney or Shetland. However, the availability of concessions depends on the local authority of the residents. For 16 – 21 year olds an appropriate National Entitlement Card[113] the concessions are available in Na h-Eileanan an Iar, Orkney, Shetland, as well as islands in North Ayrshire, Argyll and Bute, and in Highland Council areas . Following the Fair Fares Review (March 2024[114]), the Scottish Government now provides free foot passenger travel for inter-island travel in Orkney, Shetland and the Outer Hebrides for cardholders under the age of 22[115].

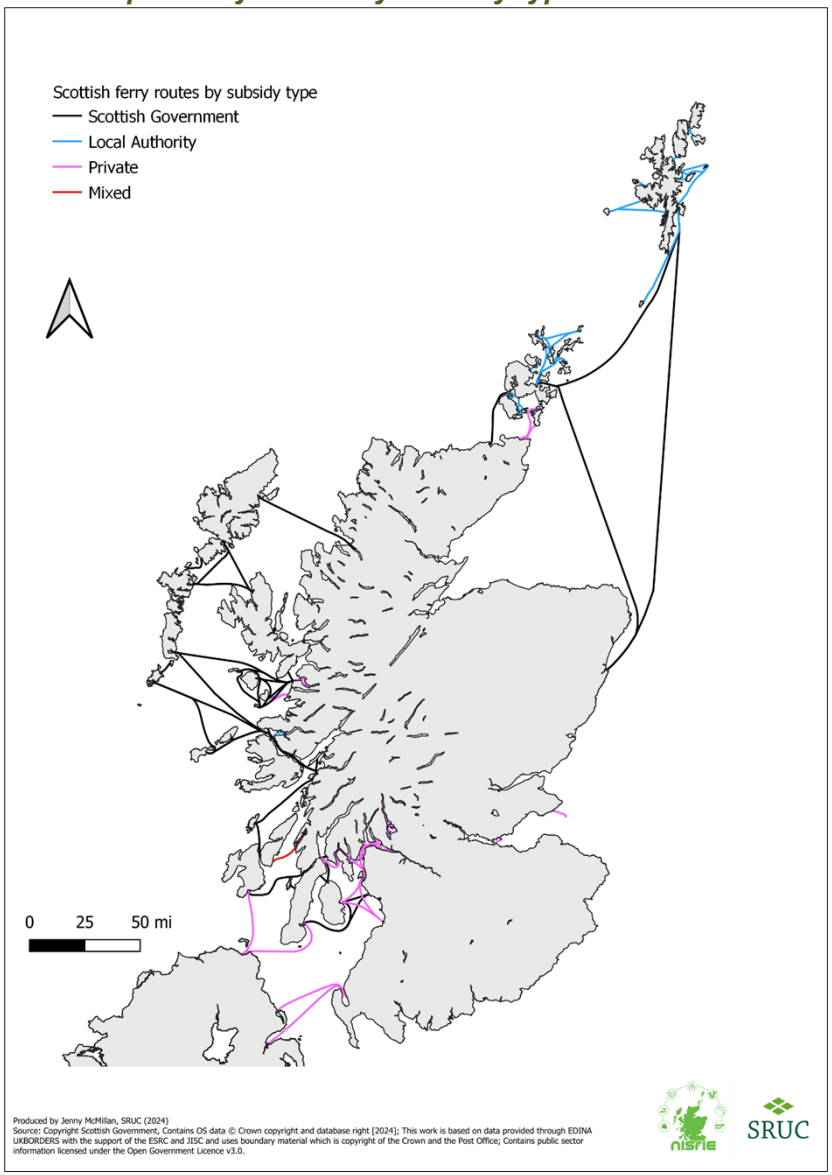
Photo: Young Scot concession card Ultimate Guide to Young Scot Card 2024

[108] Ferry Services Managed by Transport Scotland
[109] Islands Connectivity Plan (transport.gov.scot)
[110] Inter-island transport connectivity – Shetland Islands Council
[111] The Cost of Remoteness: Reflecting higher living costs in remote rural Scotland when measuring fuel poverty (www.gov.scot)
[112] Ferry concessions for National Entitlement Card holders - mygov.scot
[113] Young Scot National Entitlement Card – Young Scot
[114] Fair Fares Review
[115] Free inter-island ferry travel introduced for young people in Orkney, Shetland and the Outer Hebrides | Transport Scotland

Map 2 Scottish ferry routes by type



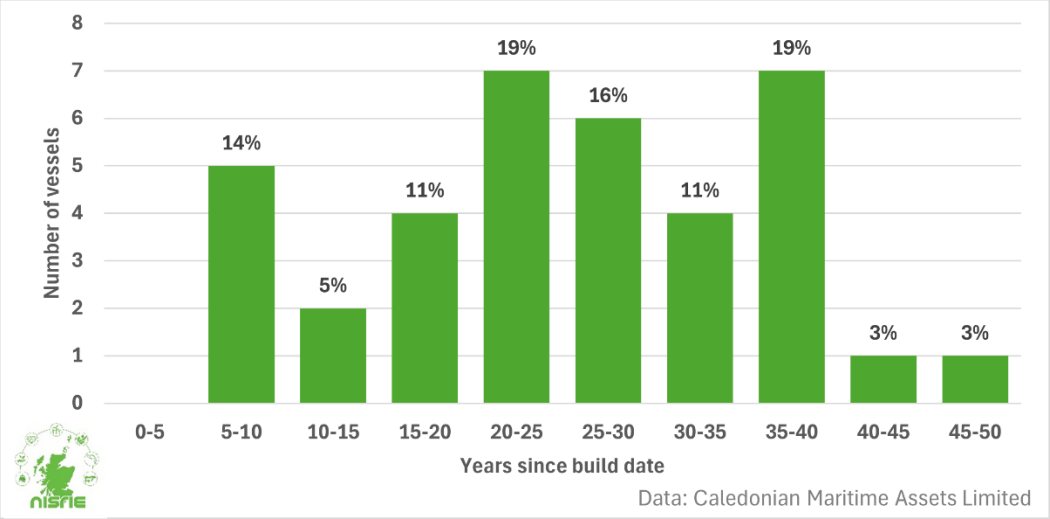
Map 3 Ferry routes by subsidy type



The ageing of Scotland's ferry fleet, the resulting impacts of increased maintenance and delays in the delivery of new ferries have been well documented in recent years[116]. One outcome of this was the cancellation of the Ardrossan – Campbeltown lifeline summer service[117] during 2024. The Scottish Ferries Plan 2013 – 2022 published in 2012[118], stated the Scottish Government's intention to replace vessels at approximately 30 years of age, whilst the Vessels and Ports Plan[119] (as part of the Islands Connectivity Plan[120]) sets out that average vessel age should be around 15 years by 2030 in order to bring about reliability and resilience of the fleet.

Currently, the average age of the 37 ferries operated by CalMac Ferries Ltd and Serco NorthLink Ferries (vessels owned by Caledonian Maritime Assets Limited (CMAL), which is owned by the Scottish Government) is over 25 years[121], with the most aged, the MV Isle of Cumbrae, 48 years old this year. Figure 11 reveals the age distribution of CalMac and NorthLink ferries, 26 (or 70%) of which were built over 20 years ago and 16 (or 43%) built between 28 and 48 years ago. There was a similar picture in the Shetland Islands, where the Local Authority reports that the fleet's age is on average nearly 30 years old, with four vessels close to 40 years of age[122]. In Orkney, data from Orkney Ferries Ltd reveals that of the nine vessels in its fleet, the average age is 31 years since build date, the youngest vessel being 12 years old, and the second youngest 28 years old[123].

Figure 11 Age distribution of CMAL owned Ferries (covering CalMac and NorthLink), 2024[124]



Looking forward, six vessels for the Clyde and Hebrides and Northern Isles networks are currently under construction, with business cases close to completion and at an early development stage for a number of other vessels[125]. The MV Hebridean Isles, built in

[116] CalMac ferries upkeep costs almost triple in five years - BBC News
[117] Kintyre: Ardrossan - Campbeltown | CalMac Ferries
[118] The Scottish Ferries Plan 2013 – 2022
[119] The Vessels and Ports Plan for the Clyde and Hebrides and Northern Isles networks (2024 – 2045) Draft for consultation
[120] Islands Connectivity Plan | Transport Scotland
[121] Ferries | CMAL Caledonian Maritime Assets Ltd (cmassets.co.uk)
[122] Inter-island transport connectivity – Shetland Islands Council
[123] Orkney Ferries | Find out more about our fleet of ferries
[124] Ferries | CMAL Caledonian Maritime Assets Ltd (cmassets.co.uk)
[125] Objectives | Transport Scotland

1985, was retired in November 2024[126], with the Turkish-built MV Isle of Islay set to replace the vessel on the Islay route[127] late in 2025 following build delays[128]. It is intended that Scotland's ferry fleet in the future will also be greener, with the target for 30% of Scottish Government-owned ferries to be low-emission by 2032[129]. In 2024, 8% of the fleet was zero or low emission, a rate which has remained static since 2018[130] despite commitments to reduce emissions from Scottish transport.

The Scottish Government financially supports Orkney Islands Council, Shetland Islands Council, Highland Council and Argyll & Bute Council to run their ferry services (over £178m in the period 2018/19 – 2023/24[131]). The Scottish Government has also been working with Transport Scotland and the Orkney Islands Council and Shetland Islands Council on the Orkney Internal Ferry Replacement Task Force[132] and Shetland Internal Ferry Replacement Task Force[133] as the local authorities work towards modernising their fleets. In October 2024, the Scottish Government announced £3m of funding to assist with an electric ferry pilot and business case for replacing the ferry fleet[134]. Additionally, in 2023 Orkney Islands Council was awarded £15m for two new electric ferries from the UK Government's Zero Emission Vessel and Infrastructure Fund[135] whilst close to £27m of UK Government Levelling Up funds was set aside provisionally for a new ferry to Fair Isle from the Shetland Mainland[136].

Ferries may also be replaced by fixed links in the future (the construction of tunnels, causeways and bridges to link islands). This was a recommendation set out in the second Strategic Transport Projects Review (STPR2)[137] for a business case to look at fixed link options for existing ferry routes for the Sound of Harris, Sound of Barra and mainland Scotland and Mull, which could increase connectivity, reliability and options of when to travel for users. The Island Connectivity Plan Strategic Approach consultation[138] noted, however, that some concerns were raised by island communities on possible future fixed links concerning an erosion of island identity, more road traffic, environmental impacts and local services losing out to those off the islands.

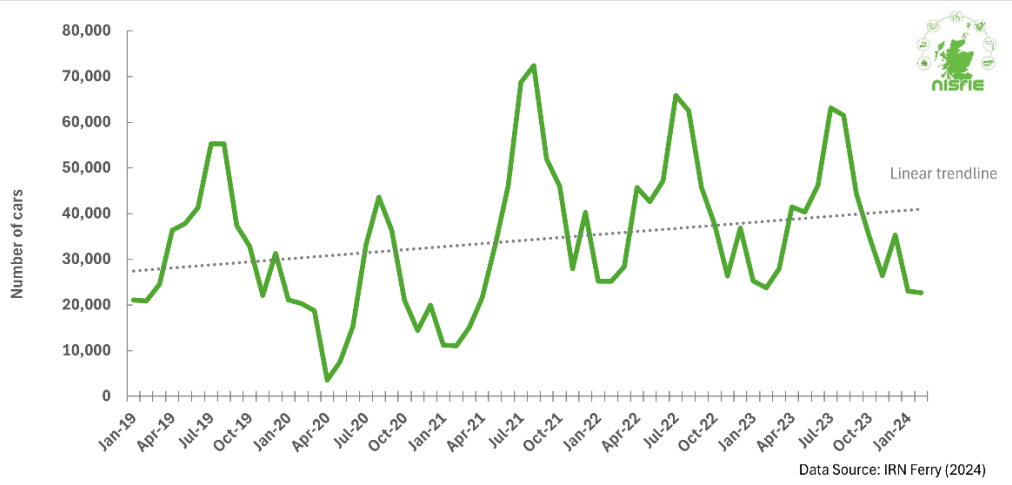
3.5 Ferries from Scotland to Northern Ireland

Aside from summer ferries travelling to and from Islay and Campbeltown to Ballycastle in Northern Ireland, the ferries operated by P&O Ferries and Stena Line from the ports at Cairnryan / Loch Ryan (near Stranraer) to Larne and Belfast respectively, are the only

[126] A fond farewell to MV Hebridean Isles | News | Corporate CalMac
[127] MV Hebridean Isles to be retired in November as CalMac and CMAL modernise major vessel fleet | Corporate CalMac
[128] Fresh delays to Turkish-built CalMac ferries - BBC News
[129] Update to the Climate Change Plan 2018 – 2032
[130] Climate Change Monitoring Report 2024 (www.gov.scot)
[131] Islands Connectivity Plan (transport.gov.scot)
[132] Ferry Replacement Task Force - Orkney Islands Council (OIC) and Scottish Government (SG) | Transport Scotland
[133] Ferry Replacement Task Force - Shetland Islands Council (SIC) & Scottish Government (SG) | Transport Scotland
[134] Orkney ferry funding - gov.scot (www.gov.scot)
[135] £80 million boost for coastal communities and green shipping as London International Shipping Week gets underway - GOV.UK (www.gov.uk)
[136] £26.8 million to upgrade Fair Isle ferry (Levelling Up Fund 2) - Case study - GOV.UK (www.gov.uk)
[137] Final summary report - December 2022 - STPR2 | Transport Scotland
[138] The Islands Connectivity Plan – Strategic Approach – draft for public consultation

year-round ferries travelling to and from destinations outwith Scotland. Figure 12 summarises data on the number of cars crossing by ferries from Scotland to Northern Ireland from 2019-2024. The positive slope of the trend line reveals that over the period January 2019 to January 2024 there was a steady increase in the number of cars crossing (as well as illustrating the peak in cars crossing during the summer months). Additionally, ferries sailing from the port of Cairnryan carried the highest volume of cars in Scotland in 2023: 470,422.

Figure 12 Cars crossing by ferry from Scotland to Northern Ireland, 2019-2024



Traffic reaches the ports at Cairnryan via the A75 and A77 trunk roads, as illustrated in Map 4. The A75 and A77 are recognised as key roads in respect of connectivity between Great Britain and Northern Ireland[139,140,141]. Upgrades to these roads have been highlighted to bring several benefits, including safety, time savings and wider economic impacts[142]. There have been recent developments on these road improvements, including the Strategic Transport Projects Review 2[143] (2022), which recommended upgrades to the A77 and A75 roads. Then in December 2023, the previous UK Government pledged funding for selected improvements to the A75, providing £8m to the Scottish Government's business case for this purpose[144].

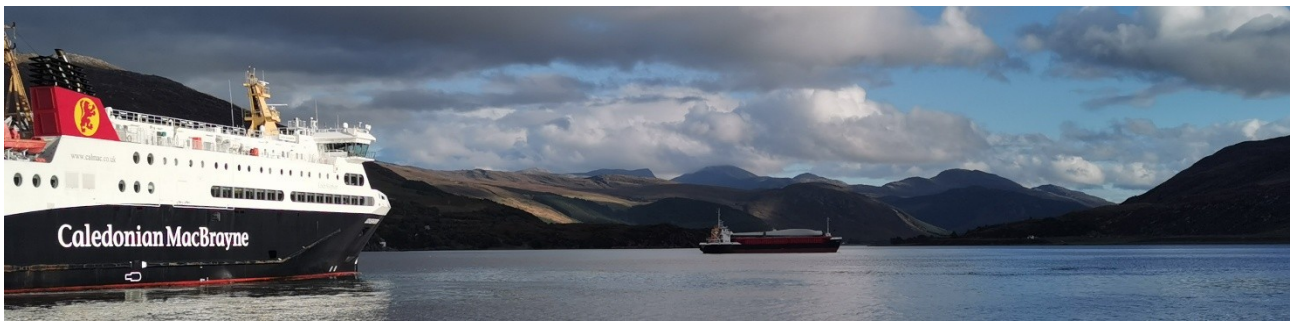


Photo: Very Remote Mainland – Calmac ferry, Ullapool with wind turbine freight in background (S Thomson)

139 South West Scotland Transport Study – Initial Appraisal – Case for Change
140 Union Connectivity Review
141 A75 A77 Economic Impacts Report - Dumfries and Galloway Council (dumgal.gov.uk)
142 transport improvement study a77/a75 (dumgal.gov.uk)
143 Final summary report - December 2022 - STPR2 | Transport Scotland
144 Government response to Union Connectivity Review - GOV.UK (www.gov.uk)

Map 4 Location of A75 and A77 trunk roads

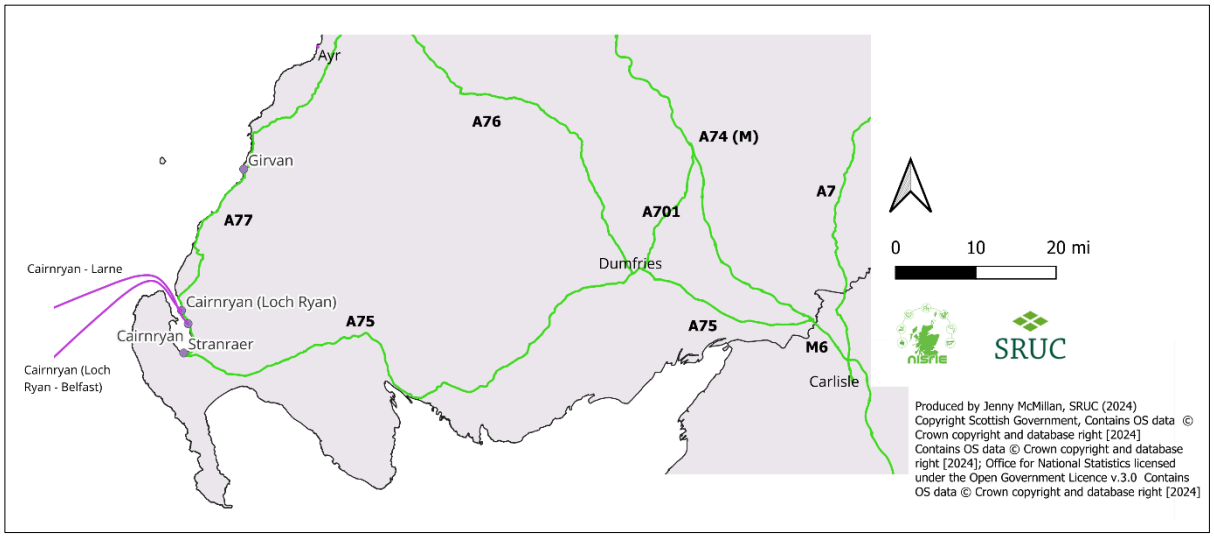
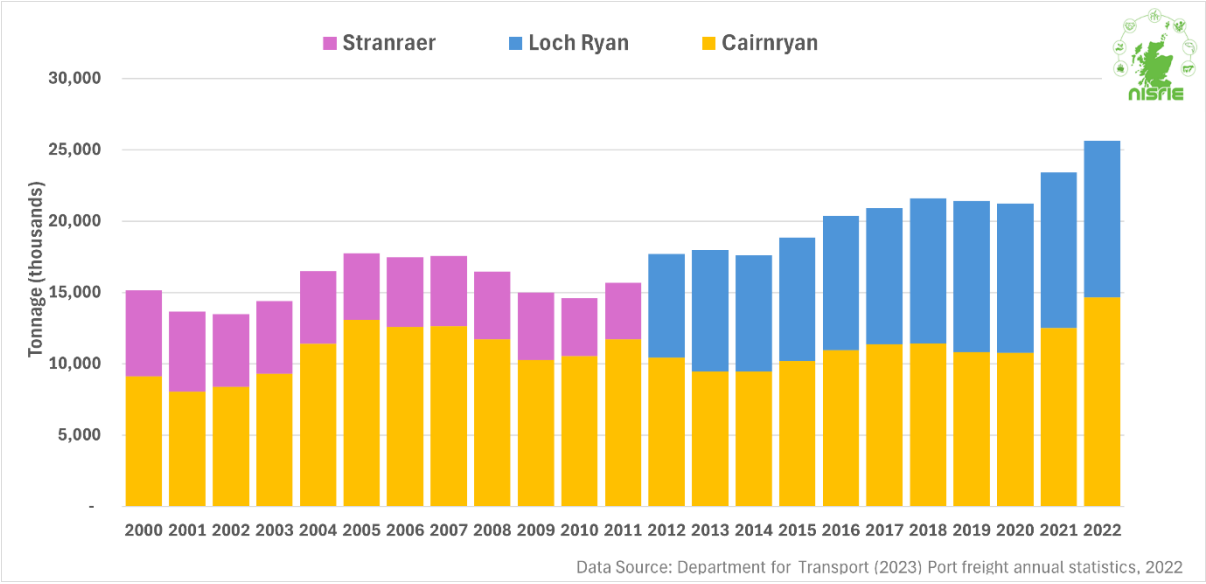


Figure 13 presents data on freight at the ports of Cairnryan and Loch Ryan since 2000 (and the port of Stranraer, which ceased operations in 2011). This reveals a general increase in freight passing through Cairnryan and Loch Ryan since 2013. In terms of freight traffic, onward freight vehicle journeys have been found to be predominantly towards the A75[145] providing onward access to the M6 to England. The resulting increase in associated car and freight traffic on routes to Cairnryan as a consequence of the increased use of the ports would point to strengthening the case for timely improvements to the transport infrastructure of South West Scotland, via upgrades to the A75 and A77 trunk roads.

Figure 13 Freight (tonnage) at ports of Stranraer, Cairnryan and Loch Ryan, 2000-2022



Transport Scotland[146] reports that Dumfries and Galloway contains the third highest proportion of the road network by local authority in Scotland (8%). However, the latest

[145] swsts-inital-appraisal-case-for-change-including-appendices.pdf (transport.gov.scot)
[146] Chapter 4 - Road network | Transport Scotland

Scottish Government road network and traffic data for 2022 reveals that 47% of roads in Dumfries and Galloway were classed as needing repairs with a red or amber classification[147]. This was the second highest proportion in the country, with 50% of roads in Argyll and Bute needing repairs. The average for Scottish local authorities was 33% in 2022.

3.6 Seasonality of passengers by ferry route

Data relating to the number of passengers travelling by ferry routes in 2023 was analysed to compare the level of seasonality of passenger journeys on different ferry routes in Scotland. Seasonal swings in service use can drive seasonality of employment in the workforce and associated services, and lead to operational efficiency challenges. For this purpose, a ratio was created to reflect the difference in the peak month passengers in comparison to the passenger numbers in the month with the lowest number of passengers for each route. The higher the resulting ratio, the greater the level of seasonality on the route (acknowledging that in peak season, passenger numbers are constrained on some routes by physical capacity). Although data were not obtained for all routes in Scotland, results for CalMac and NorthLink ferry routes are presented. It should be noted that CalMac data was based on estimates from April 2023 due to the establishment of a new ticketing and reservations system in May 2023. It is acknowledged that ferry disruptions and cancellations may affect the resultant ratios.

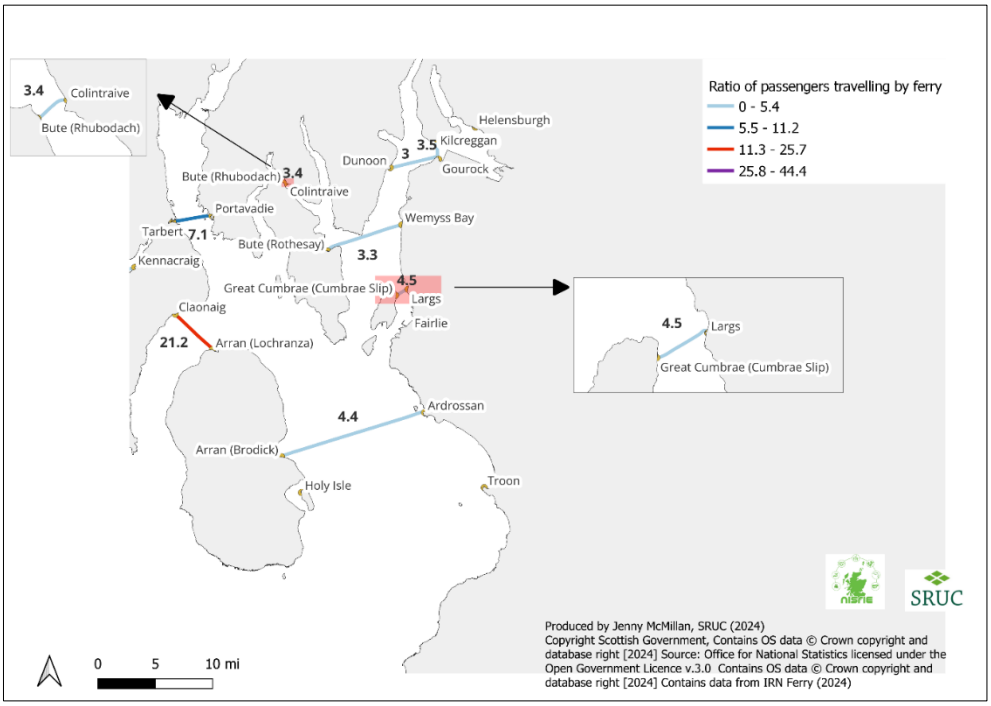
$$\textbf{\textit{Ferry Seasonality Ratio}} = \frac{Maximum\ monthly\ passengers}{Minimum\ monthly\ passengers}$$

Map 5 shows the ferry routes and associated seasonality ratios for the Clyde Islands region. The Lochranza (Arran) to Claonaig (Kintyre) service experienced the greatest seasonality in passenger numbers over the course of 2023 with a ratio of 21.2 (that is the peak travel month had more than 21 times the number of passengers than in the lowest month). The Tarbert - Portavadie service saw the second greatest seasonality in the Clyde Island region with a ratio of 7.1. Lower ratios for the services from Wemyss Bay to Rothesay, Gourock to Dunoon and Gourock to Kilcreggan (all 3.5 or less) would indicate that these routes are used by passengers at a fairly consistent level throughout the year. The slightly higher ratios for the Ardrossan – Brodick (Arran), (4.4) and Largs – Cumbrae Slip (4.5) is likely to point towards tourist visits during the summer months.

Photo: Very Remote Mainland – wind turbine blade transportation (S Thomson)

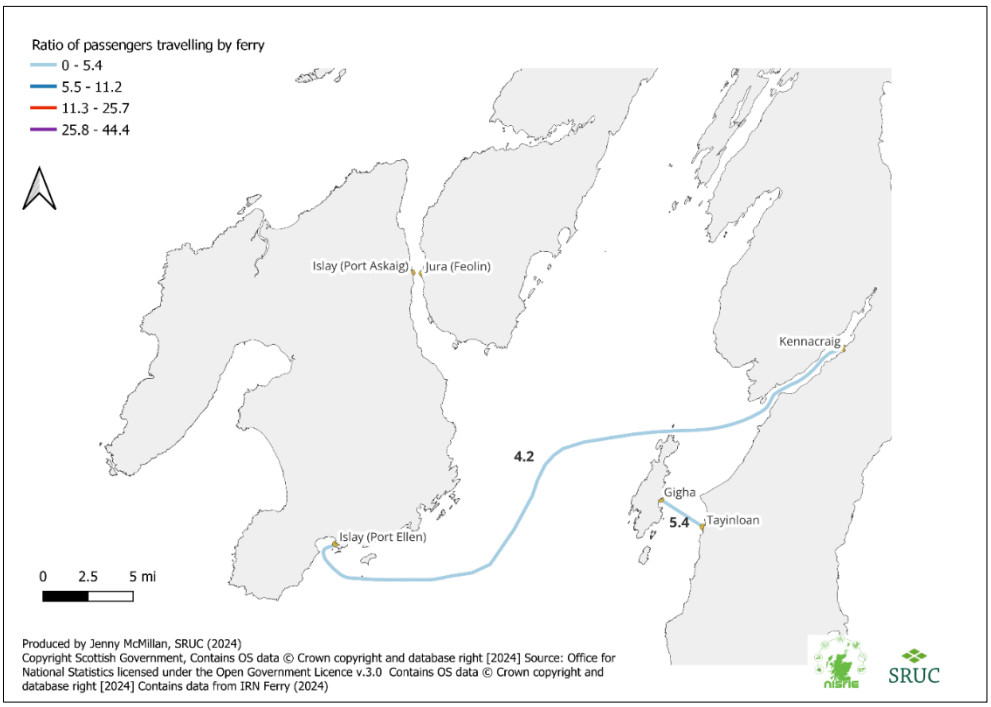
[147] Road Network and Traffic statistics.gov.scot

Map 5 Ratio of passenger journeys by ferry route, Clyde Islands region, 2023



Map 6 reveals that there was relatively low seasonality ratios for passengers travelling from Kennacraig to Port Ellen on Islay (4.2) and Tayinloan to Gigha (5.4).

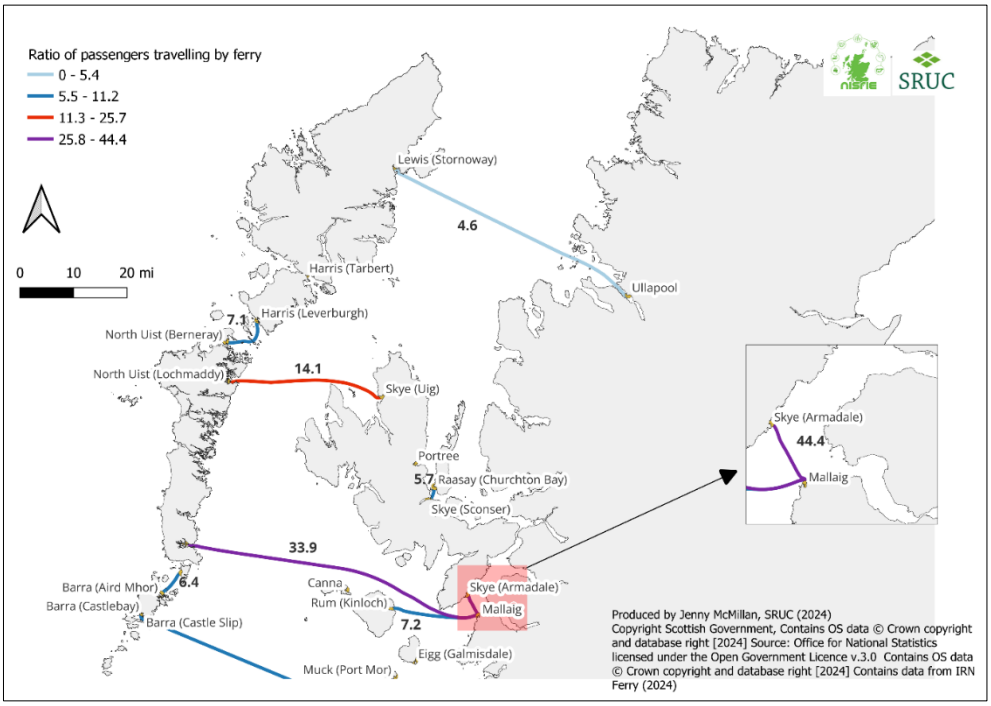
Map 6 Ratio of passenger journeys by ferry route, Islay and Gigha, 2023



Services to the Outer Hebrides and Skye show some of the greatest seasonality in passenger journeys (see Map 7). The Mallaig to Armadale ferry had around 830 passengers crossing in January 2023 compared with around 36,900 passengers in August 2023, is the route with the greatest variability in passenger numbers in 2023 (of the routes

data has been obtained for) with a ratio of 44.4. The Mallaig to South Uist (Lochboisdale) service also shows a high degree of seasonality with a ratio of 33.9, whilst the Skye (Uig) to North Uist (Lochmaddy) service has a ratio of 14.1.

Map 7 Ratio of passenger journeys by ferry route, Outer Hebrides and Skye, 2023

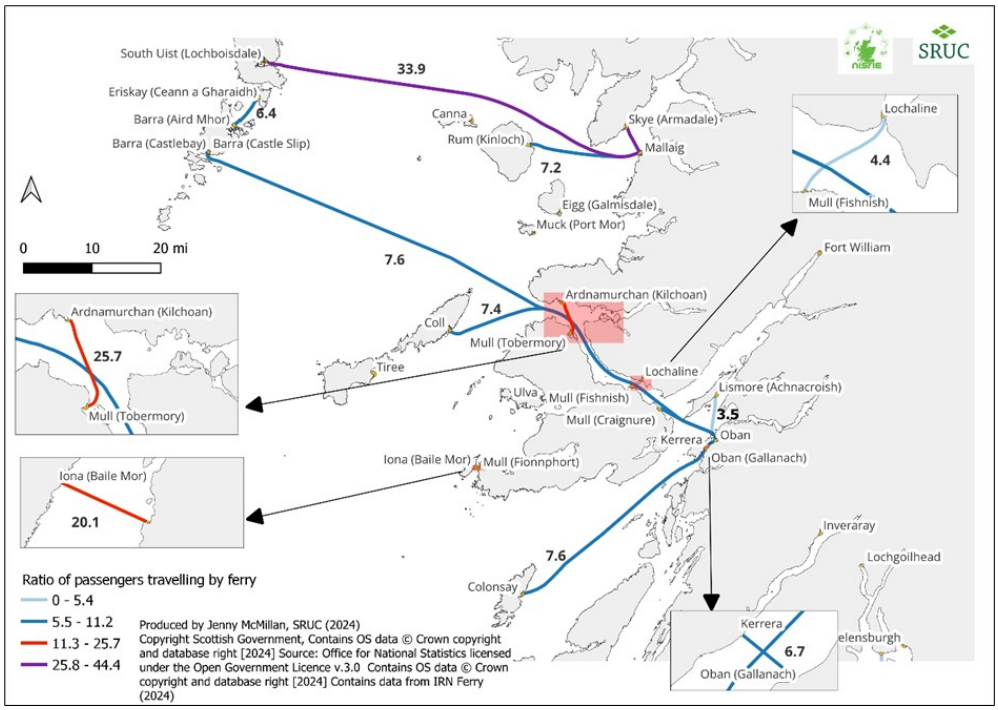


Ferry services to the Inner Hebrides where ratios could be calculated on passenger numbers are detailed in Map 8. There was a high degree of seasonality in 2023 on ferries to Iona (20.1) illustrating the high level of tourist visits to the island of Iona, with over 36,000 passenger journeys in August 2023 compared with just over 1,800 in the 'off-season' in January 2023. Additionally, there was a high level of seasonality of passenger journeys via the ferry service from Tobermory on Mull to Ardnamurchan, with a ratio of 25.7. This ferry service operates on a reduced winter timetable from the end of October to the end of March, with around 340 passengers crossing in January 2023 compared with a high of around 8,650 in August 2023.

The Oban – Craignure on Mull service shows less seasonality over the year, with a ratio of 6.3. The findings also highlight the high summer usage of the Tobermory – Ardnamurchan service, with high levels of tourism in the area previously recognised by funding of the Ardnamurchan Lighthouse Project[148] under the Scottish Government's Rural Tourism Infrastructure Fund, managed by VisitScotland[149]. Where specific routes show high levels of seasonality in passenger numbers, this may indicate areas where similar funding could support tourism provision and improvements to local infrastructure.

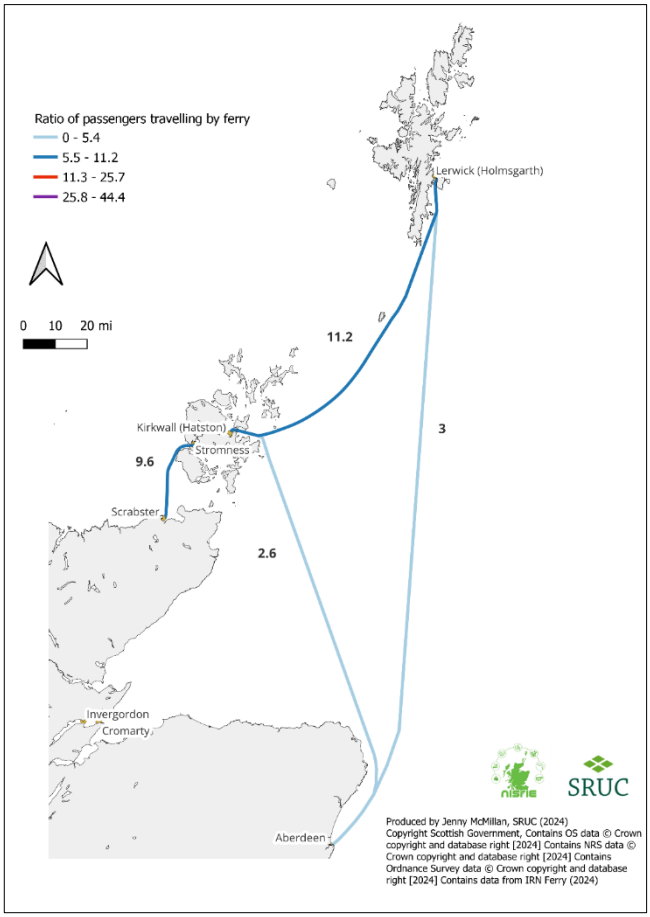
[148] See Projects - Ardnamurchan Lighthouse Trust
[149] Rural Development Fund - Funding | VisitScotland.org

Map 8 Ratio of passenger journeys by ferry route, Inner Hebrides, 2023



Map 9 Ratio of passenger journeys by ferry route, Northern Isles, 2023

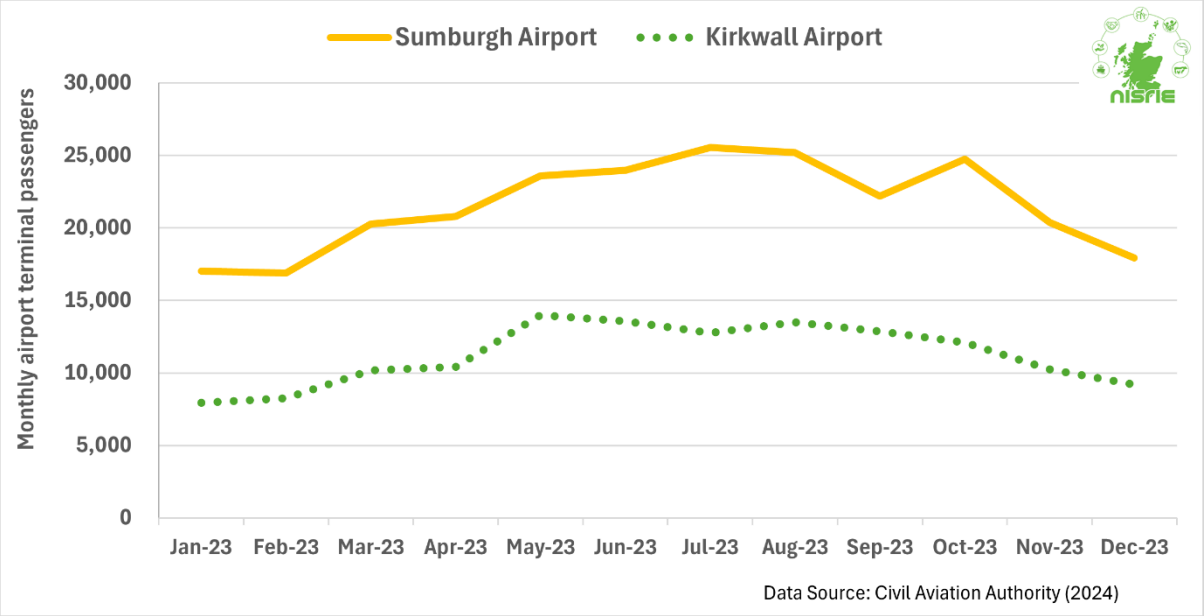
Ferries from Aberdeen to Lerwick and Aberdeen – Kirkwall – Lerwick are operated by NorthLink ferries, with a total of five passenger and freight vessels leased from CMAL to Serco Northlink Ferries. Map 9 highlights that, of the Kirkwall to Lerwick and the Scrabster to Stromness routes, the highest level of seasonal variation was on the Kirkwall to Lerwick route (11.2) followed by the Stromness to Scrabster route (9.6).



3.6.1 Kirkwall and Lerwick air passengers

Data from the Civil Aviation Authority (CAA) reveals that terminal passenger numbers at Sumburgh Airport in Shetland and Kirkwall Airport in Orkney in 2023 also showed a degree of seasonality, although passenger numbers were considerably higher at Sumburgh Airport (see Figure 14).

Figure 14 Sumburgh and Kirkwall airport terminal passenger numbers, 2023



CAA data shows that there were 258,537 air passengers at Sumburgh Airport in 2023 compared to 161,713 passengers (37% fewer) that travelled on the Aberdeen – Lerwick and Kirkwall – Lerwick ferry routes combined during 2023. This reinforces the popularity, convenience and importance of flights to Shetland (from a number of locations on mainland Scotland – including business travel for the renewable energy, space port, oil sector and aquaculture industries). Further, a lack of cabin space for passengers on the overnight service from Aberdeen – Lerwick has been cited recently as an issue, particularly during periods of significant renewable energy construction activity[150].

Considering these factors reinforces the importance to Scotland's island communities of air transport and the lifeline aspect of air connectivity, in particular the Shetland Islands. Low carbon aviation is part of Scottish Government's plan for reduced emission island travel in the context of a Just Transition, set out in the Islands Connectivity Plan and Transport Scotland's Aviation Statement and Key Priorities[151] which highlights the future prospect of small hydrogen aircraft operating on various flight routes within Scotland.

In addition to the Northern Isles, flights to other island and peninsula community airports in Scotland provide vital connectivity for communities, but are also often subject to weather-related disruptions, as highlighted in the 2023 Rural and Islands Report. Using the seasonality ratio described above, Table 6 reveals that, similar to ferry routes, passenger journeys to island and peninsula community airports in Scotland show seasonality in patronage. The seasonal variation was strongest (i.e. with the highest ratios) for journeys to and from Campbeltown, Tiree and Barra at around 3 (meaning three times more passengers in peak months compared to quiet months), compared to Sumburgh (Shetland) and Benbecula at 1.5.

[150] Islands Connectivity Plan (transport.gov.scot)
[151] Aviation Statement and Key Priorities

Table 6 Passenger seasonality ratio for selected community airports, 2023

Airport	Seasonality Ratio	Airport	Seasonality Ratio
Campbeltown	3.3	Kirkwall	1.7
Tiree	3.0	Stornoway	1.7
Barra	2.9	Sumburgh	1.5
Islay	2.3	Benbecula	1.5

Data Source: CAA (2024)

3.7 Seasonality of car journeys by ferry route

Using available data, Table 7 details the ferry routes with over 50,000 car crossings in 2023. As previously discussed, the ferry services from Cairnryan to Belfast and Larne combined had the highest number of cars travelling by ferry. Data for Shetland Island Ferries combined all inter-island routes, with a total of nearly 330,000 car crossings. This was followed by the Weymss Bay to Rothesay on the Isle of Bute service, and the Largs – Cumbrae Slip service, both with about 200,000 car crossings.

Of the routes not covered in the IRN Ferry data, the lifeline Corran ferry service, operated by Highland Council, notably also carries a very high volume of cars – 190,000 in 2021[152]. Highland Council reported[153] that the high season for the Corran Ferry service lasts for around 9 months of the year, with capacity limitations resulting in queuing traffic. There are also concerns around ferry breakdowns, given the age of the vessels (one of which is close to 25 years and the other close to 50 years of age).

Table 7 Ferries with over 50,000 car crossings, 2023

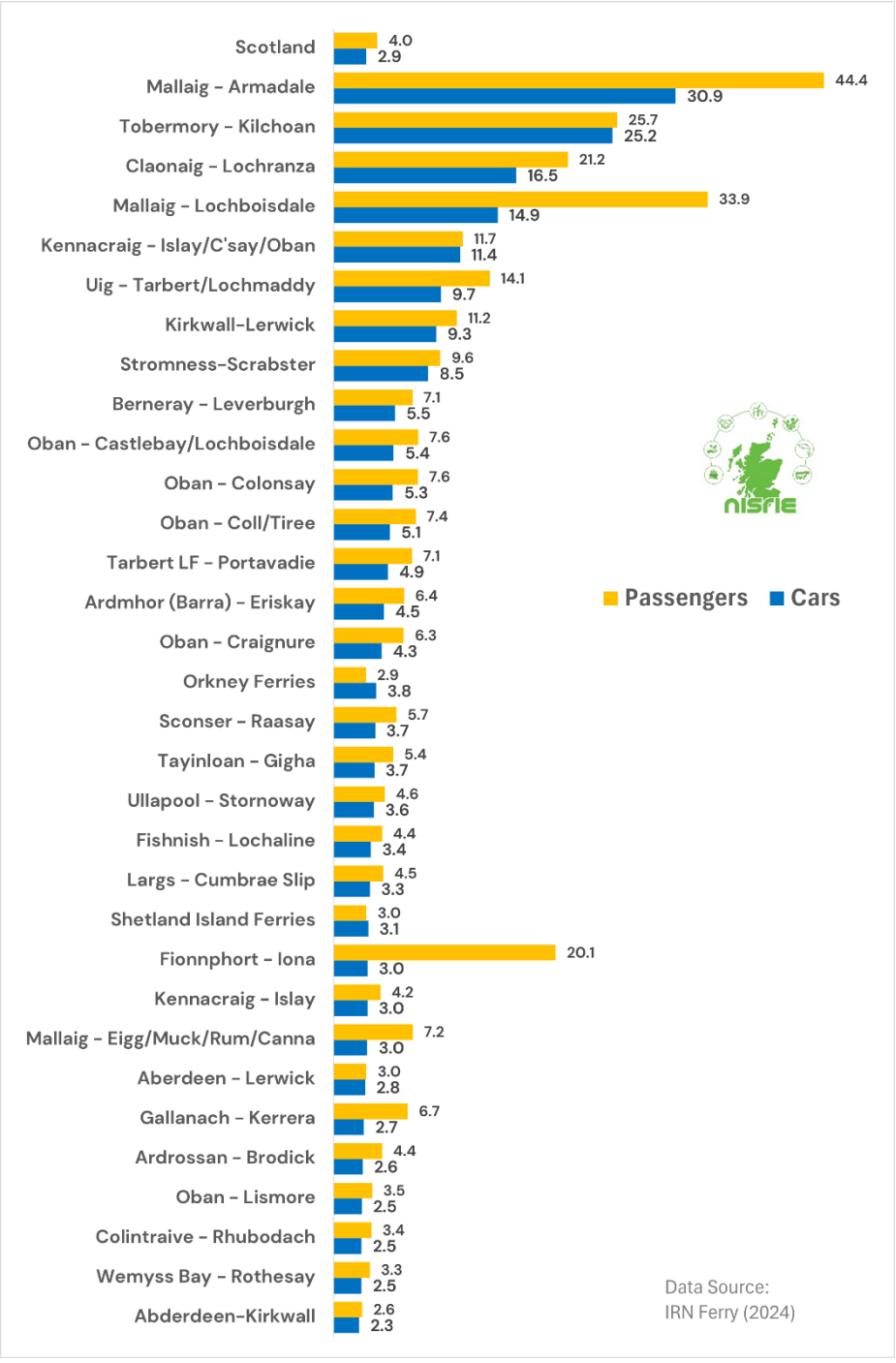
Ferry Service	Volume of cars crossing, 2023
Cairnryan to Larne & Cairnryan to Belfast	470,422
Shetland Islands Council (routes combined)	329,877
Wemyss Bay – Rothesay	200,508
Largs – Cumbrae Slip	198,918
Oban – Craignure	161,597
Ardrossan – Brodick	160,399
Ullapool – Stornoway	112,659
Clonitrate – Rhubodach	78,859
Kennacraig – Islay	72,647
Stromness – Scrabster	71,626
Mallaig - Armadale	58,605
Fishnish - Lochaline	52,502

Data Source: IRN Ferry (2024)

To illustrate the variance in the number of cars travelling by ferry during peak and low season, seasonality ratios were created using the same method as passenger journeys by ferry route. The data in Figure 15 (with an illustrative map for the Inner Hebrides in Map 10) highlight the amount of seasonal variation in the volume of cars crossing on many of Scotland's ferry routes (maps of other routes are available in Annex 2 - Ferry Seasonality).

[152] Chapter 9 - Water transport | Transport Scotland
[153] Net Zero, Energy and Transport Committee 5th meeting, 2023 https://www.parliament.scot/~/media/committ/5125

Figure 15 Seasonality ratio for the volume of cars and passengers by ferry route, 2023



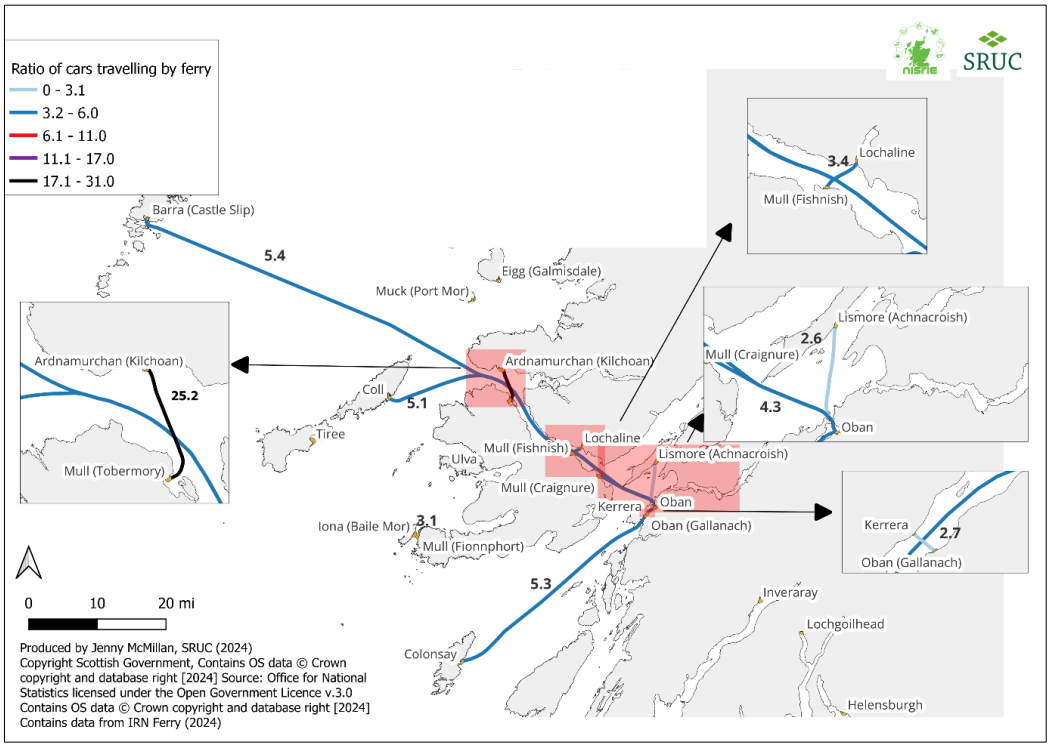
There was very high seasonal variation on the Mallaig – Armadale (Skye) route, with the highest monthly cars carried being 31 times greater than the lowest month in 2023 (338 cars in January 2023 versus 10,461 cars in August 2023). The other routes with significant seasonal variation include: Tobermory - Kilchoan (25); Claonaig - Lochranza (16); Mallaig - Lochboisdale (15); Kennacraig - Islay/Colonsay/Oban (11); Uig - Tarbert/Lochmaddy (10); Kirkwall - Lerwick (9); Stromness/Scrabster (8). The other routes each had between 2.3 (Aberdeen to Kirkwall) and 5.5 (Berneray to Leverburgh) times more car crossings between low and peak monthly ferry use.

On a number of ferry routes, there was lower seasonality for car crossings compared to passengers, such as: Fionnphort – Iona, Mallaig – Lochboisdale, and Mallaig - Armadale. On the Iona ferry the seasonality of car journeys is not high unlike that for the Mallaig crossings - with each of these having very high summer footfall in comparison to winter 'off-season' months.

As the volume of cars (and other types of vehicles) increases on Scotland's ferry services, there is likely to be a higher burden on ferries, reduced vehicle deck capacity and pressure on the infrastructure on the islands these vehicles travel to and on. Additionally, continued pressure on vehicle deck space can lead to issues for those travelling by ferry to work. In their 2024 Enhancement and Change Plan[154] CalMac announced planned pilots for deck space reservations for healthcare workers travelling to and from Cumbrae and Arran.

[154] Summary of initiatives | Enhancement and change plan | Corporate CalMac

Map 10 Seasonality ratio of cars travelling by ferry route, Inner Hebrides, 2023



The Fair Fares Review[155] acknowledged that the Road Equivalent Tariff (RET)[156] to streamline fares across the Clyde and Hebrides Ferry Services has standardised fares, although this resulted in higher demand for vehicles crossing by ferry, particularly during summer months. The Scottish Government's Islands Connectivity Plan[157] notes the potential of trips to Scotland's islands without the need for a car. Considering these ambitions, measures to encourage visitors to travel to Scotland's island communities without a vehicle could be promoted and developed.

The Islands Connectivity Plan notes that visits without a car can provide benefits to those visiting, living and working on Scotland's islands and ferries can act as an important factor in sustainable island transport connectivity. Where routes are highlighted as having a particularly high degree of seasonality of cars travelling by ferry to islands, opportunities could be developed and/or expanded for seasonal public transport services, including demand-responsive and active travel on these islands during peak tourist months.

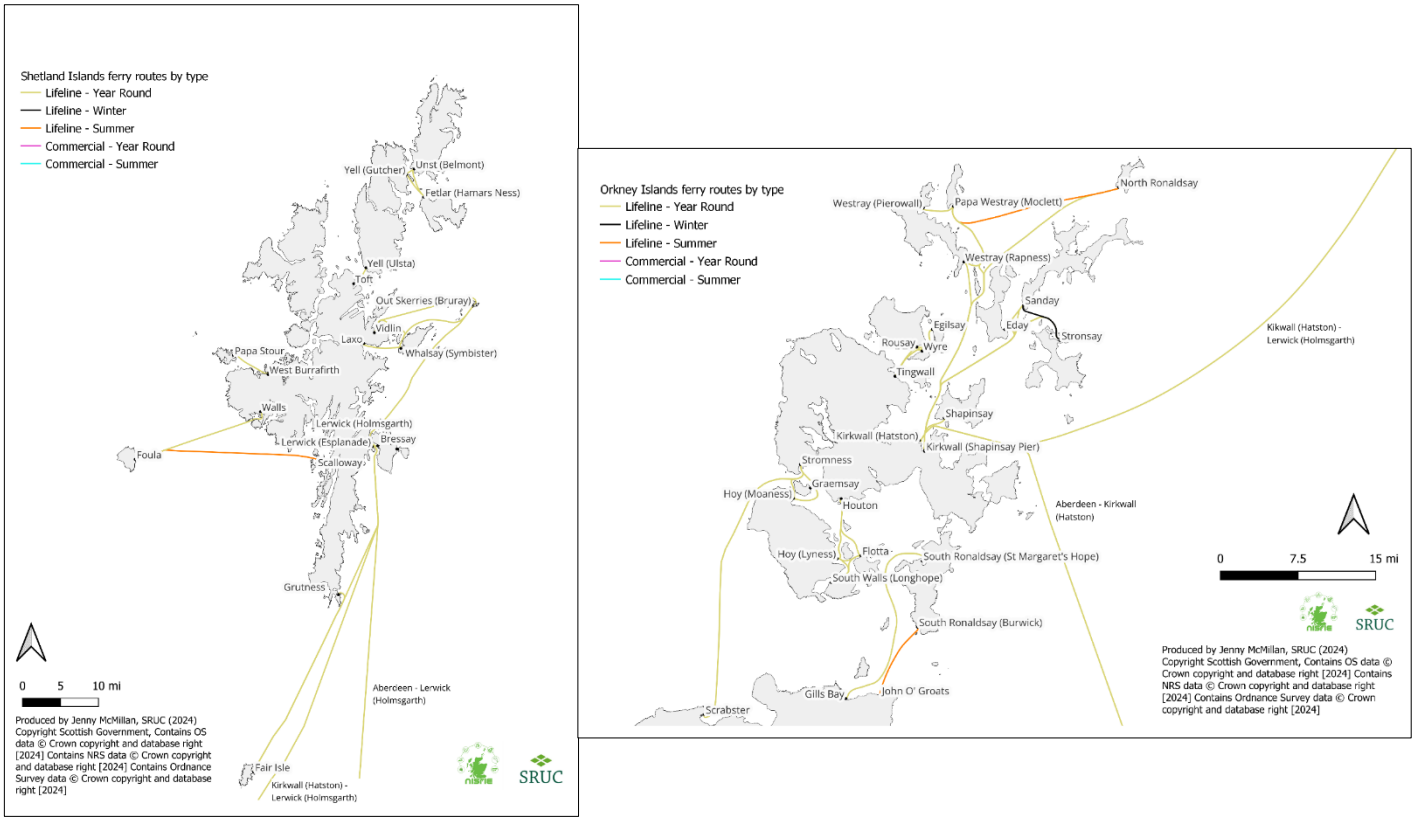
3.8 Northern Isles inter-island ferries

Inter-isles ferries in the Shetland Islands and Orkney Islands are run by the local authorities, aside from a privately operated service to the island of Foula, in Shetland. The inter-island services for both archipelagos are all lifeline services, with the majority of these being year-round lifeline services, aside from summer lifeline services from the Shetland Mainland to the island of Foula, between the islands of North Ronaldsay and Papa Westray in Orkney, and a lifeline winter service between the islands of Sanday and

[155] Fair Fares Review | Transport Scotland
[156] RET aligns ferry fares to the cost of travelling the same distance by road, along with a 'fixed element' to recover costs, see 1 Introduction | Transport Scotland
[157] Islands Connectivity Plan | Transport Scotland

Stronsay in Orkney. There is also a passenger lifeline summer service between John O'Groats and Burwick on the island of South Ronaldsay. Map 11 details inter-island ferry services in Shetland and Orkney and shows ferry services to the mainland.

Map 11 Shetland and Orkney Islands inter-island ferry routes by type, 2023



Data at a monthly level was not obtained for these ferry services at an individual route level, however, data for aggregated ferry services in Orkney and Shetland also appear to show a degree of seasonality around vehicle and passenger journeys made by ferry. Figure 16 illustrates the increased volume of cars travelling by ferry in the summer months in Shetland and Orkney (the Orkney data includes all vehicles). There was also a much higher volume of vehicles travelling on ferries in Shetland compared with Orkney. Data is presented for 2022, as data from August 2023 comprises estimates for the Shetland Islands.

Again, there were more passengers travelling on Shetland Island ferries in the summer months, with the lowest passenger volume in January 2022 (around 24,000 passengers) and the highest volume in June 2022 (around 40,000 passengers). This was also documented by Wilson et al. (2021[158]) who found that Shetland Islands residents used inter-island ferries to a greater extent than their counterparts in Orkney; 98% of those in Shetland used inter-island ferries more than once a year compared to 79% in Orkney – reflecting island geography and settlement location. Wilson et al. (2021) also reported that 47% of residents in Shetland were found to use inter-island ferries more than once a week compared to 22% of Orkney residents.

[158] National Islands Plan Survey: final report - gov.scot

Figure 16 Number of cars (Shetland Islands) and vehicles (Orkney Islands) travelling by ferry, 2022

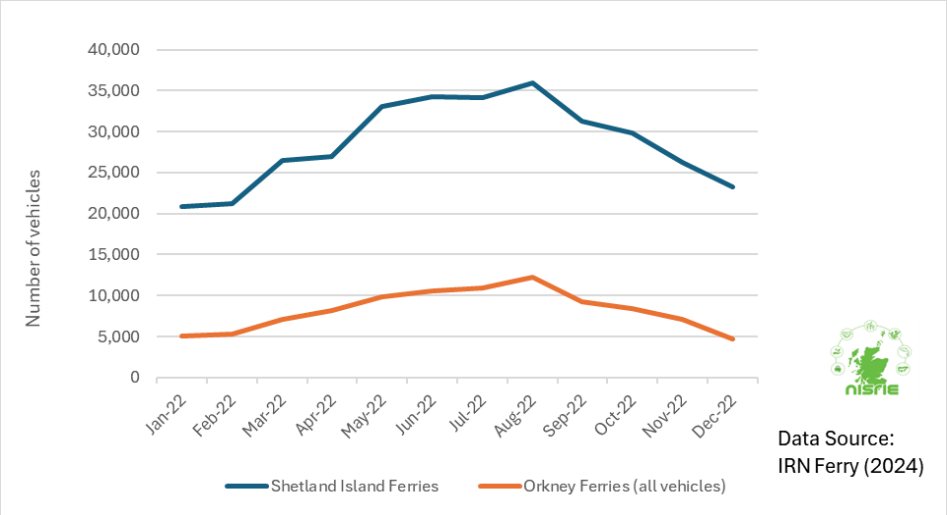
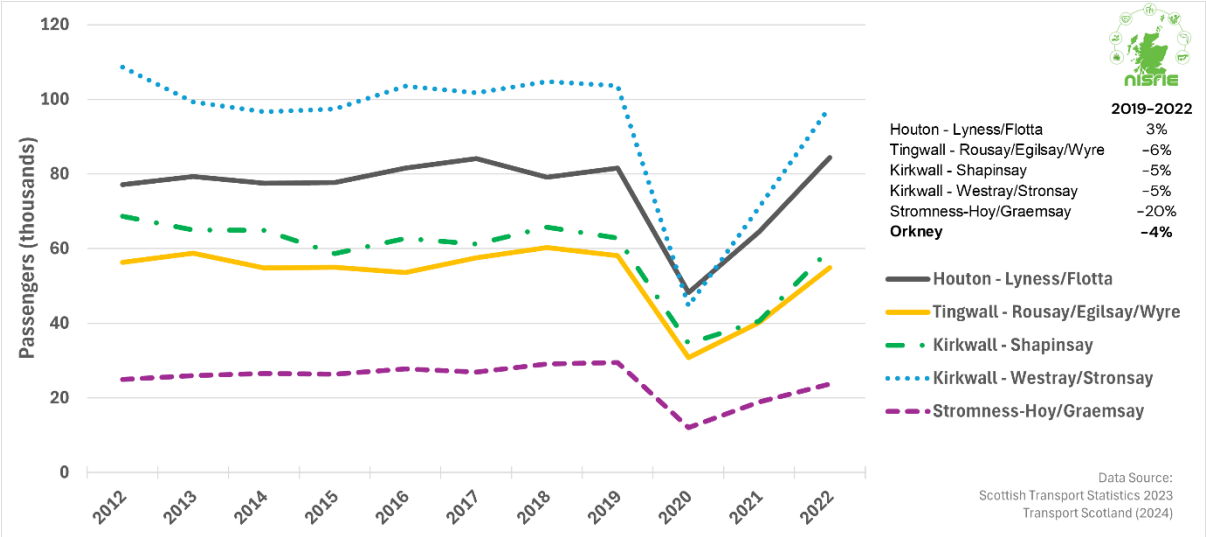


Figure 17 details that Toft – Ulsta (mainland Shetland to the Island of Yell) over the period 2012 – 2022 remained the route with the highest number of passengers each year, followed by the Lerwick to island of Bressay service. For all routes aside from West Burrafirth – Papa Stour (mainland Shetland to Island of Papa Stour) and Vidlin Lerwick (mainland Shetland) – Skerries (Skerries Islands) the 2022 passenger numbers remained lower than those in 2019, prior to the Covid-19 pandemic. In Orkney, Kirkwall – Westray/Stronsay had the highest number of passengers travelling on the route in 2022 (see Figure 18), followed by the Houton – Lyness/Flotta service. Interestingly, passenger numbers by 2022 had recovered towards 2019 levels (prior to the Covid-19 pandemic) to a greater extent on Orkney Island inter-island ferries than Shetland Island inter-island ferries.

Figure 17 Shetland inter-island ferry routes passenger numbers, 2012-2022

Figure 18 Orkney inter-island ferry routes passenger numbers, 2012-2022



3.9 Conclusions

Scotland's coastal and island communities are home to a vital network of port infrastructure. Over 200 ports support fisheries, freight, and timber transport, and have become increasingly vital to the marine renewable energy sector. The announcement of Forth and Cromarty Green Freeports will increase the economic importance of these ports and associated industries in the future.

Freight volumes at Scotland's major ports have declined by 59% since 2000, mainly due to reduced oil sector activity. However, Cairnryan and Loch Ryan ports have seen growth due to increased trade with Northern Ireland, and many ports remain vital for the sea-fish and aquaculture sectors.

Scotland's ports and ferries provide vital lifelines for rural, island, and remote communities, underpinning economic activity, social cohesion, and access to essential services. Peterhead leads in fish landings (£207.9m in 2023), but fish landings (and associated upstream and downstream sectors) are also significant to Lerwick, Fraserburgh, Scrabster, Ullapool, Kinlochbervie, Scalloway and Isles and Cullivoe.

Scotland's ports are also vital for the timber sector (including landings of imports), and the innovative Scottish Government-funded TimberLINK project has moved over 2.19 million tonnes of timber by sea since 2000, reducing road traffic and emissions.

Scotland's ferry fleet is ageing, and the average vessel age is over 25 years (30–31 years on average for Orkney and Shetland inter-island ferries). Only 8% of ferries were low-emission in 2024, with the target of 30% by 2032. Tourist routes show extreme seasonal variation (e.g., Mallaig–Armadale: 44 times more passengers in summer). High summer car volumes strain ferry capacity and island infrastructure, whilst high seasonal variation can lead to cashflow and profitability challenges, hence Scottish Government support for the so-called "lifeline" services. The Scottish Government has provided over £178 million in ferry subsidies between 2018 and 2024. Fare revenue gaps have nearly doubled in the past decade and concession schemes offer free ferry travel for island residents under 22. Whilst fixed links (bridges/tunnels) are being explored in some areas (e.g. Shetland) some

people have raised concerns about island identity and environmental impact. Air travel remains essential for islanders, especially for Shetland and Orkney.

- **Urgent investment needed:** Ageing vessels and infrastructure pose risks to service reliability, economic resilience, and community wellbeing. Strategic investment in fleet renewal and port upgrades is essential.
- **Climate and sustainability goals:** Decarbonising the fleet and adapting infrastructure to climate change are critical. Progress is slow and uneven - accelerated action is likely needed.
- **Seasonal pressures:** High summer demand for car ferry crossings highlights the opportunities for expanded public transport, active travel options, and better demand management.
- **Equity and accessibility:** Lifeline services must remain affordable and accessible. Concession schemes and fare reforms (e.g., Road Equivalent Tariffs) are vital but need ongoing review.
- **Integrated planning:** Long-term, joined-up planning across government, operators, and communities is essential. The Islands Connectivity Plan and Vessels and Ports Plan offer frameworks but must be backed by funding and local engagement.
- **Community engagement:** Local voices must shape infrastructure decisions. Concerns about centralisation and lack of consultation need to be addressed.

Photo: Very Remote Mainland - Corrieyairack Pass (S Thomson)

4 Broadband and Mobile Connectivity

Key Points

- Ofcom data on broadband and mobile connectivity reveals that the availability of broadband, mobile network signal and download speeds is lower in rural and island areas of Scotland compared to urban Scotland.
- Superfast broadband (≥30 Mbps) is widely available, but coverage gaps persist, with only 78% of island premises connected compared to 99% in urban areas.
- Ultrafast broadband (>300 Mbps) remains rare in rural and island areas, with availability at 11% of premises compared to 88% in urban locations.
- Full-fibre broadband coverage reached 53% nationally in 2023 but remains as low as 6-8% in island and remote rural local authorities.
- The rollout of 5G mobile phone networks is highly uneven, with near-universal coverage in cities but almost complete absence in islands, where 91% of Shetland lacks service.
- Digital exclusion continues to exacerbate inequalities in education, healthcare, and business viability, despite initiatives such as R100 (Reaching 100% - Scottish broadband programme) and the 4G Infill programme and the 5G Strategy.

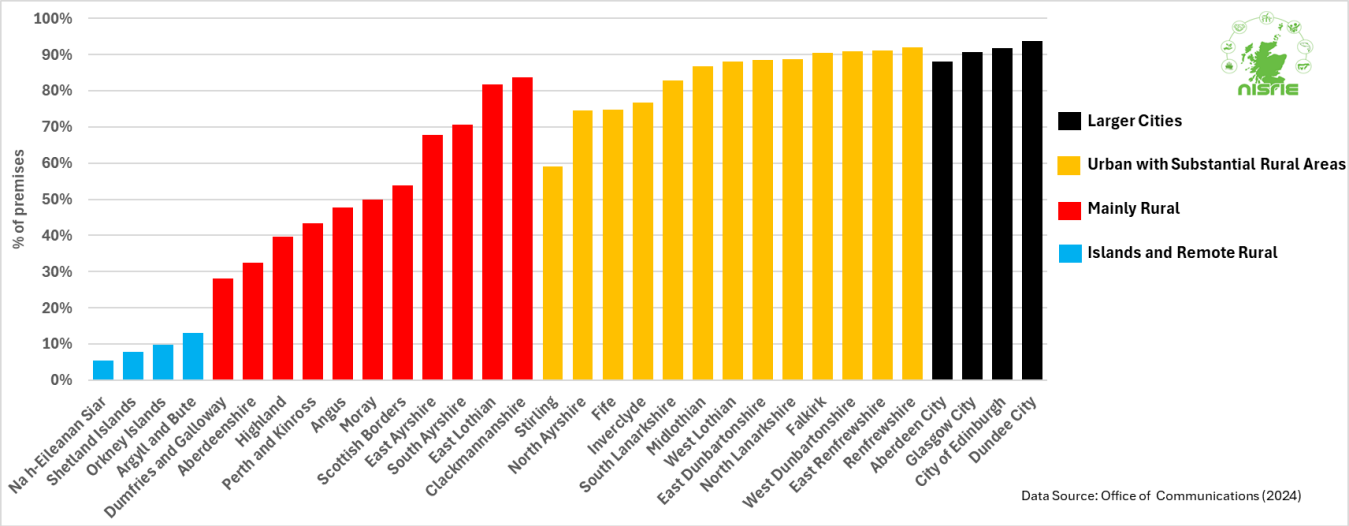
The Scottish Government has long-term commitments to improve Scotland's broadband network and mobile connectivity via a number of initiatives. The Reaching 100% (R100) programme initially set out to connect premises to superfast broadband, and now 99% of the time it facilitates gigabit-capable connections[159]. On mobile connectivity, the 4G Infill (S4GI) programme aimed to address the issue of 'not spots' of 4G mobile coverage in rural and island Scotland. The building of masts and 4G activation under the S4GI programme was reported to have been completed in April 2024[160]. The Scottish Government also released its 5G Strategy[161] in 2019, citing access to 5G technology as bringing particular benefits to rural areas.

The Scottish Household Survey 2022[162] estimated that 90% of people in Scotland use the internet, with 98% of them using it at home. Internet availability and access speeds are important factors relating to use, but these vary considerably across the country. The importance of fast and reliable digital connectivity for rural businesses, such as accommodation sector businesses, has also been highlighted[163]. Analysis of Ofcom data on broadband and mobile connectivity for January 2024, reveals that there remained a distinction in the availability of broadband, mobile network signal and download speeds between urban, rural and island areas of Scotland, which is the focus of this section.

[159] Driving digital connectivity - gov.scot (www.gov.scot)
[160] Scottish 4G infill programme: progress update - gov.scot (www.gov.scot)
[161] 5G Strategy
[162] The Scottish Household Survey 2022
[163] Scotland's accommodation sector – A qualitative case study of business experiences (figshare.com)

4.1 Fixed Broadband

Figure 19 Premises with Ultrafast Broadband (%) (>=300Mbit/s download speed) availability by Local Authority and RESAS Rural-Urban Classification, 2024



Ultrafast broadband is defined by Ofcom as fixed broadband with speeds of at least 300Mbit/s or greater. Figure 19 shows that the provision of ultrafast broadband varied considerably between local authorities in January 2024. Each of the local authorities classified as Islands and Remote Rural had less than 15% of premises with ultrafast broadband availability. There was a relatively clear pattern of higher availability of ultrafast broadband for urban areas compared to rural areas, with Mainly Rural local authorities generally having a lower rate of availability compared to those classified as Urban with Substantial Rural Areas and Larger Cities, as illustrated by the red bars in Figure 19. In Larger Cities, ultrafast broadband availability was 88% or higher, with availability highest at 94% in Dundee City.

The NISRIE data zone peripherality classification (see Section 1.1) provides a more nuanced assessment of fixed broadband availability by rurality. Unsurprisingly, rural areas have lower availability of the fastest fixed broadband services. Table 8 details how fixed broadband coverage differed by rurality in January 2024. Superfast broadband was available to 78% of premises in island areas, 80% in very remote mainland areas, 84% in remote mainland areas, 90% in mainland accessible areas and 99% in urban areas. In island areas, only 11% of premises could access ultrafast broadband in January 2024, with a similarly low proportion (11%) in very remote mainland areas. In remote mainland areas, the proportion of premises with ultrafast broadband was 20%, rising to 51% in mainland accessible areas and 88% in urban areas.

The Universal Service Obligation (USO) is in place to ensure that there are minimum broadband and telephone service conditions for all homes and businesses in the UK should access be requested[164]. For fixed broadband, Wireless Internet Service Provider (WISP), or mobile Fixed Wireless Access (FWA) services, the minimum Universal Service Obligation (USO) download speed is set at 10Mbit/s, whilst the minimum upload speed is

[164] Universal service obligations (broadband and telephony) - Ofcom

at 1Mbit/s[165]. As detailed in Table 8, the proportion of residential premises below the USO in January 2024 was low nationwide, with 5% in island areas, 4% in very remote mainland areas, 3% in remote mainland areas, 1% in mainland accessible areas and 0% in urban areas.

Table 8 Fixed broadband performance metrics of matched premises by NISRIE peripherality classification, January 2024

Metric	Islands	Mainland Very Remote	Mainland Remote	Mainland Accessible	Urban
All matched premises	64,681	67,591	125,822	580,235	2,031,734
Unmatched premises (data missing)	2,198 (3.2%)	1,591 (2.2%)	1,082 (0.8%)	1,768 (0.3%)	3,446 (0.2%)
Below the Universal Service Obligation (USO)	5%	4%	3%	1%	0%
Unable to receive 10Mbit/s	13%	10%	9%	5%	0%
Unable to receive 30Mbit/s	22%	20%	16%	10%	1%
Super-fast Broadband availability	78%	80%	84%	90%	99%
Ultra-fast Broadband availability	11%	11%	20%	51%	88%

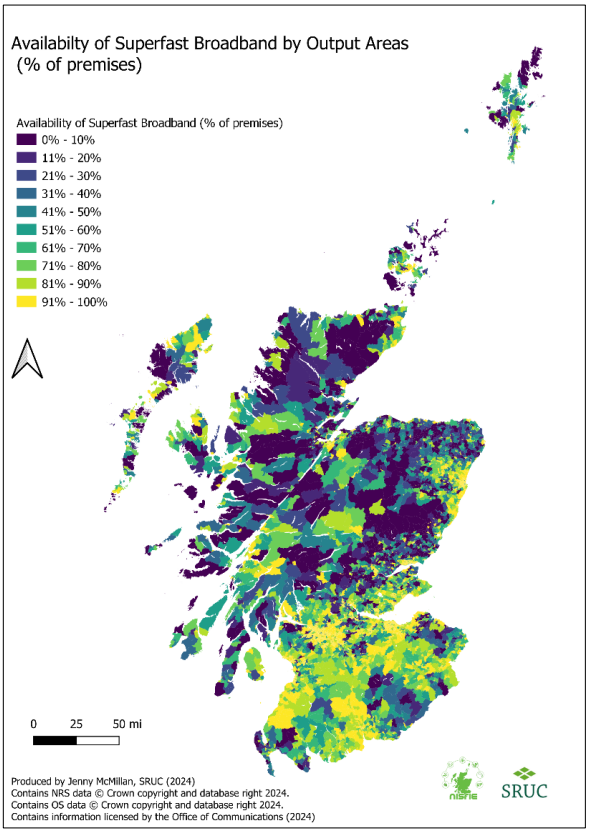
Data Source: Office of Communications (Ofcom) Connected Nations, 2024

Map 12 shows broadband performance in 2024 by output areas, with the lowest proportion of premises having superfast broadband shown by the dark blue colours, and the localities with the highest proportions of premises with superfast broadband shown by yellow colours. Superfast broadband availability was lowest on Scotland's islands, the Kintyre peninsula, the Highlands (particularly inland Caithness and west of Beauly, rural areas across Perth and Kinross, and parts of Aberdeenshire). In the south of Scotland, availability was lowest in the areas around Newcastleton, the Lammermuir Hills in the Scottish Borders, and in the Rhins and Machars areas of Dumfries and Galloway. On islands, the availability of superfast broadband in some towns is comparable with the availability around mainland towns, but availability generally decreases with distance from island towns and is particularly poor on outer islands such as the northern parts of the island of Yell, and the islands of Unst and Fetlar in Shetland. Similarly, the islands of Rousay, Shapinsay, Sanday and Eday in Orkney have less than 10% of the premises that could do so, receiving superfast broadband.

The availability of ultrafast broadband was much less widespread than superfast broadband in northern Scotland and the islands, as illustrated in Map 13 (also for 2024). There was, however, some availability around some island towns and Arran, Jura, and Great Bernera in the Outer Hebrides were amongst the best served islands. Aside from the islands, there was zero or very low availability of ultrafast broadband in much of the Highlands, parts of Perth and Kinross, Angus, Argyll, west Galloway and parts of the Scottish Borders.

[165] About this data: Fixed coverage, Census Output Area (ofcom.org.uk)

Map 12 Availability of Superfast Broadband, 2024



Map 13 Availability of Ultrafast Broadband by Output Areas (% of premises) by Output Areas (% of premises), 2024

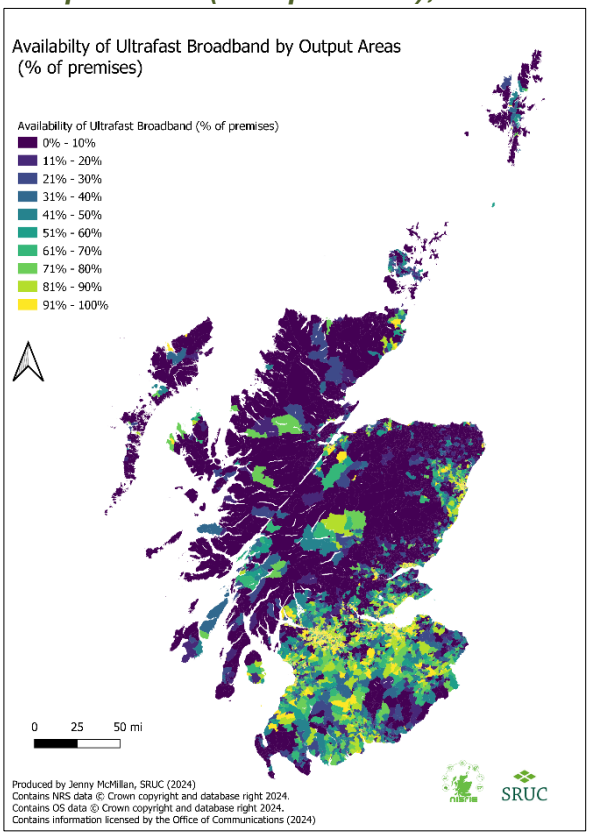


Figure 20 presents a boxplot of the proportion of premises within output areas unable to receive 30Mbit/s broadband speeds, by NISRIE peripherality classification. The figure excludes outside values – and it is important to note that there are output areas within each NISRIE classification category with values that lie outside of the box and whisker plots (e.g. although occurring less frequently, there are some urban output areas where 100% of premises are unable to receive 30Mbit/s).

For **box plots,** the box represents the middle 50% (often called the interquartile range) with 25% of observations falling below the lower end of the box and 25% of observations above the upper part of the box. The median (or middle observation is represented by the line in the box). The whiskers extend from the box to the smallest and largest values within 1.5 times the interquartile range, with anything outside this considered an outlier (which are excluded here).

As shown, island and very remote mainland areas had a higher proportion of premises unable to receive 30Mbit/s broadband. The line within each box plot means that 50% of values are to be found above the value of the line, and 50% of values are to be found below the value of the line. The upper bound of the box is the upper quartile value, meaning 25% of output areas fall above this, and the lower part of the box is the lower quartile, meaning 25% of the output areas have values lower than this. Island areas tended to have a higher median (50%) value for the proportion of output areas with premises unable to receive 30Mbit/s broadband internet speeds. However, for both the islands and the very remote mainland output areas, the higher upper quartile shows that in around 25% of output areas, more than 25% of premises could not receive

30 30Mbit/s. Figure 21 shows a similar picture of island and very remote mainland premises having a higher proportion of output areas with higher percentages of premises unable to receive fixed superfast broadband, compared to urban areas. Whilst this appears similar to Figure 20, Figure 21 shows higher proportions of premises within output areas unable to receive superfast broadband compared to 30Mbit/s.

Figure 20 Box plots of the proportion of premises unable to receive 30Mbit/s by output areas and NISRIE peripherality classification, January 2024

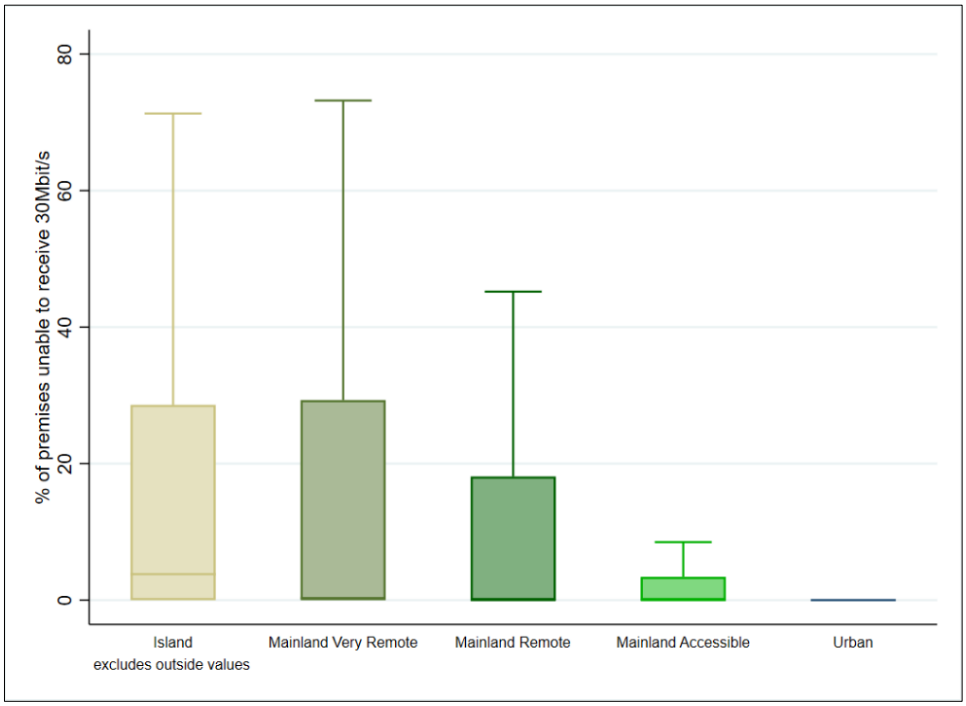


Figure 21 Box plots of the proportion of premises unable to access superfast broadband by output areas and NISRIE peripherality classification, January 2024

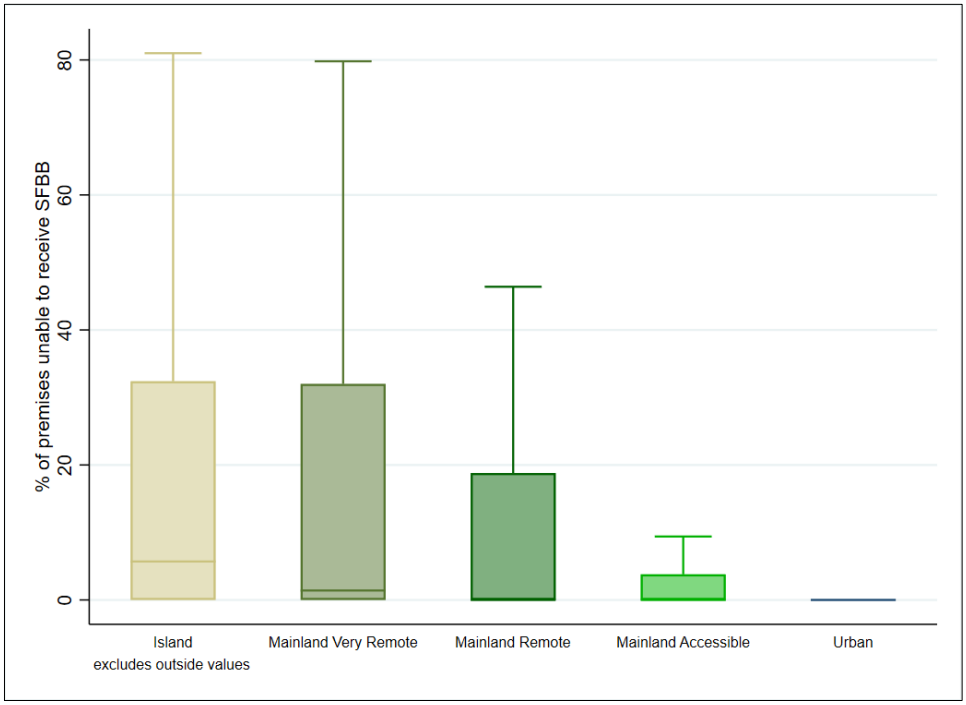
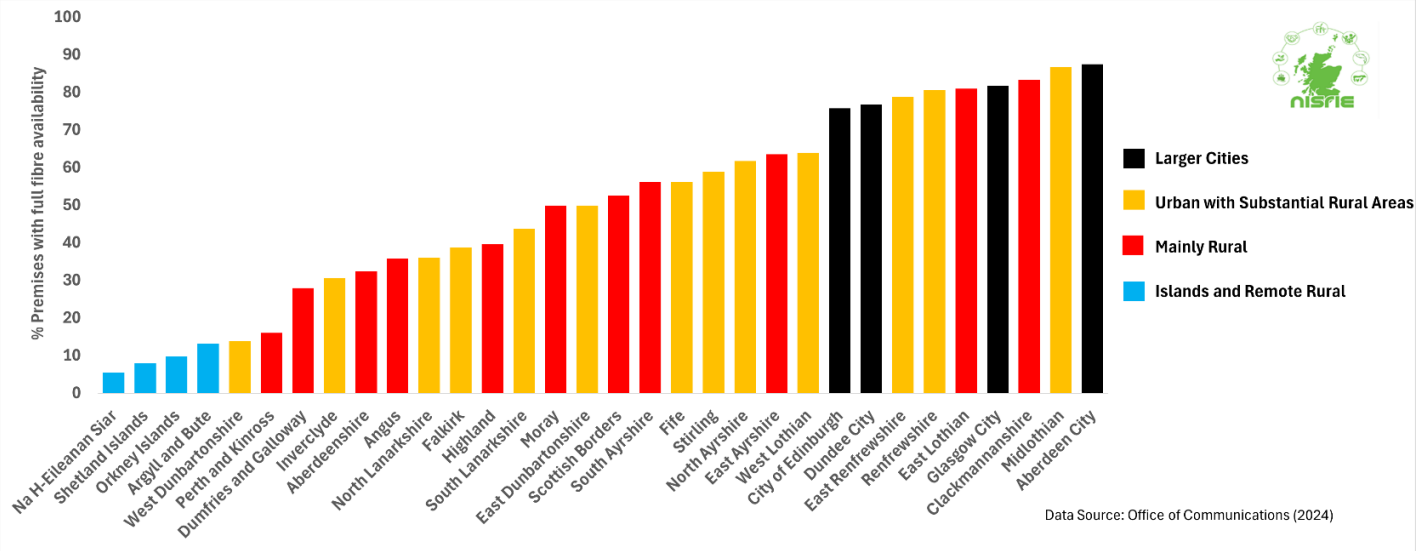


Figure 22 shows that, by Local Authority, full fibre broadband availability was highest in Aberdeen City, with approximately 88% of premises covered in 2024, and lowest in Na h-Eileanan Siar, at around 6%. As with ultrafast broadband, availability of full fibre remains substantially lower in Island and Remote Rural Local Authorities, with coverage at 8% or less. However, progress continues – for example, in December 2023, the island of Fair Isle in Shetland was connected to full fibre broadband via a 68-mile subsea cable and specialist engineering adaptations.[166] This highlights the unique challenges of delivering equitable access to high-speed internet across Scotland's islands.

In their Connected Nations Scotland Report 2023[167], Ofcom reported that 53% of residential properties in Scotland had access to full-fibre broadband in 2023, noting that in urban areas coverage was at 58%, compared with 32% in rural Scotland. Ofcom noted that for UK rural areas, coverage stood at 43%. Full-fibre services take-up in Scotland was around 28% in 2023, according to Ofcom, an increase of 5% compared to 2022.

Figure 22 Premises with Full Fibre broadband availability (%) by Local Authority and RESAS Local Authority rural-urban classification, 2024



4.2 Mobile Connectivity – 5G

5G refers to the fifth generation of mobile network technology that offers faster speeds, lower latency (delays in sending and receiving data), and greater network capacity compared to previous generations like 4G. Figure 23 shows Ofcom data relating to 5G signal coverage outside of premises, by local authorities in January 2024, whilst Figure 24 shows 5G coverage for wider outdoor geographic locations (where 'very high confidence' relates to 95% confidence level, noting 'High Confidence' values are higher – at an 80% confidence level).

The data clearly shows the lack of 5G coverage in island and remote local authorities, as well as in many of the mainly rural local authorities in stark contrast to the larger cities local authorities. In all cities, there was 5G coverage outdoors for nearly 100% of premises, with a range of network providers to choose from – with, for example, four network providers outside 58% of premises in Glasgow City, with a further 32% of premises having the

[166] Delivering full fibre broadband to Fair Isle | Digital Scotland Superfast Broadband
[167] Connected Nations Scotland Report 2023

choice of three network providers. This contrasted with no 5G coverage outside 94% of premises in Shetland, 85% in Orkney, 81% in Na h-Eileanan Siar and 48% in Argyll and Bute. Of these island and remote rural local authorities, only Argyll and Bute had a choice of network provider in any of the premises (but only 4% of premises had multiple 5G networks to choose from). In Highland (35%), the Scottish Borders (34%), Aberdeenshire (32%) and Dumfries and Galloway (32%) about a third of premises did not have 5G coverage outdoors.

In the wider geographic space, there was no outdoor 5G coverage across 91% of Shetland and Na h-Eileanan Siar, 96% of Orkney and 81% of Argyll and Bute. In the mainly rural local authorities Highland (86%), Scottish Borders (82%), Dumfries and Galloway (78%), Perth and Kinross (73%) and South Ayrshire (70%) each had more than 70% of their geography without outdoor 5G coverage in 2024. This was in direct contrast to, for example, Glasgow City, where there was 5G coverage from four networks across 55% of outdoor areas, with a further 31% of the area having the choice of three networks for 5G provision.

Figure 23 5G mobile coverage by Local Authority (outside premises), by RESAS local authority classification ('very high confidence'), 2024

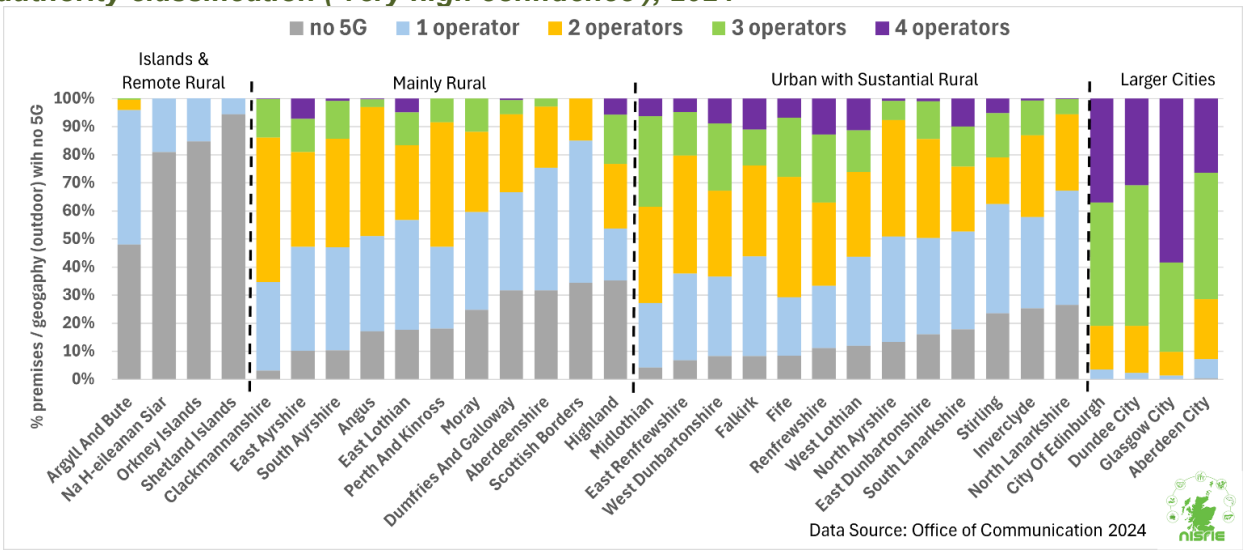
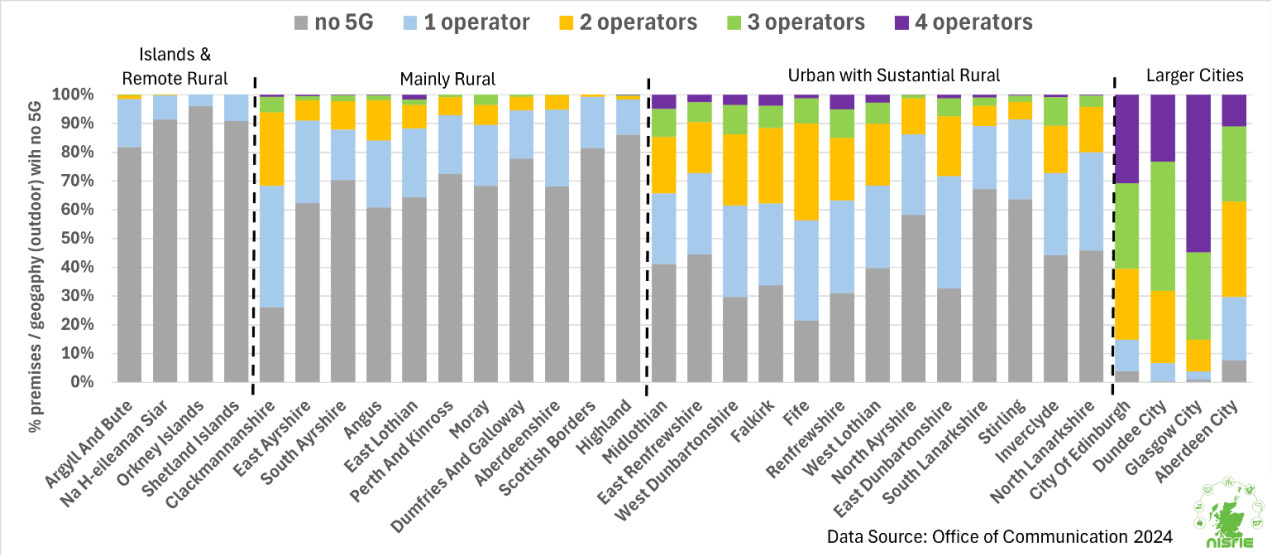


Photo: Islands – old telephone box on Isle of Harris (S Thomson)

Figure 24 5G mobile coverage by Local Authority (wider geographic coverage), by RESAS



local authority classification ('very high confidence'), 2024

In addition to comparisons within Scotland, 5G coverage in rural areas can be compared across the UK from Ofcom's data. For 5G geographic coverage from at least one operator, with very high confidence, Ofcom[168] reported that across the UK, rural Scotland had the lowest 5G coverage (on average 15%) compared with 46% in rural England, 32% in rural Wales and 40% in rural Northern Ireland.

As with broadband, this further demonstrates the 'digital' divide that exists between urban and rural / island areas, although the advent of satellite broadband (e.g. Starlink, Satellite Wi-Fi, Konnect, Northsat) is now addressing fixed broadband gaps for some households and businesses.

4.3 Conclusion

Digital connectivity is a cornerstone of modern life, yet rural and island communities in Scotland continue to face significant challenges in accessing reliable broadband and mobile services.

Ultrafast broadband (≥300Mbit/s) was available to fewer than 15% of premises in island and remote rural areas, compared to 88–94% in cities in 2024. Superfast broadband (≥30Mbit/s) was available to 78% of island premises, but connectivity still lagged behind urban areas (99%). Full fibre broadband reached 53% of Scottish homes in 2023, but only 6–8% in island and remote rural local authorities.

5G coverage is nearly universal in cities, but in 2024 it remained absent outside 94% of premises in Shetland, 85% in Orkney, and 81% in Na h-Eileanan Siar. 4G coverage also showed significant gaps in rural and island areas, though the Scottish Government's 4G Infill programme completed its rollout in April 2024.

[168] See: Interactive report 2024 - Ofcom

Significant spatial disparities persist, with some outer islands having <10% superfast broadband coverage. Poor connectivity affects education, healthcare, business viability, and social inclusion, and digital exclusion is closely linked to poverty and limited access to services. The Scottish Government initiatives—R100, S4GI, and the 5G Strategy—aim to close the digital gap. Community-led solutions (e.g. Fair Isle's full fibre via subsea cable) show promise but require sustained support.

- **Connectivity is essential:** Reliable broadband and mobile services are critical for economic development, remote working, education, healthcare, and community wellbeing.
- **Persistent inequalities:** Despite progress, rural and island areas remain significantly disadvantaged. This digital divide risks deepening existing inequalities.
- **Infrastructure investment must continue:** Targeted rollout of full fibre and 5G infrastructure in the hardest-to-reach areas is vital. Public-private partnerships and community-led models can help accelerate progress.
- **Affordability and skills matter:** Infrastructure alone is not enough, and support for digital skills and affordability is needed to ensure inclusive access.
- **Monitoring and evaluation**: Ongoing assessment of coverage, usage, and barriers is essential to guide effective policy and funding decisions.

Photo: Mainland accessible – Fibre communication infrastructure installation (iStock)

5 Nurseries, childminders and early years provision

Key Points

- Childcare provision in rural and island areas is limited, with a higher reliance on local authority services compared to urban regions. Access challenges to regular and affordable childcare are known to limit or prevent parents from taking advantage of employment opportunities (thereby reducing economic participation), and it may also result in more families experiencing poverty.
- Informal childcare arrangements are common, while accessibility and affordability challenges persist due to long travel distances and restricted operating hours. There was a greater reliance on friends and family in rural areas in 2023 (25% use compared to 12% elsewhere), as well as childminders (15% compared to 4% in other areas).
- The population of young children (0-4 years old) has declined significantly, with a 45% reduction in islands and remote areas since 1981. This demographic change has led to service sustainability concerns, as it is acknowledged that rural and island childcare provisioning faces recruitment and retention issues and raises affordability questions for parents, with low pay for childcare workers adding to the challenges.
- The Scottish Government has committed to expanding funded childcare, including a pilot scheme for children from nine months in six local authorities.

5.1 Introduction

It is recognised that some parents in Scotland struggle to access and afford childcare services, with the issue being even more pronounced in rural areas[169,170,171]. Challenges around accessing regular and affordable childcare are known to limit or prevent parents from taking advantage of employment opportunities, and it may also result in more families experiencing poverty. Further, it is recognised that in remote areas childcare costs plus the time and cost of travelling to it "*can make part-time employment infeasible*" for many women in remote areas of Scotland (Bailey et al., 2016[172]). The Scottish Government's Programme for Government 2023-24[173] committed to *"expand access to high quality, funded childcare"* (p5). However, there are concerns about how childcare provision in rural areas will be expanded, especially considering the recognised additional challenges in delivering the existing service provision in rural areas[174].

Currently, the Scottish Government provides funding for children aged three and four, where they can get up to 1,140 hours of funded early learning and childcare per year

[169] See Scottish Government (2022) Accessing school age childcare in rural and island areas: research - gov.scot
[170] See Scottish Government (2023) Rural Scotland Data Dashboard: Overview https://www.gov.scot/publications/rural-scotland-data-dashboard-overview/pages/4/
[171] See:Evans and Cebula (2024 Poverty proofing the future of early years childcare | Joseph Rowntree Foundation
[172] Bailey et al (2016) Poverty and social exclusion in urban and rural areas of Scotland. PSE - Scot urban rural WP - final 16 03
[173] Programme for Government 2023 to 2024 - gov.scot
[174] Scottish Government (2021) Rural childcare provision, innovative models and the needs of agricultural families: research. https://www.gov.scot/publications/challenges-rural-childcare-provision-innovative-models-needs-agricultural-families/documents/

(around 30 hours per week in term time)[175]. Some two-year-olds are also eligible for this funding. Most parents and carers pay for all childcare before children are eligible for this funding, often at considerable expense, which is known to have a detrimental impact on family finances and can result in parents not working[176]. In the Programme for Government 2023/2024[177], the Scottish Government announced plans to pilot an extension of funded childcare to younger children from 9 months in specific communities in six local authority areas, expanding access to funded childcare for around 13,000 more children and families over three years.

Evans and Cebula (2023) note that the rationale for funding early years childcare is: (i) getting people into work to improve the economy, and; (ii) increasing household incomes through work and reducing outgoing costs, resulting in families having "*more money in their pocket after paying for essentials*" thereby helping alleviate child poverty. The Scottish Government[178] aims to achieve three main outcomes through the expanded early years childcare provision[179]:

- Children's development improves and the poverty-related outcomes gap narrows
- Parents' opportunities to take up or sustain work, study or training increase, and
- Family wellbeing improves.

It is acknowledged that child care challenges in rural Scotland revolve around a myriad of context-specific factors, such as inadequate public transport, low and inconsistent demand, limited options and availability, affordability and cost, staff recruitment, training and retention, lack of appropriate facilities, lack of flexibility, challenges providing for children with additional support needs, etc.[180] It is also reported that parents and carers in rural areas are less likely to use all of their funded hours and are more likely to have experienced difficulties in affording appropriate childcare[181]. One of the reasons for this is that there is no childcare available in their local area that is eligible for government funding. It is the responsibility of local authorities to ensure that funded entitlement is available for all eligible children in the area[182]. These funded places can be provided by early learning centres (ELCs) and other partner providers, including private nurseries and childminders. It should be noted that informal childcare (e.g. a neighbour, friend or family member) and unregistered persons are not eligible to become partner providers, and therefore cannot provide funded places for childcare.[183]

5.2 Changing population of children

The provision of childcare services is acknowledged as challenging in rural and island areas due to recruitment and retention issues, affordability for parents, and low wages for

[175] Funded early learning and childcare for 3 to 5 year olds - mygov.scot
[176] See Stone (2023) The Cost of a Child in Scotland in 2023 | CPAG
[177] Programme for Government 2023 to 2024 - gov.scot
[178] See Early learning and childcare expansion - learning and wellbeing project: EQIA - gov.scot and Early learning and childcare expansion evaluation - gov.scot
[179] Early learning and childcare expansion programme: evaluation strategy - gov.scot
[180] See Scottish Government (2022) for an overview Accessing school age childcare in rural and island areas: research - gov.scot
[181] See Research findings - Early learning and childcare - parents' views and use: survey findings 2022 - gov.scot
[182] Funded early learning and childcare - Early education and care - gov.scot
[183] Types of childcare available - One Parent Families Scotland

childcare workers[184,185], as well as the dispersed, low density of children. These challenges are made more difficult in the long run due to evolving population dynamics, particularly the long-term decline in the number of children in some regions.

Figure 25 shows the cumulative change in the population of 0-4 year olds and 5-15 year olds between 1981 and 2023. Similar to local fertility trends[186] the trends for 0-4 year olds appear to follow decadal cycles:

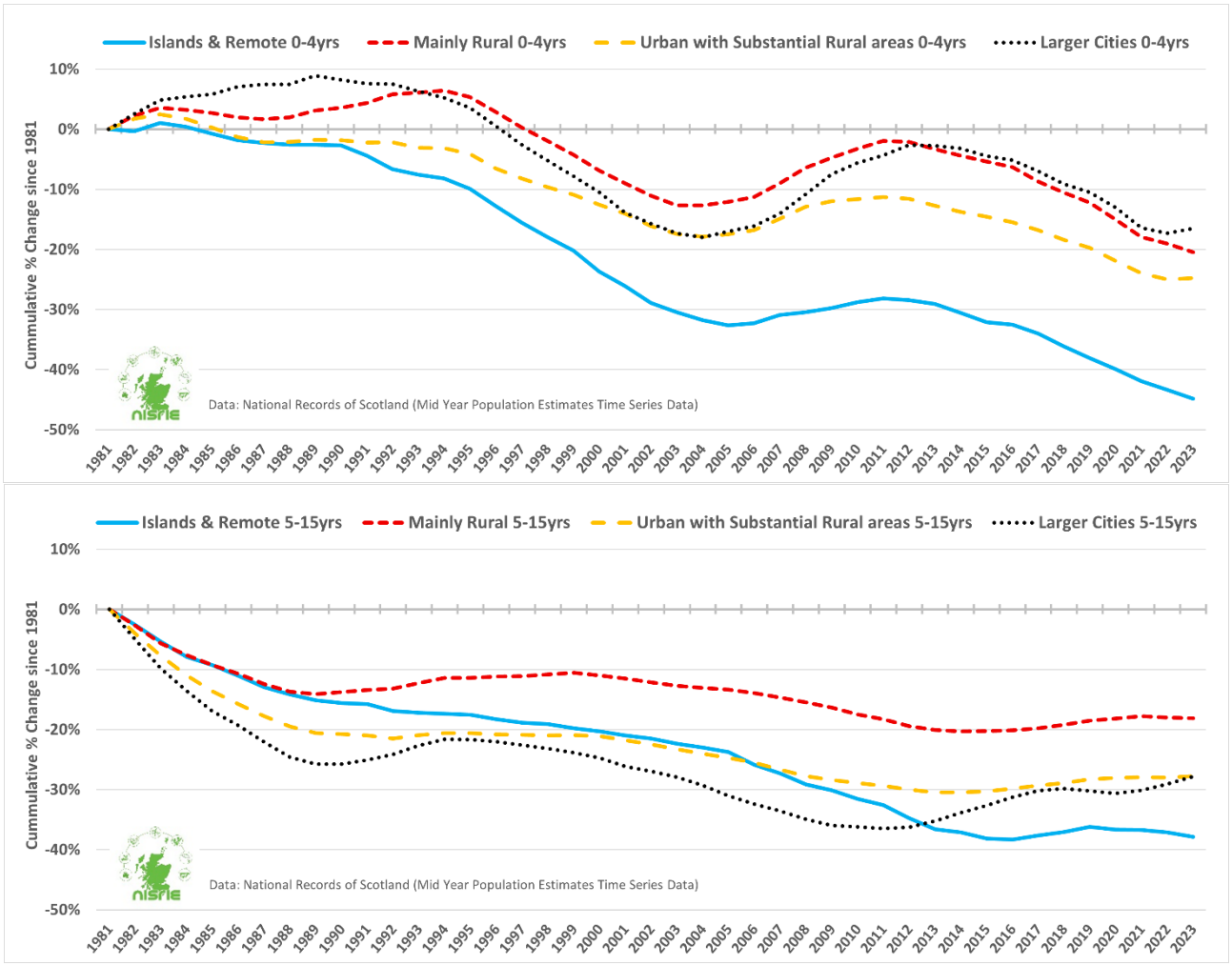
- All regions saw some growth or relative stability in the early 1980s, followed by a general decline until the mid 2000s.
- There was a brief rebound or plateau around 2006–2012, especially in larger cities and mainly rural local authorities, perhaps as early EU A8[187] and A2[188] accession migrants had families.
- After 2012, all areas resumed a downward trend, which intensified after 2016, especially in remote and island local authorities.

Islands and remote local authorities experienced the largest decline in 0-4 year olds, with a 45% cumulative decrease in the 0-4 year old population since 1981, compared to a 20% decline in mainly rural, 25% in urban with substantial rural areas, and 17% in larger cities local authorities. For 5-15 year olds the cyclical trends relating to childbirth (which is in turn related to the age profile of the general population is less pronounced, reflecting migration of young families between local authority regions. Nonetheless, in contrast to 0-4 year olds, the 1980s saw a sharp decline in 5-15 year olds (as the children born in the late 1960s and early 1970s dropped out the age category). There was some stability in the 1990s followed by another period of decline up till around 2013-14, after which there was stability and some growth in this population. In the island and remote local authorities, there was a long-term consistent decline in 5-15 year olds until 2015 after which there was stability - that pattern has led to 38% fewer 5-15 year olds in these local authorities than in 1981 (compared to 18% decline in mainly rural and 28% decline in both urban with substantial rural, and larger cities local authorities).

Photo: Urban – Children's toy in city garden (S Thomson)

[184] The Implications of National and Local Labour Markets for the Social Care Workforce: Final Report for Scottish Government and COSLA
[185] A strategy for the care workforce | TUC
[186] https://www.nrscotland.gov.uk/media/uebpbruu/bt8-2023-births-time-series.xlsx
[187] In 2004 ten countries joined the EU. As Malta and Cyprus already had UK Commonwealth status they had fewer EU accession restrictions than the remaining 'A8' countries: Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia (see Gillingham, 2010 for an overview Understanding A8 Migration to the UK Since Accession)
[188] In 2007 Bulgaria and Romania joined the EU, but the UK introduced schemes to limit the access of so-called "A2" migrants during an 'accession period' that ended on 31st December 2013.

Figure 25 Cumulative change in 0-4 yrs and 5-15yrs children population, by RESAS local authority classification, 1981-2023



Using the small area population estimates from the National Records of Scotland the dynamics of the population of children can act as local indicators of potential 'demand' for childcare services. Looking at the population of children using the NISRIE data zone classification (see Section 1.1) shows even greater insight into the changing population of children, highlighting spatial differences in terms of where service provision is already challenged by a significantly reduced number of children. Table 9 shows how the pre-school age group (0-4) and school age (5-15) children have changed in the last two decades, with national declines of 10% and 7% respectively. Mainland very remote rural areas had 30% decline in pre-school children over the period, with 22% decline in mainland remote rural and 19% decline in island very remote rural areas (reflecting findings of recent James Hutton Institute research[189,190]). In contrast, the pre-school population increased by 16% in accessible rural areas. The pre-school population in small towns across the classifications also fell by 17% to 21%. Over the last two decades, again in stark contrast with other spatial areas, the accessible rural areas had 12% increase in 5-15 year old children, whereas all other typologies saw decline, particularly in remote island

[189] The Demographic Challenges Facing Scotland's Sparsely Populated Areas | SEFARI
[190] A Troubling Demographic Legacy for Scotland's Sparsely Populated Areas | SEFARI

and rural areas (e.g. -22% in mainland very remote rural, -23% in mainland very remote small towns, -21% in island very remote small towns).

These trends likely reflect a declining birthrate, indicative of broader demographic shifts that have significant implications for resource allocation, economic development, and public services. Understanding these changes is crucial for planning and policymaking, particularly in addressing the needs of different age groups and ensuring sustainable community growth.

Table 9 Population of children, and rate of change, by NISRIE data zone classification, 2001-2022

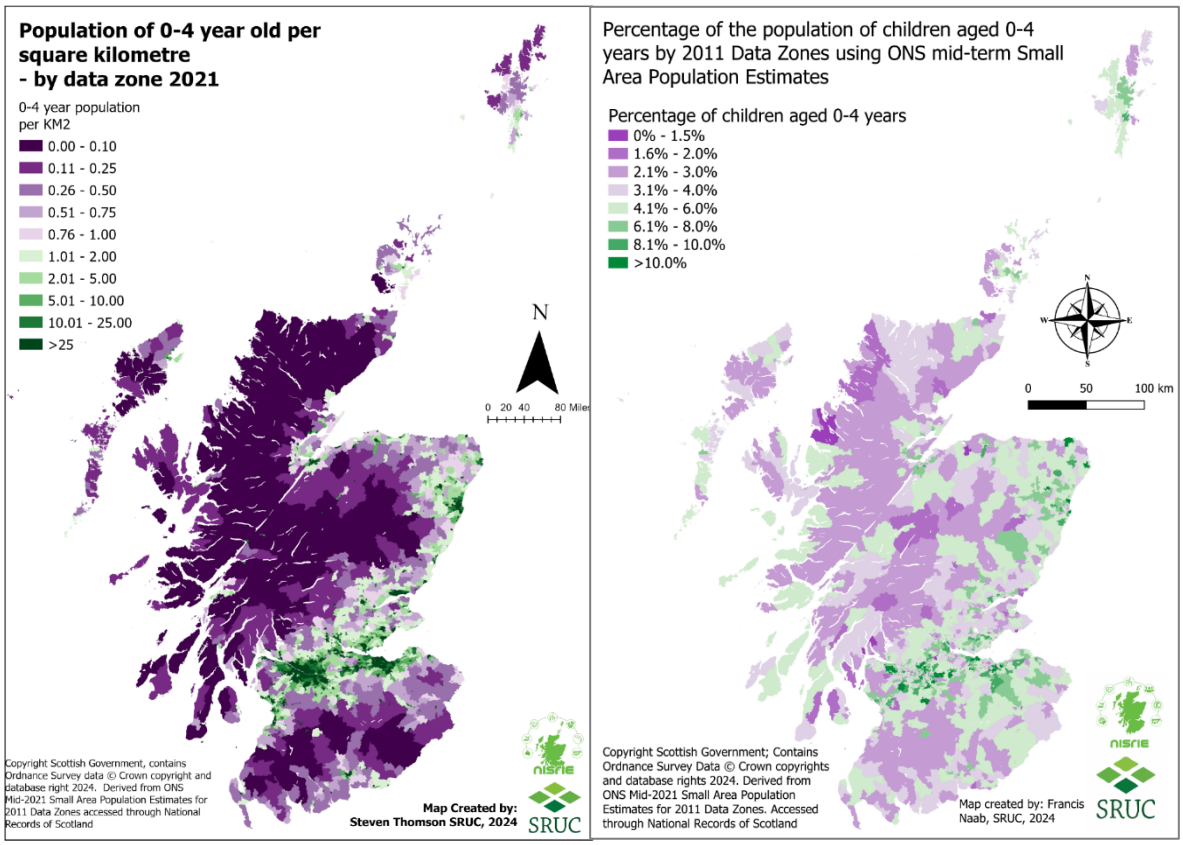
Data zone Classification	Children Age 0-4yrs			Children Age 5-15yrs		
	2001	2022	2001-22	2001	2022	2001-22
Island Very Remote Rural	3,663	2,955	**-19%**	10,325	8,559	**-17%**
Island Very Remote Small Towns	1,385	1,148	**-17%**	3,913	3,073	**-21%**
Mainland Very Remote Rural	3,661	2,579	**-30%**	9,985	7,749	**-22%**
Mainland Very Remote Small Towns	2,353	1,849	**-21%**	6,438	4,938	**-23%**
Mainland Remote Rural	7,077	5,546	**-22%**	20,180	16,507	**-18%**
Mainland Remote Small Towns	3,989	3,192	**-20%**	10,385	8,972	**-14%**
Mainland Accessible Rural	33,288	38,523	**16%**	87,512	97,715	**12%**
Mainland Accessible Small Towns	24,335	20,174	**-17%**	63,262	56,836	**-10%**
Other Urban Areas	97,665	80,848	**-17%**	244,143	216,712	**-11%**
Large Urban Areas	98,845	90,912	**-8%**	237,970	223,043	**-6%**
Scotland	**276,261**	**247,726**	**-10%**	**694,113**	**644,104**	**-7%**

Map 14 reveals the significant variation in the population density (people per square kilometre) of children aged 0-4 years across Scotland in 2021 (left-hand map), and also relative population structure with regard to pre-school children (right-hand map). Larger urban and peri-urban areas (smaller urban areas and accessible towns) show relatively high densities of pre-school age children which is also reflected in main towns in island locations (e.g. Lerwick in Shetland, Kirkwall in Orkney, Stornoway in Lewis, etc.). In contrast, rural and remote areas, especially in the Highlands and Islands, were characterised by very low densities of young children, shown in dark purple where there were fewer than 1 pre-school aged child aged four and under per 10 square kilometres (0.1 per km^2)[191].

Map 14 also shows the proportion of the data zone population in 2021 that were children aged 0-4 years of age. Light purple areas represent the data zones with the lowest proportion of children aged four and under (0% - 1.5%), whilst the darkest green shadings (over 10%) reveal the data zones with the highest proportion of children aged 0-4 years. Similar to population density, the proportion of 0-4-year-old children is higher, predominantly in and around major urban areas, but areas with 4-10% of the population in this age group extend quite widely, particularly in the northeast, Lothian and the Scottish Borders, East Renfrewshire and North Lanarkshire. In contrast, many of the rural and island data zones across the Highlands and Islands and Dumfries and Galloway, had relatively lower proportions of young children.

[191] It is worth noting that data zones (2011) were designed to generally have populations of 500-1,000 people (with an absolute maximum of 1,125 and minimum of 375) which means including larger spatial areas in rural locations naturally affect population densities – but help to focus areas where communities and children may be spatially dispersed.

Map 14 Population of 0-4 year old children per square kilometre and as proportion of total population by data zone, 2021



These demographic patterns confirm the higher concentration of young families in urban and accessible regions, likely due to better access to services, employment opportunities, and amenities. The lower relative populations of pre-school aged children in remote areas may be due to factors such as limited access to healthcare, education (including childcare), transport, and economic opportunities - characteristics that lead to lower birth rates, compounded by outmigration of young adults that can contribute to a "cycle of decline" that is hard to reverse and make it more challenging to provide infrastructure[192] and services[193] (including childcare) in sparsely populated areas.

5.3 Data on Childcare

There are four main types of childcare provision in Scotland:

- Childminders
- Nurseries (either private businesses, charities or not-for–profit organisations)
- Early Learning Centres (usually attached to a school and are local authority-run), and

[192] See, for example: https://www.transport.gov.scot/publication/population-and-household-location-choice-research/synthesis-of-evidence-and-recommendations/ and https://www.gov.scot/publications/place-based-policy-approaches-population-challenges-lessons-scotland/documents/

[193] For example, see Sánchez-Mateos and Pulpón (2025) The challenge of access to healthcare services as a condition for territorial equity. A methodological approach for sparsely populated rural areas, Health Policy, Volume 156,https://www.sciencedirect.com/science/article/pii/S0168851025000661 https://doi.org/10.1016/j.healthpol.2025.105310.

- Informal childcare (nannies/ au pairs / family and friends caring for children).

Photo: Islands: Isle of Coll children's playground iStock

There are varying levels of data availability for the different forms of childcare, with limited publicly available information about more informal types (nannies, au pairs and friends and family). Therefore, this section focuses on formal/registered childcare services, which have greater data availability, although it is worth noting that summary statistics on island-rural-urban characteristics could be improved, particularly given the regularity with which childcare is mentioned as a barrier in rural and island contexts. A variety of data sources were used, including data on care providers from the Care Inspectorate[194], third-party surveys/reports and interviews with key stakeholders. However, Hodges et al. (2025)[195] noted that for childcare provision outside of the statutory funding, there was less data availability. In Scotland, 75% of local authorities responded to the question: 'Please tell us the percentage of children in your local authority for whom you have enough childcare', and *"Scottish local authorities report between 22% and 93% as 'Data not held or cannot tell'."* (p.29).

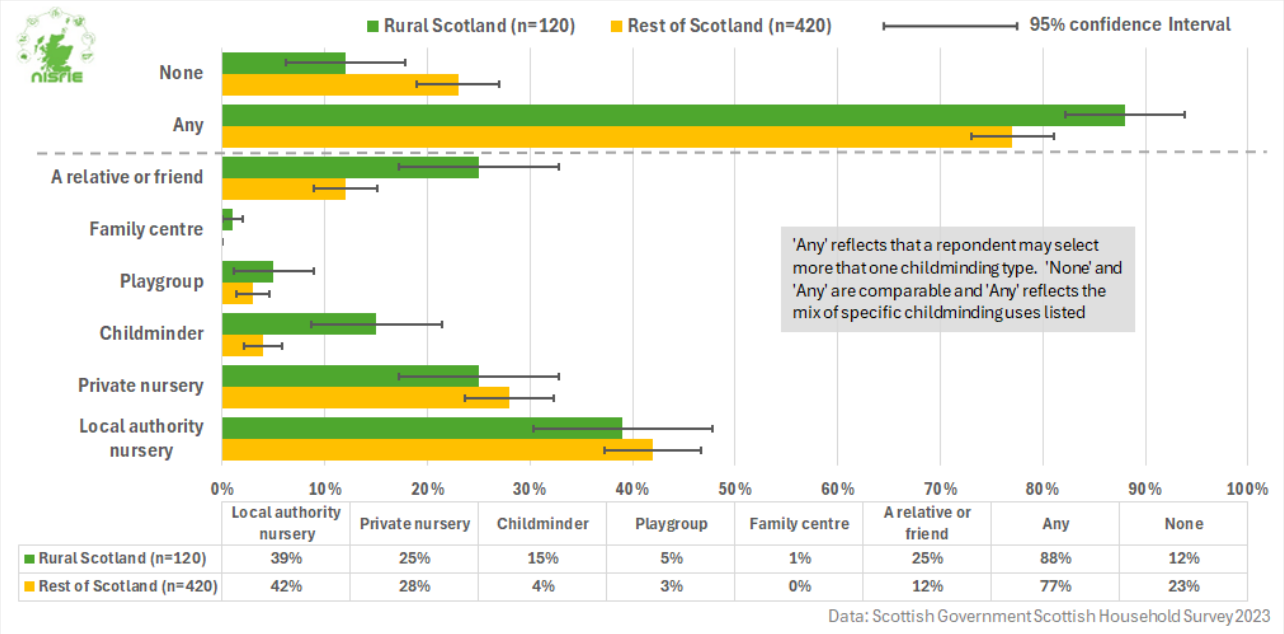
5.4 Accessibility to childcare

5.4.1 Use of childcare

The Scottish Government's Scottish Household Survey[196] has a regular section relating to childcare, but results are not reported for islands, and are mostly not reported for rural areas due to the small sample size of respondents. However, the types of childcare utilised by households with a child aged 2-5 years old who is not in school (see Figure 26) is reported for rural and urban areas. It is estimated that there was a higher propensity to use some form of childcare in rural households (88%) compared to the rest of Scotland (77%) in 2023, where 'Any' in Figure 26 accounts for respondents that selected at least one childcare use. There was a greater reliance on friends and family in rural areas (25% compared to 12% elsewhere), as well as childminders (15% compared to 4% in other areas). Whilst not broken down for rural or island areas, the survey revealed that in 2023, 73% of respondents used childcare so that the person (or partner) can work, with another 5% using it to enable them to look for work. 29% of respondents reported childcare was important for the social development of their children, with 35% also reporting it as important for the child's learning / language development, and 17% suggesting it was important to improve child behaviour.

[194] Welcome to the Care Inspectorate
[195] Hodges, Goddard, Shorto and Knights-Toomer (2025) Corram https://www.coram.org.uk/resource/childcare-survey-2025/ /
[196] About the Scottish Household Survey - gov.scot

Figure 26 Types of childcare used by rural and urban households with a child aged 2-5 not in school (by 2-fold urban–rural classification), 2023



	Local authority nursery	Private nursery	Childminder	Playgroup	Family centre	A relative or friend	Any	None
Rural Scotland (n=120)	39%	25%	15%	5%	1%	25%	88%	12%
Rest of Scotland (n=420)	42%	28%	4%	3%	0%	12%	77%	23%

5.4.2 Registered Childcare facilities

The Care Inspectorate produces data on the availability and quality of registered daycare for children and childminding services for children and families across Scotland[197]. Table 10 shows a lower rate of total early learning and childcare provisioning (20.7 places per 100 children aged 0-15) in island and remote local authorities compared to other local authority classifications (e.g. 25.8 per 100 children aged 0-15 in larger cities). There are fewer registered child-minding places available (1.3) per 100 under-16-year-olds in larger cities than in other local authority classifications (i.e. 3.3 per 100 in mainly rural and 2.8 per 100 in island and remote local authorities).

Table 10 Rate of day care of children and childminding services per 100 0-15 year olds by RESAS local authority classification, 2023

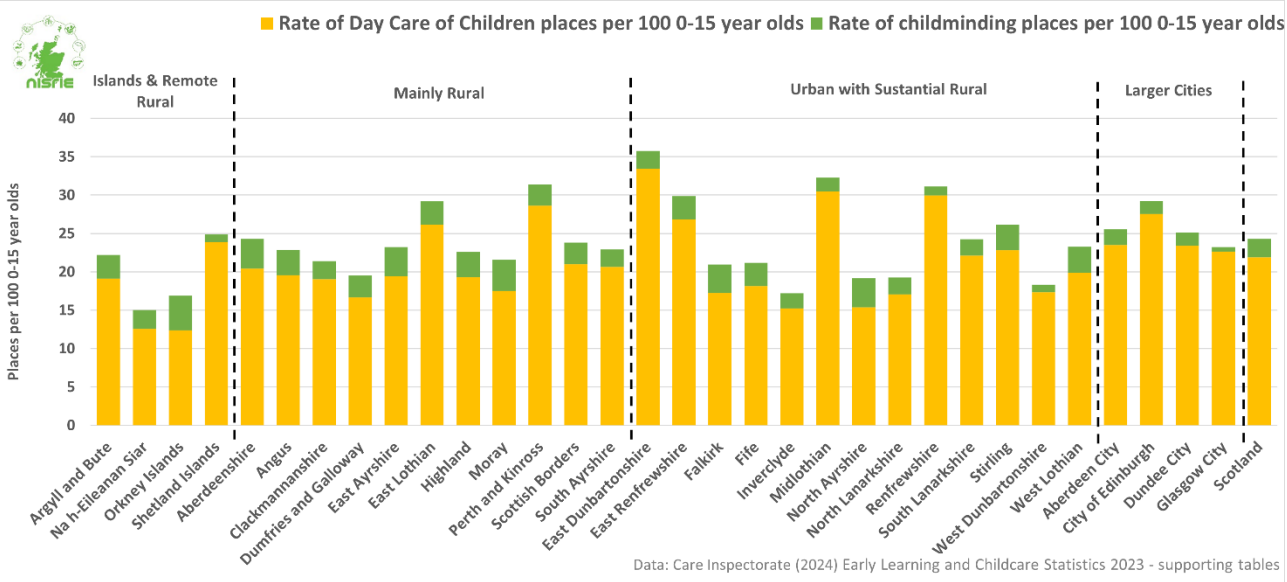
Local Authorities	0-15 year old population	Rate of provision per 100 under-15-year-olds		
		Day care of Children	Registered childminding	Total early learning and childcare
Islands & Remote	24,158	17.8	2.8	20.7
Mainly Rural	253,846	20.8	3.3	24.1
Urban with Substantial Rural areas	395,247	21.2	2.6	23.7
Larger Cities	238,271	24.5	1.3	25.8
Scotland	**911,522**	**21.9**	**2.4**	**24.3**

Figure 27 shows that there was a wide variation in the relative provision of day care of children and childminding services between local authorities across Scotland, and within RESAS local authority classifications. This ranged from 36 places per 100 0-15 year-olds in East Dunbartonshire to only 15 places in Na h-Eileanan Siar. Whilst Orkney (17) and Na h-Eileanan Siar (15) had fewer total places compared to Shetland (25) it is notable that the number of registered childminding places in Shetland (30 places or 3% of total registered

[197] Early learning and childcare statistics 2023

places) was very low in comparison to Orkney (130, or 18% of registered places) and Na h-Eileanan Siar (80, or 9% of registered places).

Figure 27 Rate of day care of children and childminding services per 100 0-15 year olds, by local authority clustered by RESAS local authority definition, 2023



Going beyond the local authority level, it is notable that some local communities within Scotland have limited or no local (defined by data zones in this context) childcare provision ('Day Care of Children' and 'Child Minding' categories) registered with the Care Inspectorate[198]. Map 15 shows the local areas where there was limited or no registered childcare provision in 2023, noting that within urban environments, many data zones also had no service provision. It is noticeable that there was no registered childcare provision across parts of Dumfries and Galloway, the Borders, Angus Glens, Aberdeenshire and rural Stirling, whilst across much of the Highlands and Islands, there was some, albeit sparse (yellow in the left-hand map), registered childcare provision in most data zones.

Predictably, areas with a higher density of registered childcare places per square kilometre (red colours in the left-hand map) were primarily located within populous urban areas, notably in regions such as Glasgow, Edinburgh, and Dundee, but also in important towns such as Stornoway, Lerwick, Portree, Elgin, Aviemore, Hawick and Eyemouth. Unsurprisingly, in larger, more dispersed rural data zones, the registered childcare provision was much lower on a per-kilometre basis.

To further understand the relative childcare provision, the righthand map in Map 15 shows the number of registered places per 100 children aged 0-15 (i.e. an indicator of the number of registered childcare places as a proportion of the total number of children under 16 years of age living in a data zone). The yellow and green colours depict areas where there is a relatively low number of spaces per under-16-year-old child, whilst the dark blues show areas where there are more spaces than the data zone child population (i.e. they act as hubs drawing children in from surrounding areas (perhaps in areas of workforce / further and higher education density). Some of these high provisioned data zones are near or surrounding town centres (i.e. on the periphery of towns) such as Aviemore, Crieff,

[198] https://www.careinspectorate.com/index.php/statistics-and-analysis/data-and-analysis

Largs and Duns. Areas with very low provision per 100 under 16-year-olds (yellow) tended to be located in more accessible areas to urban areas and towns.

Map 15 Registered childcare places by square kilometre and per 100 under 16 year old children within data zones, 2023

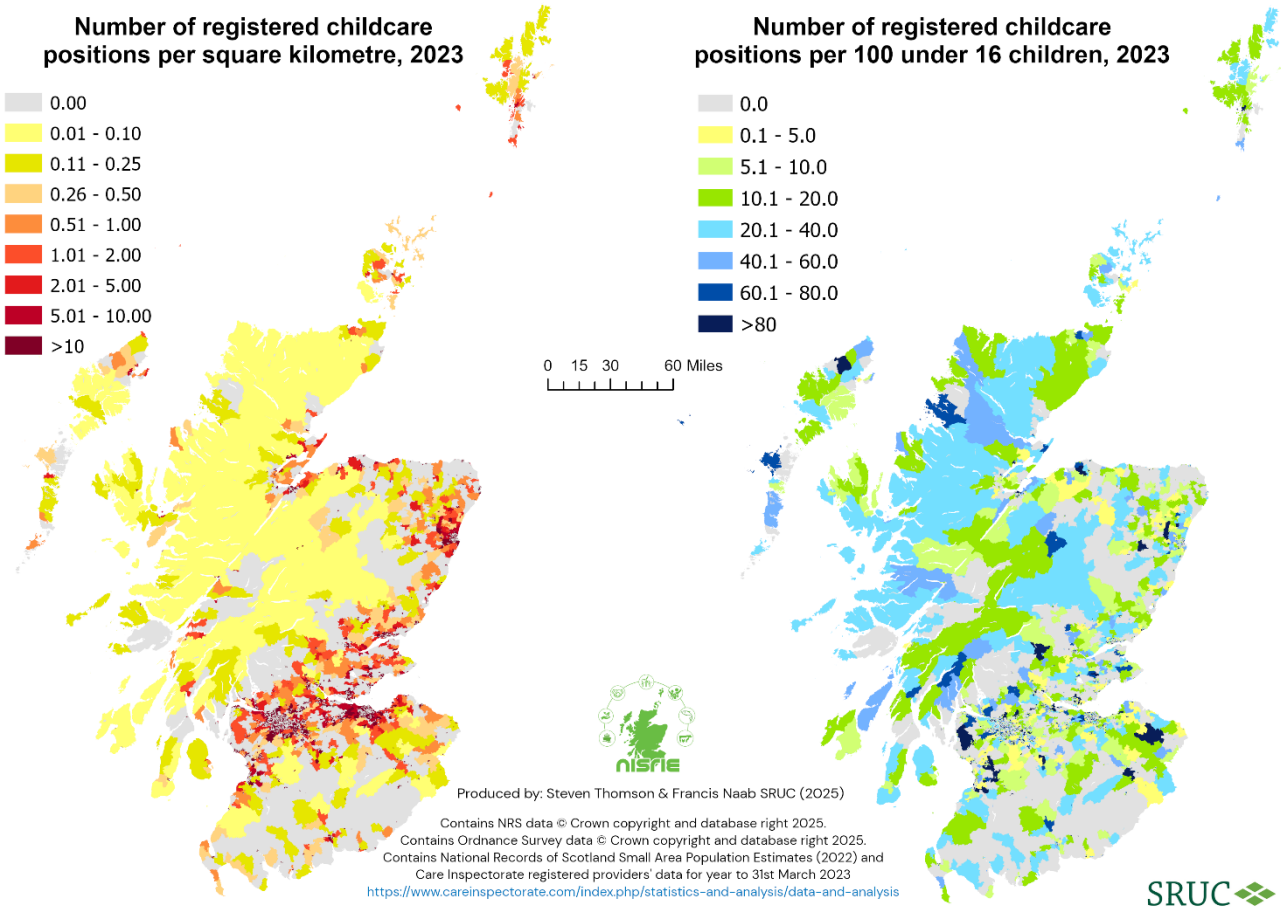


Table 11 summarises the data on registered childcare provision using the NISRIE data zone classification. It reveals that mainland accessible rural (17.8) and mainland remote rural (17.9) areas had the lowest provision of registered childcare per 100 under-16 year olds in 2023. This contrasts with mainland accessible small towns (24) and mainland remote small towns (23.6) and urban areas (23.1 to 24.2). Island very remote rural (21.3) was marginally below the national average, whilst childcare provision in very remote mainland areas was near the national average. In very remote small towns in island areas there was the highest provisioning of registered childcare (27.2 per 100 children). Whilst this appears to suggest that there are similar levels of childcare provision across much of Scotland, it does not give a sense of the accessibility or dispersion of services in the remotest parts of Scotland where travel distances and times to childcare provision may be prohibitive for some families.

Table 11 also demonstrates the higher reliance on local authority (and health board) childcare provision in island and very remote rural areas in comparison to urban areas and more accessible parts of Scotland, where there is considerably greater private sector and voluntary / not-for-profit childcare provisioning. This therefore places a greater burden on

local authority budgets in very remote and island settings to ensure there is childcare provision.

Table 11 Number of registered Scottish childcare places per 100 0-15 year olds, by NISRIE data zone classification, 2023

NISRIE Classification	Children	Registered Childcare Places per 100 0-15 year olds			
		Total Childcare	Public Sector	Private	Voluntary / Not for Profit
Island Very Remote Rural	11,514	21.3	16.5	4.2	0.6
Island Very Remote Small Towns	4,221	27.2	20.0	4.0	3.2
Mainland Very Remote Rural	10,328	22.5	15.9	4.2	2.4
Mainland Very Remote Small Towns	6,787	23.2	12.9	6.3	3.9
Mainland Remote Rural	22,053	17.9	10.6	5.0	2.2
Mainland Remote Small Towns	12,164	23.6	11.5	9.3	2.8
Mainland Accessible Rural	136,238	17.8	7.8	7.9	2.0
Mainland Accessible Small Towns	77,010	24.0	10.7	10.2	3.0
Other Urban Areas	297,560	23.1	11.2	9.1	2.8
Large Urban Areas	313,955	24.2	8.9	11.0	4.3
Scotland	**891,830**	**22.6**	**10.0**	**9.4**	**3.2**

5.4.3 Funded childcare

Currently, in Scotland, local authorities are responsible for ensuring that funded childcare entitlement is available for all eligible children in their area. It should be noted that informal childcare and unregistered individuals are not eligible to become partner providers for formal, funded early learning and childcare. Funded childcare starts from three years old, although there is additional funding available for some lower-income families or families who have experience of care that are eligible for funded support from two years old[199]. Funded care works out at about 22 hours per week if used throughout the year (including school holidays) or 30 hours per week if only used in term time. There are additional schemes to help with the costs of childcare, including tax-free childcare[200] and the Scottish Child Payment[201].

Box: 1 Coram's Childcare Survey

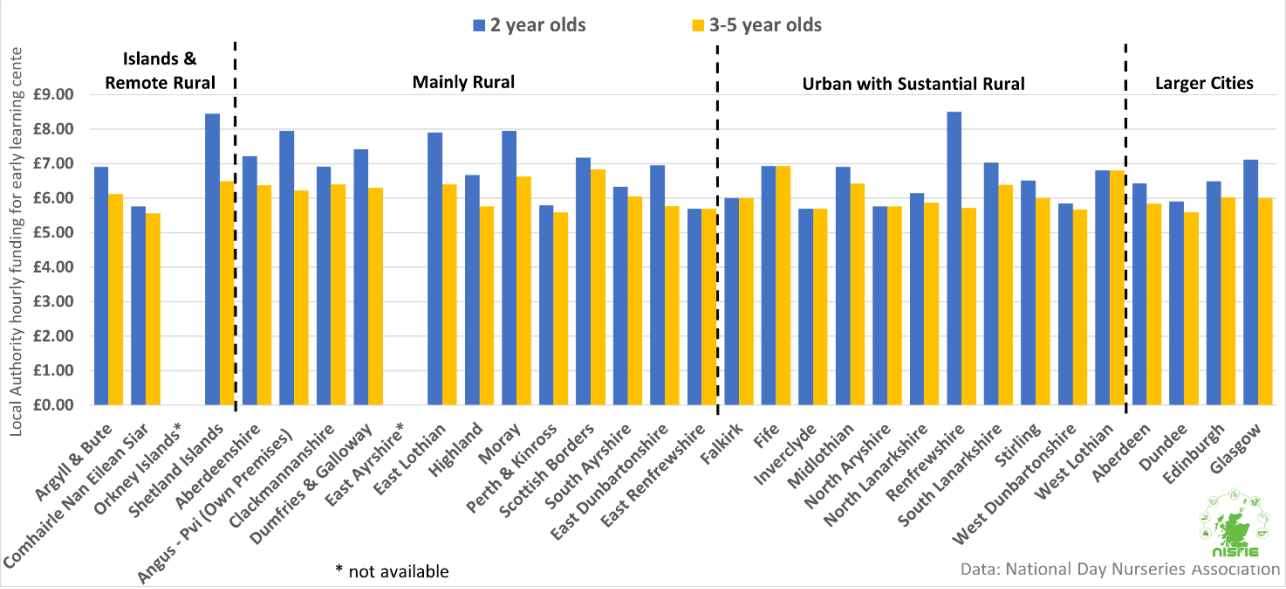
Childcare sufficiency relates to the adequate provision of various childcare types, such as nurseries and childminders, to support parents in accessing or maintaining employment. Hodges et al. (2025)[202] reporting Coram's Childcare Survey reported that 78% of the responding Scottish local authorities claimed that they had sufficient childcare provision for at least 75% of children aged three to four in 2025 - an improvement from 2024[203]. The study also reported that 78% of responding local authorities had at least 75% childcare coverage for children two years old and

[199] https://costofliving.campaign.gov.scot/early-years-and-childcare
[200] "up to £500 every 3 months (up to £2,000 a year) for each of your children to help with the costs of childcare. This goes up to £1,000 every 3 months if a child is disabled (up to £4,000 a year" https://www.gov.uk/tax-free-childcare
[201] https://www.mygov.scot/scottish-child-payment
[202] Hodges, Goddard, Shorto and Knights-Toomer (2025) Corram https://www.coram.org.uk/resource/childcare-survey-2025/
[203] Hodges, Shorto and Goddard (2024) Corram Childcare Survey 2024

under who were entitled to the 1,140-hour funded entitlement. In both cases, 22% of the responding local authorities said the data was not held, or they were unable to tell what the coverage was. Only six local authorities reported they had 100% sufficient to meet the needs of families living in rural areas, with 19 not able to tell (or not holding appropriate data) and seven local authorities not answering the question / having no rural coverage.
For two-year-olds and under that were not eligible for funding entitlements, 74% of responding local authorities were unable to detail the level of childcare provision in this category. Coram reported that there was also very poor data coverage for most of the other childcare categories used within their study, such as 5 to 11-year-olds before school (e.g. breakfast club or childminder), or 5 to 11-year-olds after school (until around 6 pm), or children and young people with special educational needs and disabilities (with between 67% and 93% of local authorities reporting they did not hold the data or were unable to tell). As explored using the Care Inspectorate data, local authority services may be the only childcare provision in some areas, and as they mainly focus on provision for three to four-year-olds it inevitably means there is better data coverage for this age group.

Figure 28 demonstrates the differences between local authority hourly payment rates towards early learning supported places (National Day Nurseries Association[204]). There is no apparent difference between RESAS local authority classifications, with funding levels specific to each local authority. Hourly rates for 2-year-olds varied from £5.69 per hour in Inverclyde and East Renfrewshire, to £8.44 in Shetland and £8.50 in Renfrewshire (49% higher than the lowest rate). For 3-year-olds, the funding rates varied from £5.55 in Comhairle Nan Eilean Siar and £5.59 in Perth & Kinross and City of Dundee to £6.83 in the Scottish Borders and £6.92 in Fife (25% higher than the lowest rate).

Figure 28 Hourly cost of childcare provision (2-year-olds and 3 to 5-year-olds) by Local Authority, and RESAS local authority classification, 2024[205]



5.5 Childcare affordability

The Child Poverty Action Group in Scotland (2024[206]) reported that "*for parents in paid work, childcare accounts for a substantial proportion of the costs associated with having a*

[204] See NDNA Scotland: early learning and childcare support - NDNA
[205] https://ndna.org.uk/news/nurseries-in-12-scottish-council-areas-dont-know-their-funding-rate/
[206] Cost_of_a_child_in_Scotland_2023_1.pdf

young child", and that challenge has become more pronounced in recent years as costs have risen rapidly. However, there is currently no sub-national-level data for the costs of Scottish childcare. Further, since there are also variations in what childcare fees cover, direct comparisons can be difficult. However, the Scottish Government note[207] that: "*parents and carers in rural areas are less likely to use all of their 1,140 funded hours, and* ***more likely to have experienced difficulties affording childcare.***"

In addition to the funded places detailed above it is worth noting that private nurseries and childminders set their charging structures according to the services they provide. Some fees are inclusive of meals, snacks, nappies, wipes, suncream and additional activities and trips, whereas others charge extra for these[208]. Some providers also choose to charge different rates for younger children, as the staff-to-child ratio required is higher for these children, thus making them more expensive to care for.

Hodges et al. (2025, p.13[209]) reported the price of 25 hours a week of childcare for children aged two and under at nurseries and childminders in Scotland (see Table 12). Using gross hourly pay data from the Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE[210]), broad childcare affordability for children aged 2 and under was calculated for different earning levels at a national level (noting the lack of spatial childcare cost data means rural–urban commentary is impossible). As a simple example[211] of relative affordability by earnings levels, Table 12 shows that the average cost of 25 hours of weekly childcare for 2-year-olds and under was between £122 and £138 in 2025, accounting for 20% to 23% of average (mean) gross weekly earnings of a Scottish adult worker (using 2024 earnings data). For the 10th percentile of earners (i.e. 10% of earners had lower earnings and 90% had higher earnings), these average child care costs would account for between 57% and 65% of gross weekly earnings of an individual, and between 34% and 39% of 20th percentile earnings. In contrast, these childcare costs represented only 10% to 12% of 90th percentile earnings (i.e. those with only 10% of earners above them). This example stresses that metrics such as average affordability can be extremely misleading and fail to account for the relative affordability of childcare provision for lower earners.

207

208 See https://www.daynurseries.co.uk/advice/nursery-top-up-fees-are-they-legal noting "*the Scottish government says that any costs for parents using ELC should be optional and they should only be charged for additional snacks or the cost for outings that you have to pay extra for such as a trip to the theatre*"

209 Childcare Survey 2025

210 Table 7.1a Weekly pay - Gross (£) - For all employee jobs, 2024 Earnings and hours worked, place of work by local authority: ASHE Table 7 - Office for National Statistics. The calculations in this report are based on the provisional 2024 estimates.

211 As all children aged 3 and 4 are eligible for 1,140 hours of childcare per year but not all 2 year olds and under are eligible for funded support this was chosen as an example of relative affordability (https://www.mygov.scot/childcare-costs-help)

Table 12 Average cost of 25 hours of childcare provision for children aged two and under two in Scotland 2025, and relative affordability by gross weekly earnings percentile, 2024

Childcare cost / Scottish gross earnings percentile	Weekly earnings as % of 25-hour childcare cost			
	Nursery		Childminder	
	Under 2	2-year-old	Under 2	2-year-old
25-hour cost	**£122**	**£125**	**£138**	**£130**
10th percentile earnings	57%	58%	65%	61%
20th percentile earnings	34%	35%	39%	36%
25th percentile earnings	29%	29%	32%	31%
30th percentile earnings	26%	27%	29%	28%
40th percentile earnings	23%	23%	26%	24%
Median earnings	**18%**	**18%**	**20%**	**19%**
Mean earnings	**20%**	**20%**	**23%**	**21%**
60th percentile earnings	17%	18%	20%	18%
70th percentile earnings	15%	15%	17%	16%
75th percentile earnings	14%	14%	16%	15%
80th percentile earnings	13%	13%	15%	14%
90th percentile earnings	10%	11%	12%	11%

Data: Hodges et al (2025); ASHE (2024)

Whilst not providing any rural or island breakdowns of responses, the Scottish Household Survey reported that for 2023 respondents (n=410) with pre-school age children, 63% did not spend anything on childcare (it was not used or was funded), whereas 5% spent up to £1,000 per year per child, 18% of respondents spent between £1,000 and £5,000 per child and 11% spent £5,000 to £10,000 per child. Other data on relative costs and incomes that are reported nationally and for the Scottish Index of Multiple Deprivation, would be useful to consider for urban-rural-island contexts.

5.6 Case Study insights on childcare accessibility impacts

To better understand the impacts that childcare shortages have on families and communities in rural and island Scotland, researchers undertook a series of interviews with rural and island parents of young children in 2024. From these, the following case studies were written.

Box 2 Remote mainland mother case study

Interview with a mother located on a Scottish island, who touched on many different issues that she had experienced because she could not access formal childcare when she wanted to return to her job after having children.

She spoke about the challenge of using family members to provide childcare so she would return to work: "*I had [a family member] looking after them for a lot of the time, but [they] just didn't turn up on days. And then you're not able to go to work, which is, you know, you can't.*"

She expanded on the impact that childcare shortages were having on her and other mothers' careers in the community: "*a lot of women …have moved over recently …[and decided] I'll have a baby, then they're like, oh, actually, in fact that's my career over for a certain time until I can get things organised. So yeah, it does have a huge impact on our productivity.*" *She also spoke candidly about the personal impacts to her health "I had terrible post-natal depression with both my kids, which you know, makes it worse that you have no respite care because there's no one that will come and look after them if you need to just get away, not even to do work.*"

When asked why she felt there was a shortage of childcare, she responded: "*Risk awareness and bureaucracy falling on the heads of childminders. I mean, when I was a kid 90% of childcare was provided informally by friends, family, friends of friends who ran some sort of informal setup where they looked after two or three kids… You can no longer do that now, because …you have to be a registered childminder they're going to come out and risk assess your house and you can't have this and you can't have that. You have to [have] separate environments and …it just doesn't work for rural communities.*"

She also spoke about there being no local registered childcare providers and that this resulted in her not being eligible for funding: "*they [the government] only help you if the child was in registered childcare and there are no registered childcarers … there was no chance of me getting any tax relief or contribution towards my childcare, so my childcare was crazy expensive…I think it should be taken into account that in some places, nobody's going to have a registered childcare, and it's not feasible to get one to come out to. So it's always going to be expensive to get someone to look after your kids. We should all be treated equitably in that respect. And everyone should get a little bit of relief for that cost.*"

She also commented on the Scottish Government's planned childcare expansion: "*with the sword of Damocles hanging over your head as to whether they're gonna close your local school or not, it seems like adding insult to injury that they're now saying… we're going to expand childcare. Well, **** **. It's a bit late now.*"

Box 3 Remote Mainland Mother case study

Interview with a mother from a remote mainland location, who explained that there was a shortage of childcare in her local area. In the past, grandparents in the area provided a lot of the childcare; however, *"We're also of that generation where grandparents still work… people do work longer now, people need to work longer now".*

She spoke about how her family managed childcare: *"we [my partner and I] just decided that actually it was better that we concentrated on my career...A lot of people, as well, are finding that they're just not managing to go back to work. Or they're having to change their jobs to jobs that fit in with school hours."*

She also spoke about the stress childcare had on her family's mental health: *"I would say it has a massive impact on everybody's health. Me and my partner feel so incredibly stressed at times because you're just juggling…And then once they're [children] in bed, like, one of us will be through, trying to get whatever work done, or you'll be getting up at 4:00 in the morning to get work done before they get up. I can't imagine how it could be for people that maybe don't have that open dialogue with their partner."*

She continued, reflecting on multiple years of trying to access support: *"tired, you know, I've been doing this for nearly nine years now, contacting all these people saying help and why is nothing getting done?.. and you get the same stories. I've had lots of conversations with people in education, in [the local] council.. it's all we don't have the staff, and it's like you are not advertising for staff…They tried to do a pilot where they would provide wrap around care, but they were looking for a childminder in the area and nobody came forward for it because they would have to become self-employed and it's just too variable that people can't. There's not enough children in this area to provide a childminder… so people aren't prepared to take that step forward and, jump into the unknown…. they just don't know if they're going to have children long term and it's going to be enough to meet their own financial needs. For someone to do independently, it's not really viable."*

She also explained that there were wider impacts to the whole community as a result of shortages in childcare, where services were struggling, and people were leaving: *"the problem is that we're finding that services are really struggling for staff because they're just, isn't that childcare available, so people can't continue on. It's really, really, really challenging to develop a career here because you find that if you get something that works for childcare and you get the opportunity to have a promotion or to do further training or education. You really struggle to commit"*

She added reflections on how lack of childcare provisioning affects the attractiveness of the area to new residents: *"you're not going to move to any area. Where you can't get any childcare, are you?"… "I think actually a lot of the time people move away. I've had two close friends move away recently because they've just felt like living here has been a so very, very nice and a lovely place to stay community wise. They've not been able to have any fulfilment in their own careers and it's just it's not met their own needs. So they've just felt, no, we need to move somewhere where we can actually get childcare and have a support system. You try and support people as we've all got our, you know, juggling up that we're doing. So it's quite it is quite challenging for parents here to be honest."*

5.7 Conclusion

The population of pre-school and school-aged children has changed quite significantly in the last two decades across much of Scotland. For example, the population of children aged 0–4 has declined by 45% in islands and remote areas since 1981, that affects primary school intakes. Monitoring these trends, along with the birth rate, can provide early warning signs of where service provision may be made more challenging in the future (from lack of, or excess, demand). Local authorities in much of the Highlands and Islands provide the lion's share of registered childcare places (compared to higher private and voluntary sector childcare places in urban and accessible areas) that means they are enduring costs that other local authorities do not have to.

88% of rural households with 2–5-year-olds use some form of childcare (vs. 77% elsewhere). Further, rural areas rely more on friends/family (25%) and childminders (15%) than urban areas, and there are fewer registered childcare places per 100 children in island and remote local authorities compared to more urban areas. Many rural and island communities have no local registered childcare and families may face long travel distances and limited flexible hours that can further restrict access, especially for under-3s.

Accessible and affordable childcare is often cited as a barrier to economic activity in rural and island communities. Until more data regarding childcare across types of provision (e.g. the types and subtypes in Care Inspectorate data) is provided in a consistent manner, it remains challenging to make meaningful commentary on coverage and childcare issues. Some classification of child-minding services would also be useful.

The cost of private childcare is largely unknown by region or childcare type, meaning it is challenging to assess the relative affordability for parents. There are likely opportunities for improving childcare cost data collection to better assess the relative costs of childcare to families and authorities across Scotland's regions and localities. However, it is acknowledged that gathering childcare cost data is challenging, as there are multiple factors that can affect rates (provision of drinks, food, nappies, child-to-carer ratios, etc) making comparisons not straightforward.

Whilst the ratio of registered childcare places to children aged 0-15 is similar across most spatial typologies, the distance to childcare facilities in rural and island contexts is not often considered, meaning the time and costs of travel associated with childcare are largely unknown. A better understanding of accessibility (including distance) of childcare in a rural and island context would be useful.

Whilst the Scottish Household survey gathers useful insights on childcare use and costs, that data is only reported nationally or by the Scottish Multiple Index of Deprivation (for the 40% least deprived and 60% most deprived data zones). Whilst there may be insufficient data responses to report for rural or island areas, there may be scope to report using NISRIE peripherality classes that combine small towns and rural areas.

The evidence suggests that there remains a need for:

- **Tailored funding for rural/island providers:** To recognise the additional costs of provision in rural and island locations, though this should also be accompanied by improved childcare cost data collection.
- **Support for flexible models** (e.g. shared staff, mobile nurseries): Such models can help to reduce or share costs between providers and support families to join/re-join the labour force.
- **Transport solutions** to reduce access barriers: Long distances to travel to rural childcare can be a major barrier restricting access.
- **Improved data collection on costs, usage, and accessibility:** This will help to ensure services are fit-for-purpose for future demographic trends and to demonstrate the additional costs faced by rural and island local authorities providing these services, and by families accessing them.
- **Community involvement in service design:** To ensure that future service provision is tailored appropriately to current and future local needs.

Photo: Remote rural mainland: 2 children running on hill track (iStock)

6 Older people: activity and care services

Key Points

- There is a complex set of legal requirements and Scottish Government strategies addressing the care needs of the older population. The Scottish Government has recognised that Scotland's ageing population increases pressures on public expenditure, in particular pensions, health and social care.
- Scotland's over-65 population increased by 36% between 2001 and 2022 to over 1 million, with the most pronounced growth in accessible rural areas (+76%). economic activity rates in the 65+ years of age population was generally higher in island and remote local authorities, followed by mainly rural local authorities.
- Life expectancy rates at birth were highest in remote rural and accessible rural Scotland (2012-23). Moreover, the highest estimated life expectancies for both females and males in the 65-69, 70-74, and 75-79 groups were in remote rural and accessible rural areas of Scotland.
- Healthy Life Expectancy for both males and females was generally higher for residents in rural areas and remote small towns in most 65+ age groups and there was a strong positive correlation between economic activity rates and Healthy Life Expectancy amongst local authorities.
- As the Scottish Government focuses on increased care at home, the number of care home places per 1,000 older adults declined by 27% nationally from 2010 to 2024, with sharper reductions (31%) in island and remote areas. In island and remote local authorities, there is significantly higher and increasing reliance on the public sector for elderly care home provisioning.
- Nationally, around two-thirds of long-stay elderly care home residents are mainly, or fully, publicly funded. However, there is significant variation in mainly or fully publicly funded residents, ranging from 90% in Na h-Eileanan Siar and Shetland to 40% in East Dunbartonshire and 39% in the City of Edinburgh. Self-funded care home costs are highest in island and remote local authorities, averaging £1,460 per week for care without nursing (an 80% increase in the weekly cost between 2010 and 2024).
- Care home workforce shortages are acute in rural and island areas, with employment in residential nursing care falling by 43% on islands between 2015 and 2023.
- Scottish Government policy reforms (including Scotland's Population Health Framework 2025-2035, the Health & Social Care Service Renewal Framework 2025-2035 and the NHS Scotland Operational Improvement Plan) emphasise integrated, community-based care models and digital solutions to address service gaps and improve accessibility.

6.1 The Policy Context

Care home policies for older adults in Scotland are primarily governed by the **Health and Social Care Standards**[212] established by the Scottish Government (2017). These standards emphasise dignity, compassion, and respect, ensuring that residents receive care tailored to their individual needs and preferences, while promoting independence, choice, and community within care homes. The **National Care Home Contract**[213] further

[212] Health and Social Care Standards: my support, my life - gov.scot
[213] National Care Home Contract

supports consistent, high-quality care by setting out terms and conditions for services funded by local authorities. In addition, the Health and Social Care Integration[214,215] guidance emphasises the importance of collaboration between local authorities and health boards to ensure cohesive and efficient care delivery. This integrated approach aims to address the unique challenges rural and island communities face, such as geographical isolation and limited access to services.

Within the legislative framework, the **Public Bodies (Joint Working) (Scotland) Act 2014**[216] mandates the integration of adult health and social care services by Health Boards and local authorities. This integration includes adult social care, adult community health, and aspects of acute hospital care related to emergency pathways. Additionally, local authorities have the flexibility to extend this integration to children's health and social care services, where required[217].

The **National Health and Wellbeing Outcomes Framework**[218] established targeted outcomes to improve the quality of life for older adults, ensuring they receive access to personalised and respectful care. This framework is especially vital for remote areas, where access to healthcare and social services is more limited. Moreover, financial guidance from the Scottish Government, such as the Health and Social Care Integration - Financial Assurance[219], helps ensure that resources are allocated effectively to meet the specific needs of rural and island communities[220].

Governance frameworks, such as the **Clinical and Care Governance Framework**[221], set out the roles and responsibilities of care providers to ensure accountability and uphold high care standards. These frameworks facilitate the implementation and adaptation of services in rural and island areas, helping to address challenges like workforce shortages and the need for specialised facilities. They also promote collaboration with third-sector organisations and local communities to enhance service delivery and support for older adults[222].

Although these policies are in place, there are notable differences in the availability and quality of care between urban, rural, and island areas. Rural and island regions often encounter greater challenges due to sparse populations and logistical difficulties, which affect service provision and accessibility. To address these issues, the Scottish Government has prioritised innovative approaches like telehealth[223] and community-based care models[224] aiming to ensure that older adults across Scotland have equitable access to high-quality care[225]. Moreover, the **Care Reform (Scotland) Bill[226] (now Act[227]) Island**

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214 Health and Social Care Scotland | About Integration
215 What is integration? A short guide to integration of health and social care services in Scotland
216 The Public Bodies (Joint Working) (Scotland) Act 2014
217 Scottish Government (2014) The Public Bodies (Joint Working) (Scotland) Act 2014
218 National Health and Wellbeing Outcomes Framework
219 Health and Social Care Integration - Financial Assurance
220 Scottish Government. (2015) Health and Social Care Integration - Financial Assurance
221 Clinical and Care Governance Framework
222 Scottish Government (2016) Clinical and Care Governance Framework
223 A National Telehealth and Telecare Delivery Plan for Scotland to 2015
224 Changing models of health and social care
225 Scottish Government (2028) Health and Social Care Standards
226 https://www.parliament.scot/bills-and-laws/bills/national-care-service-scotland-bill
227 Care Reform (Scotland) Act 2025

Communities Impact Assessment highlighted several concerns raised during the Bill consultation, including:

- *"the general need for flexibility to account for specific island and rural communities when developing a national approach to social care*
- *barriers to accessing social care for island communities such as transport limitations and small and dispersed populations*
- *barriers to portability of care packages between urban and rural/island areas*
- *barriers to social worker and social care recruitment due to working age population decline and the need to attract workers to the islands*
- *potential disruption to existing mature integration arrangements that have developed to account for island settings*
- *economic and demographic constraints on establishing new public bodies due to small size of island communities*
- *impact of any disruption on local authority provision of social care due to local authorities delivering a far greater share of social care on islands compared to mainland Scotland*
- *ensuring funding models for social care accurately reflect additional costs associated with delivery on islands."*[228]

Recently, **Independent Age (2025)**[229] reported findings from a commissioned survey of a representative sample of people aged 66 years and over. Whilst the results were not spatially disaggregated, which would have been useful, several key findings are notable:

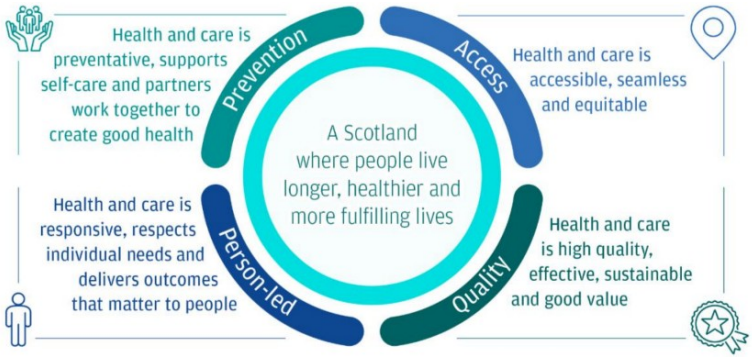
- **Income and pensions:** 19% of older people had annual incomes of less than £15,000, and only 21% felt the state pension was sufficient to cover basic living expenses. Older women were more likely (24%) than men (13%) to fall within this lower-income bracket.
- **Heating and utilities:** Over 80% of respondents with annual incomes less than £15,000 reported cutting back on heating and utilities, and only 47% of this group felt confident that they could pay their heating bills over the next year.
- **Food insecurity:** 32% of older people have skipped meals due to the cost of food.
- **Housing costs:** Nearly a quarter of respondents felt their housing was becoming unaffordable.
- **Social Security awareness:** Nearly a quarter of older people with health conditions were unaware of the available disability-related social security payments.

The new **Scotland's Population Health Framework 2025-2035**[230] creates a strategy to address recent changes in the health of the nation over the next decade, focusing on the deepening of health inequalities as a result of the Covid-19 pandemic and the cost of living crisis. The framework, which was developed by the Scottish Government, COSLA, Public Health Scotland, NHS Directors of Public Health and other local, regional and national partners, focuses on prevention and taking a whole system approach to improving health. It is based on five prevention drivers of health and wellbeing - prevention-focused system, social and economic factors, places and communities, enabling health living, and equitable access to health and care. The Framework notes that the conclusion of the Local

[228] Burgess (2022) Rural health and social care in Scotland https://spice-spotlight.scot/2022/08/02/rural-health-and-social-care-in-scotland/
[229] Older People's Economic Wellbeing Index | Independent Age
[230] Scotland's Population Health Framework - gov.scot

Governance Review and the establishment of Single Authority Models[231] in three rural and island areas will provide key learning and insights into new place-based approaches for Scotland.

Recognising that Scotland's health and social care system is at a critical juncture, the **Health & Social Care Service Renewal Framework 2025-2035[232]** published in 2025 is a long-term plan to transform care by making it more local, personal, preventative, and digital, shifting focus from hospital-centric to community-based support to help people live longer, healthier lives amid financial challenges, using key principles like prevention, population focus, community care, people-centred design, and digital innovation. Through the framework the Scottish Government aims to "*shift the balance to enable a community-orientated approach to health and social care which, in turn, will contribute to better integration of services to meet individuals' and families' needs*." Further, the framework is designed to "*progress reform to ensure long-term financial sustainability, reduce health and care inequalities, further harness the benefits of digital technology, and improve health outcomes for people in Scotland*."



A third key policy document on the Government's approach to health and social care renewal was released earlier this year, the **NHS Scotland Operational Improvement Plan[233]** to "*ensure long-term sustainability, reduce health inequalities, further harness the benefits of digital technology, and improve population health outcomes in Scotland*." Together with Scotland's Population Health Framework 2025-2035 and the Health and Social Care Renewal Framework 2025-2035, the operational plan sets out how health and social care services will be planned for the whole population over the short, medium and longer term.

6.2 Ageing rural and island population

Scotland's Census 2022 estimated Scotland's population to be 5.4 million, an increase of 2.7% since the previous census in 2011[234]. At the same time, the census highlighted an ageing population. Between 2011 and 2022, the number of people aged 65 and over in Scotland increased by 200,700 people (or +22.5%)[235]. By contrast, the working age population (15-64) declined by 37,700 people (-1.1%), and the child population (0-14) declined by 21,800 people (-2.5%).

Scotland's Census 2022 also showed a 27.5% increase in those who said they were providing unpaid care in comparison to 2011 (including support because of old age, and

[231] The Single Authority Model, which is bring explored in the Western Isles, Shetland, Orkney and Argyll and Bute, seeks to integrate multiple public services, including the council, health, housing, etc. into a single authority to improve service delivery and local accountability. More information is available online Single Authority Models Stakeholder Group - gov.scot
[232] Health and Social Care Service Renewal Framework - gov.scot
[233] NHS Scotland operational improvement plan - gov.scot
[234] Scotland's Census 2022 - Rounded population estimates | Scotland's Census
[235] Scotland's Census 2022 - Rounded population estimates | Scotland's Census

also long-term physical /mental ill-health and disability)[236]. These demographic changes have long-term consequences for workforce availability and economic productivity. Without targeted interventions, such changes risk exacerbating labour shortages, particularly in rural and island areas where depopulation trends are even more pronounced. Policies to encourage workforce participation and immigration, alongside initiatives to support older adults to remain active in the labour force, will be critical in addressing these issues.

Using the small area population estimates produced by National Records of Scotland with the NISRIE peripherality classification of data zones, Figure 29 shows the proportion of the population aged over 65 years in 2001 and 2022. Table 13 presents the proportion of the population in their 70s, 80s, and 90s, while Table 14 shows the absolute and percentage change in the older population. It is important to note that the classification is based on 2021 data zone populations and the Scottish Government's Urban-Rural classification. As a result, some data zones may have changed classification over the period, particularly as villages and towns have expanded in some (often more accessible) areas.

The key findings from these graphs and tables reveal that between 2001 and 2022:

- **Scotland:** The over-65-year-old population increased by 36%– an increase of 273,000 people to 1.03 million, or 19% of Scotland's population (up from 15% in 2001). The population of those in their 70s increased by 36% to now account for 9% of the total population, those in their 80s increased by 39% and those in their 90s increased by 53%.
- **Island very remote rural:** Over 65-year-olds made up 26% of the total population in 2022 (up from 17% in 2021). This 55% increase in over 65s (6.8k people) also saw the population of those in their 70s increase by 63% (to 13% of the population), with a 47% increase in those in their 80s (to 5.6% of the population) and 27% increase in those in their 90s.
- **Island very remote small towns:** Over 65-year-olds made up 23% of the population in 2022 (up from 17% in 2001). This represents a third more people (+1,551) in this age grouping. Those in their 70s accounted for 11% of the population in 2022 (+31% from 2001), whilst those in their 80s increased by 43% (to 6% of the total population).
- **Mainland very remote rural:** These areas had the highest proportion of over 65-year-olds across the NISRIE data zone classification. In 2022, 27% of the population was over 65, an increase of 55% (7,258 people) from 2001. The population in their 70s grew by 60% (3,922 people) between 2001 and 2022 and made up 14% of the population in 2021. Those in their 80s increased by 58% and made up 6% of the population in 2022.
- **Mainland very remote small towns:** There was a 27% increase in the over-65-year-old population between 2001 and 2022, with the group accounting for 23% of the population in 2022. The population in their 70s and 80s accounted for 11% and 6% of the population in 2022, respectively, and had grown by 31% and 43% respectively, during the 2001-22 period.
- **Mainland remote rural:** Over 65s accounted for nearly 26% of the population in 2022 (up from 17% in 2021), with the number of people in this age group increasing by 54% (13,154 people) over the period. The population in their 70s grew by 59%

[236] Scotland's Census 2022 - Health, disability and unpaid care | Scotland's Census

and their 80s by 52%, with those in their 90s increasing by 50% as well. Those in their 70s accounted for 13% of the population in 2022, with those in their 80s making up 5.4% of the population.

- **Mainland remote small towns:** In 2001, these areas had the largest proportion of over 65-year-olds (19%) and the number of people in this age group increased by 38% by 2022, where they accounted for 25.5% of the total population. These areas have the highest proportion of the total population (6.4%) in their 80s and have the highest proportion of people in their 90s (1.3%).
- **Mainland accessible rural:** These areas saw the highest increase in the over-65-year-old population (+76% or 65,654 people) between 2001 and 2022, now accounting for 20% of the total population (compared to 14% in 2001). These areas have also had an 82% increase in the population in their 70s (+34,812 people), a 70% increase in those in their 80s, and a 78% increase in those in their 90s (perhaps reflecting relocation of older people from more outlying areas – particularly to access elderly care, or to move closer to family).
- **Mainland accessible small towns**: These areas had 22% of the population in the over-65-year-old category in 2022 (up from 15% in 2001). This was a 51% increase in over 65-year-olds (+33,291 people). These areas also saw the population in their 70s, 80s, and 90s increase by 54%, 55% and 67% respectively.
- **Other urban areas:** These areas had more than 100,000 extra over 65-year-olds between 2001 and 2022 (+41%) where they accounted for 20% of the population in 2022. Similar to other areas, the population in their 70s (+41%), 80s (+46%) and 90s (+62%) also grew significantly over the two decades.
- **Large urban areas**: These areas have not aged as much as other areas of Scotland, likely related to high densities of students and higher proportions of younger families and workforce. Over 65-year-olds only accounted for 16% of the population in 2022 (+13% from 2001). In contrast to other geographic classifications, the population in their 70s and 80s only grew by 8% and 16% respectively, although the population in their 90s grew by 39%.

Figure 29 Proportion of older adults (aged over 65) in the population and percentage change by NISRIE data zone classification, 2001-2022

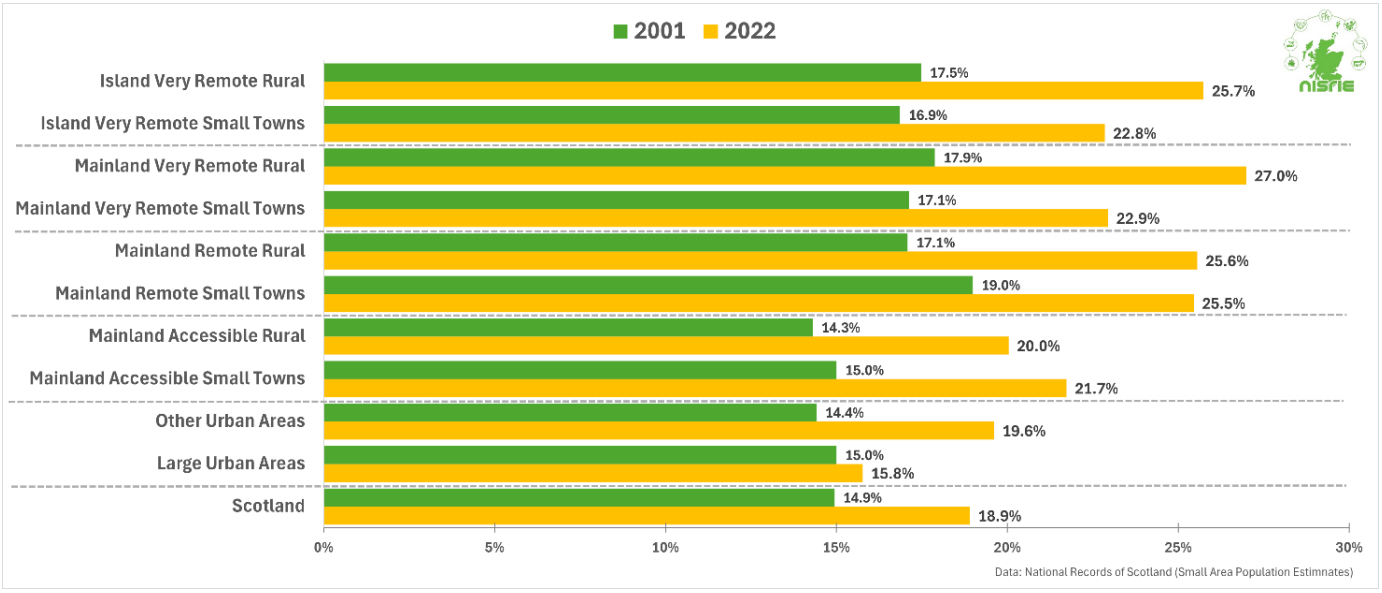


Table 13 Proportion of total population over 65 by age categories and by NISRIE data zone classification, 2001 and 2022

NISRIE Classification	66yrs plus		70 to 79yrs		80 to 89yrs		90yrs plus	
	2001	2022	2001	2022	2001	2022	2001	2022
Island Very Remote Rural	17.5%	25.7%	8.3%	12.9%	4.0%	5.6%	0.8%	1.0%
Island Very Remote Small Towns	16.9%	22.8%	8.0%	10.7%	4.1%	6.0%	0.9%	1.2%
Mainland Very Remote Rural	17.9%	27.0%	8.8%	13.7%	3.8%	5.9%	0.7%	1.0%
Mainland Very Remote Small Towns	17.1%	22.9%	8.2%	11.1%	3.8%	5.6%	0.8%	1.1%
Mainland Remote Rural	17.1%	25.6%	8.4%	12.9%	3.7%	5.4%	0.7%	1.0%
Mainland Remote Small Towns	19.0%	25.5%	9.2%	12.3%	4.4%	6.4%	0.9%	1.3%
Mainland Accessible Rural	14.3%	20.0%	7.0%	10.2%	3.0%	4.1%	0.5%	0.7%
Mainland Accessible Small Towns	15.0%	21.7%	7.3%	10.8%	3.3%	4.9%	0.6%	0.9%
Other Urban Areas	14.4%	19.6%	7.1%	9.7%	3.1%	4.4%	0.5%	0.8%
Large Urban Areas	15.0%	15.8%	7.4%	7.5%	3.3%	3.6%	0.6%	0.8%
Scotland	**14.9%**	**18.9%**	**7.4%**	**9.3%**	**3.3%**	**4.2%**	**0.6%**	**0.8%**

Table 14 Absolute and proportionate change in the number of people over 65, by age categories and by NISRIE data zone classification, 2001-2022

NISRIE data zone classification	2001-2022 change							
	66yrs plus		70 to 79yrs		80 to 89yrs		90yrs plus	
	people	%	people	%	people	%	people	%
Island Very Remote Rural	6,820	+55%	3,743	+63%	1,343	+47%	155	+27%
Island Very Remote Small Towns	1,551	+33%	696	+31%	494	+43%	54	+21%
Mainland Very Remote Rural	7,258	+55%	3,922	+60%	1,648	+58%	253	+48%
Mainland Very Remote Small Towns	2,040	+27%	1,024	+28%	659	+40%	89	+25%
Mainland Remote Rural	13,154	+54%	6,963	+59%	2,688	+52%	496	+50%
Mainland Remote Small Towns	5,484	+38%	2,589	+37%	1,610	+48%	377	+57%
Mainland Accessible Rural	65,654	+76%	34,812	+82%	12,924	+70%	2,469	+78%
Mainland Accessible Small Towns	33,291	+51%	17,127	+54%	7,913	+55%	1,717	+67%
Other Urban Areas	102,312	+41%	50,612	+41%	24,586	+46%	5,635	+62%
Large Urban Areas	35,175	+13%	11,222	+8%	10,061	+16%	4,334	+39%
Scotland	**272,739**	**+36%**	**132,710**	**+36%**	**63,926**	**+39%**	**15,579**	**+53%**

These demographic shifts, especially the substantial increase in the over-65 population in the Island, Rural (both Remote and Very Remote) and Accessible Mainland areas, may have economic consequences. This includes changes in consumer behaviour, demand for certain goods and services, such as social care for older adults, potential impacts on the labour market, depopulation, and other socio-economic factors. These demographic changes, therefore, put pressure on national and local government budgets as they adapt in their efforts to future-proof their service provisions. It is important to note that the reporting of official statistics adapts in the context of an increasing state pension age and rising life expectancy – particularly since 65 years of age no longer represents an appropriate cut-off point in the data.

6.3 Economic activity aged 65+

Although the eligible State Pension age is 66, many of Scotland's older age groups remain economically active (i.e., working). The Annual Population Survey[237] suggests that there were 104,000 (9.7%) economically active people over 65 in Scotland in the 12 months to December 2024. Male economic activity was estimated at 12.5% (+/-1.2%) and female economic activity was estimated at 7.5% (+/-0.9%) in this age group. As the data is based on a survey, the Office for National Statistics considers some estimates (and their confidence intervals) unreliable. Nonetheless, the data still provides the best estimates of economic activity rates in the over-65-year-old population in 2024. More insights on economic activity amongst older people, including the industries they work in, self employment rates and hours worked that are based on Scotland's Census 2022 are also available on SRUC's Rural Exchange[238].

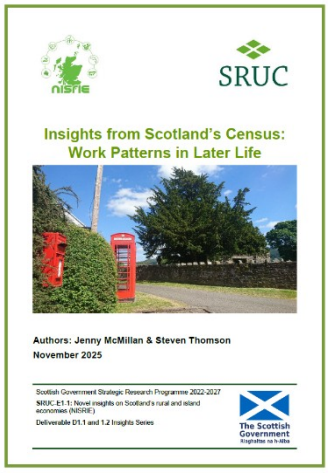
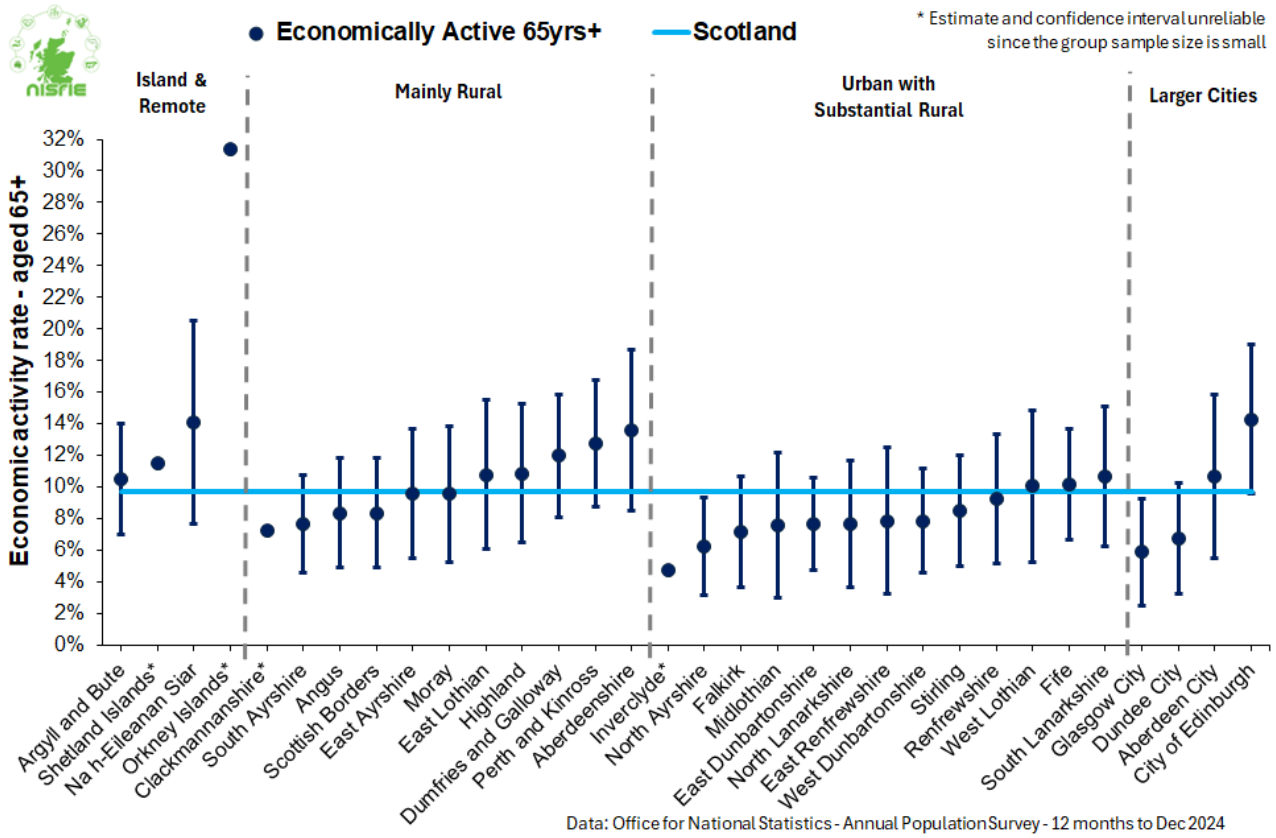


Figure 30 Estimated economic activity rate of 65+ years olds (including 95% confidence intervals) by local authority, ordered by RESAS local authority classification, Jan- Dec 2024



[237] Annual population survey - Nomis - Official Census and Labour Market Statistics. The APS definition of economic activity is those in the population who are either employed or unemployed – those who are working and those without a job who have been actively seeking work in the past four weeks. It is worth noting that adjustments to weightings means revisions to the population estimates are made occasionally.

[238] Scotland's Census 2022: Working at 65+Insights from Scotland's Census 2022: Work Patterns in Later Life

Figure 30 shows economic activity in the older population in Scotland by local authority, grouped by RESAS local authority classification. Whilst the estimates were considered unreliable for the Orkney Islands, the data suggest 31% economic activity rates for 65+ year olds (36% in men and 25% in women) – and it is likely these rates reflect business structures in the farming and fishing sectors[239]. The next highest level of economic activity in the older population was City of Edinburgh (14.3%), Na h-Eileanan Siar (14.1%), Perth and Kinross (13.8%) and Aberdeenshire (13.6%). Local authorities classified by RESAS as island and remote or mainly rural had higher overall economic activity in the older population.

6.4 Life Expectancy

A significant contributing factor to the economic activity of older adults is the long-term increase in life expectancy (reflected in the timetabled changes to the retirement age[240]). There is a well-established connection between life expectancy at birth and levels of deprivation, and National Records of Scotland[241] estimate that life expectancy was higher by 10.5 years for females and 13.2 years for males for the 10% of least deprived data zones compared to the 10% of most deprived data zones across Scotland, using the Scottish Index of Multiple Deprivation[242].

Using the Scottish Government's 6-fold urban-rural definition, Table 15 shows that female and male life expectancy at birth were highest in remote rural (82.9 female, 79.1 male) and accessible rural areas (82.7 female, 78.9 male), particularly when compared to other urban areas (79.9 female and 75.9 male). It is worth stressing that these are not the life expectancies of current residents; rather, the hypothetical life expectancy of a baby born assuming they experience the mortality rates in their locality that were present in 2021-2023, and that advances in medicines and healthcare over their life are not accounted for[243].

Table 15 Estimated life expectancy at birth (with +/-95% confidence intervals), by 6-fold urban-rural classification, 2021-2023

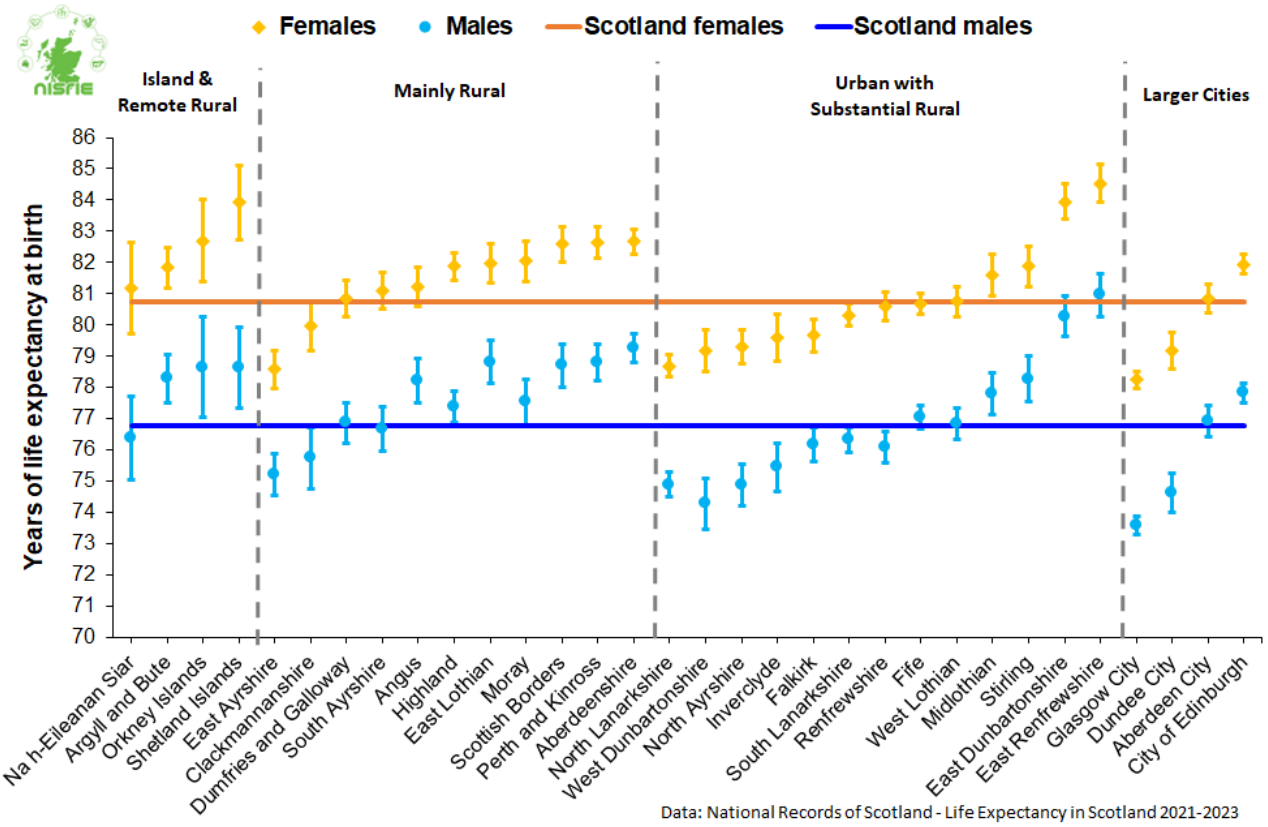
Urban-rural classification	Life expectancy at birth	
	Female	Male
Large Urban Areas	80.3 +/- 0.16	75.7 +/- 0.16
Other Urban Areas	79.9 +/- 0.15	75.9 +/- 0.16
Accessible Small Towns	81.2 +/- 0.29	77.6 +/- 0.32
Remote Small Towns	80.3 +/- 0.46	75.7 +/- 0.56
Accessible Rural	82.7 +/- 0.25	78.9 +/- 0.27
Remote Rural	82.9 +/- 0.35	79.1 +/- 0.4
Data: National Records of Scotland - Life Expectancy in Scotland 2021-2023[244]		

Figure 31 shows estimates of life expectancy at birth for males and females in 2021-2023 across local authorities, ordered by RESAS local authority classification. Life expectancy

[239] This is being analysed in more detail using the 2022 Population Census as granular data becomes available.
[240] State Pension age timetables
[241] https://www.nrscotland.gov.uk/publications/life-expectancy-in-scotland-2022-2024
[242] https://simd.scot
[243] See methods section Life Expectancy in Scotland 2021-2023 - National Records of Scotland (NRS)
[244] https://www.nrscotland.gov.uk/publications/life-expectancy-in-scotland-2021-2023/

for females at birth was over 83 years in East Renfrewshire, East Dunbartonshire and Shetland Islands, and over 79 years for males in East Renfrewshire, East Dunbartonshire, and Aberdeenshire. Generally, there was higher life expectancy in island and remote, and mainly rural local authorities compared with, in particular, larger cities local authorities.

Figure 31 Estimated life expectancy at birth by Local Authority (ordered by RESAS classification), with 95% confidence intervals, 2021-23



National Records of Scotland (2024[245]) data shows that, at a national level, the life expectancy of those who reach 65 and 85 years of age rose from the 1980s up to the early 2010s, but has stalled since 2012-14. For the 2021-2023 period, the average life expectancy of people 65 years of age was 17.5 years for males, and 19.7 years for females. The life expectancy for people aged 85 years of age in 2021-2023 was 5.6 years for males and 6.3 years for females.

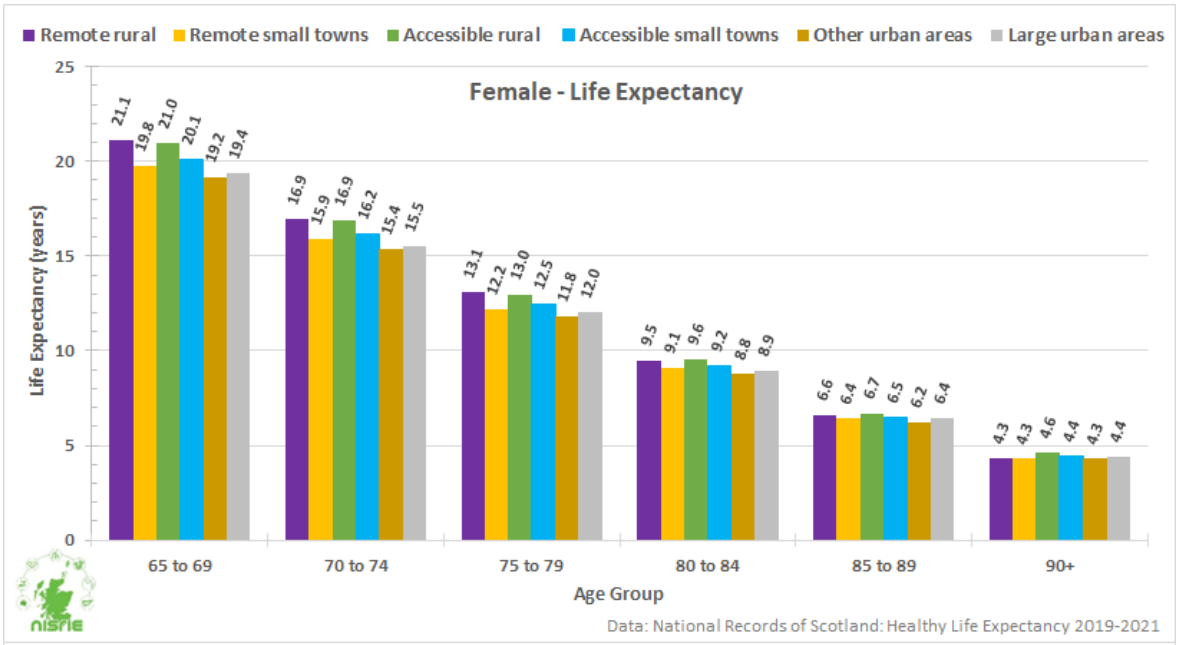
The estimated life expectancy of males and females by different age groups, and different Scottish Government 6-fold urban-rural classifications is shown in Figure 32 for 2019-2021[246]. The highest estimated life expectancies for both females and males in the 65-69, 70-74, and 75-79 groups were in remote rural and accessible rural areas of Scotland. Full data, including the +/- 95% confidence intervals, are available in Annex 3 – Life Expectancy.

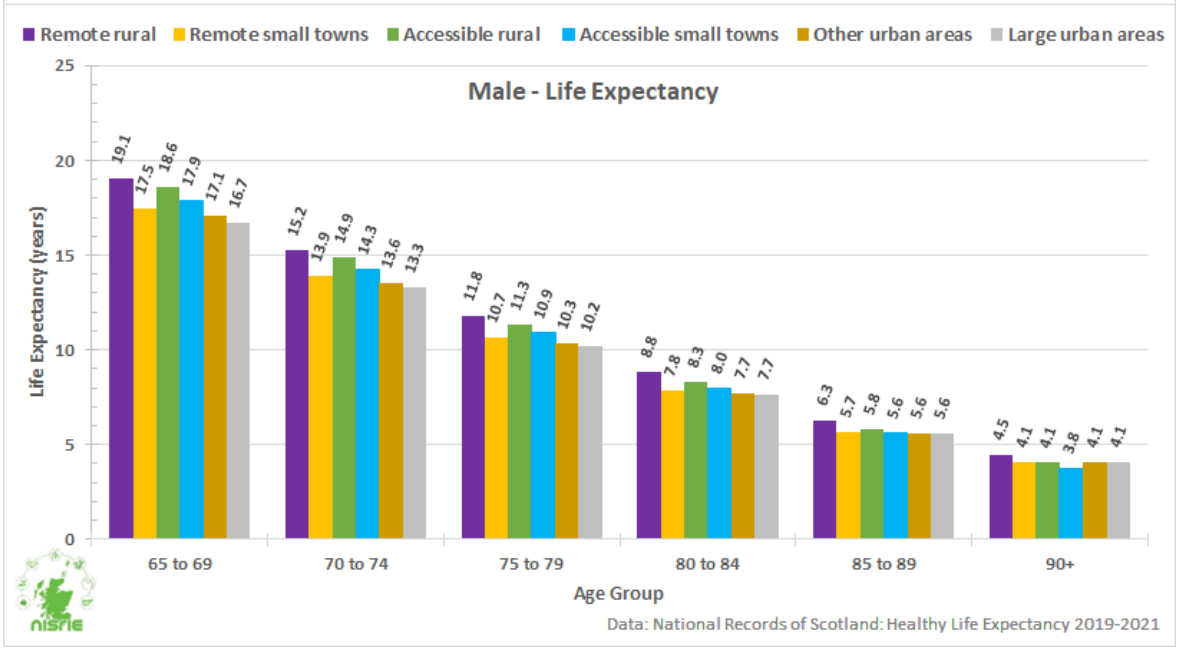
For example, in the 2019-2021 period, the average life expectancy for females aged 65-69 was 21.1 years in remote rural areas and 21.0 years in accessible rural areas, compared

[245] Life Expectancy in Scotland 2021-2023 - National Records of Scotland (NRS)
[246] Noting this is the latest data available at local authority level split by older age groups and sex. The lack of more current data reflects a change in analytical methods use

to 19.4 years in large urban areas and 19.2 years in other urban areas. For males, life expectancy followed the same pattern, with the life expectancy of a 65-69 year old ranging from 19.1 years in remote rural areas to 16.7 years in large urban areas (i.e. 2.3 years lower in large urban areas in comparison to remote rural areas). It is also worth noting that in all urban-rural regions, the life expectancy of males in the 65-69 age group was over two years lower than females (2.6 years lower in large urban areas). Figure 32 also shows that as the population ages, the gaps in life expectancy between both spatial localities and sex reduce (although male life expectancy in remote rural areas remains persistently higher than other geographies in all age groups).

Figure 32 Estimated life expectancy by sex, age group and 6-fold urban-rural classification, 2019-2021





6.4.1 Healthy Life Expectancy

Healthy Life Expectancy (HLE) is defined as the average number of years of life spent in good health[247]. The Annual Population Survey (APS) asks respondents to self-report their general health based on a five-point response question about their general health, where those who responded 'good' or 'very good' health were classified as being in good health. This is used to estimate 'Healthy Life Expectancy' for age groups, which provides an estimate of the number of years lived in very good or good health for different genders and age groups[248].

The difference between Life Expectancy (LE) and HLE is used to estimate the proportion of time that an average person in different gender/age categories will be in good health (or, by using the inverse, not good health) over the rest of their life[249]. However, these proportions should be compared with caution, as they are the product of two estimates with uncertainty around them (in particular for this context, sample sizes are small for age, sex, and urban-rural categories). Whilst the data may suffer from various sampling and reporting biases, it can still provide a useful indicator to help plan future demand for health care support or social service support[250] as it can be used to predict the proportion of time each age/gender group, within specific geographies, are expected to be in good health (or poor health). It is worth noting that the Healthy Life Expectancy calculation methodology has recently changed to mitigate the effect of falling Annual Population Survey sample sizes[251].

Using 2019-2021 data[252] Figure 33 shows graphs of the HLE for females and males in different age groups by urban-rural classification, alongside graphs showing the proportion of life expected to be spent in good health (noting the upper and lower estimates are not shown here but are detailed in Annex 3 – Life Expectancy). Similar to the life expectancy figures shown in Figure 32, the HLE for both males and females is generally higher for residents in rural areas and remote small towns in each category, with estimates for the oldest age groups (80+) being more similar across geographies. The data suggests, for example, that a female living in remote rural Scotland in 2019-2021 who was aged 65-69 had a life expectancy of 21 (+/- 0.2) years, with a healthy life expectancy of 13 (+/- 1.2). In this instance, it means that around 62% of the person's remaining life is expected to be in good health, meaning some form of health care support may be required for 38% (8.1 years) of that period. It should be noted that, as the proportion of remaining life expected to be in good health is derived from two estimated figures, the figure could be as low as 56% or as high as 68% depending on the use of the upper and lower bound confidence estimates for each metric[253].

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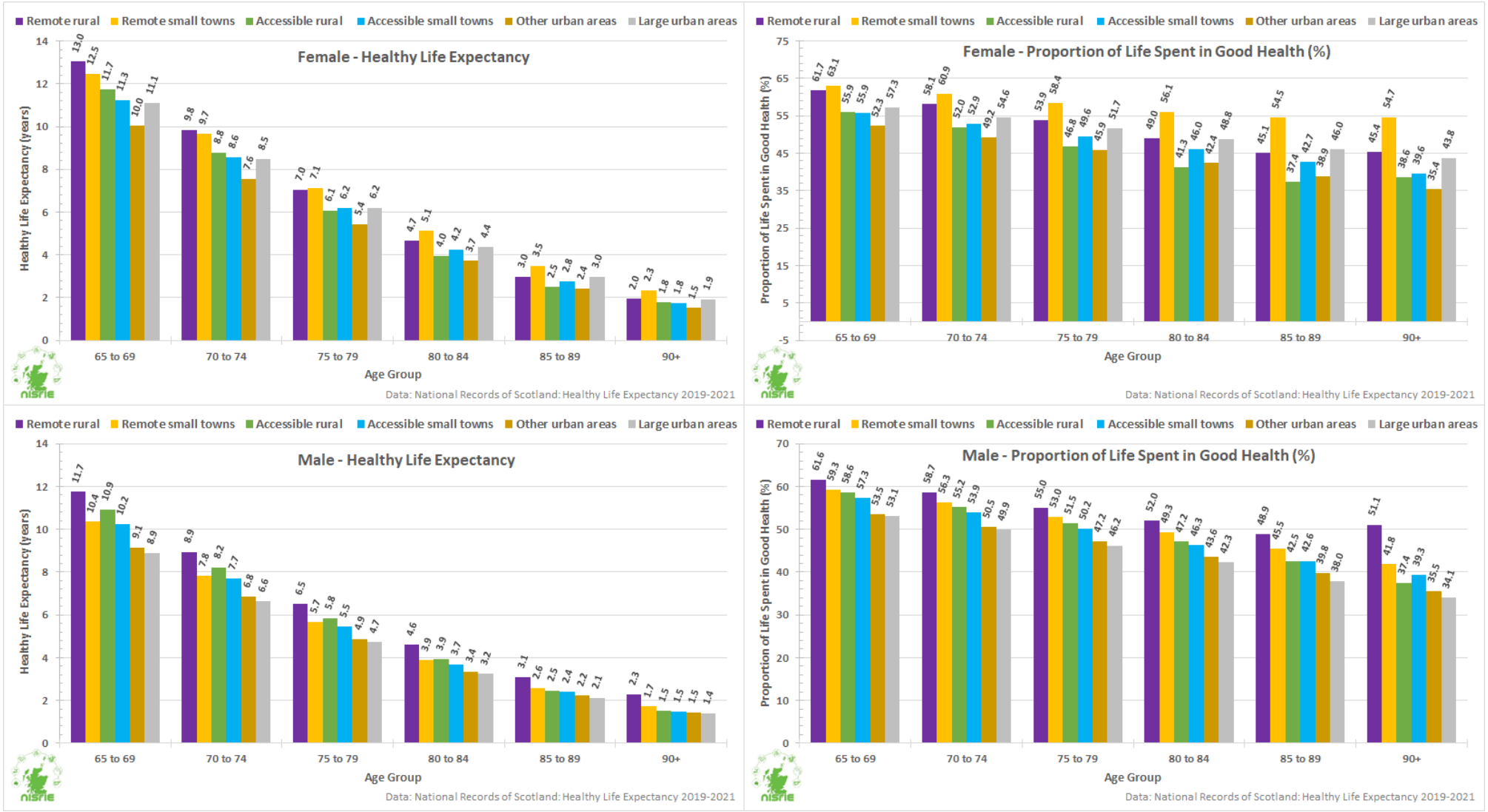
[247] Healthy Life Expectancy 2019-2021 - National Records of Scotland (NRS)
[248] See the methodological approach Methodology Guide
[249] It should be caveated that the estimated proportion of years remaining that are expected to be spent in good health is a product of two estimates, both of which have uncertainty around them, and are based on samples of the population.
[250] A new way to measure healthy life expectancy | National Statistical
[251] Healthy Life Expectancy, 2021-2023 - National Records of Scotland (NRS)
[252] 2021-2023 data was not available at this granular level for age classes due to data quality issues arising from falling sample sizes. The methodology for estimating Healthy Life Expectancy has changed since the publication of this data.
[253] 62% is derived from the published estimates. 56% is derived using the lower 95% confidence estimate for HLE and the upper 95% confidence estimate for LE, whilst 68% is derived using the upper estimate for HLE and the lower estimate for LE. This re-emphasises the need for care when using these indicative indicators.

Figure 33 Healthy Life Expectancy (HLE) and proportion of life expected to be spent in good health by age group, sex and 6-fold urban-rural classification, 2019-2021 data[254]



[254] Healthy Life Expectancy 2019-2021 - National Records of Scotland (NRS)

It is also worth noting that the proportion of males in remote rural areas reporting good health does not fall as rapidly with age as it does in other geographies. If there is an adequate number of data observations, it would be useful to see this data for very remote mainland areas and the islands, using the NISRIE analytical (or similar) framework.

Data plots and Pearson correlation coefficients (see Figure 52 in Annex 3 – Life Expectancy) show a stronger association between economic activity at age 65+ and HLE than with overall LE. For HLE, correlations are strong (0.59 for males, 0.60 for females) in both the 65-69 year and 70-74 year age groups, while for LE correlations are moderate for males (0.51–0.53) and weak to moderate for females (0.37–0.39).

6.5 Demand for care – Care at home

Demographic changes in island and rural areas highlight significant potential consequences for a wide range of services (e.g. healthcare, social care, infrastructure, welfare services) that are much needed to cater for an ageing population and other vulnerable groups, including adults with learning disabilities, those with mental health challenges, etc. The Scottish Government (2021) [255] concluded that:

- *"An ageing population puts increasing pressures on public expenditure, in particular pensions, health and social care.*
- *An ageing population, with an increasing number of our 'oldest old' citizens, has the potential to transform our population's health and care needs. In order to address these, careful long-term systems planning is needed.*
- *We must ensure that we are able to manage and mitigate the levels of demand from an ageing population on our health and care services.*
- *Long-term planning must also consider the gradually changing nature of demand on health and care services that may manifest as our population changes. Population ageing is likely to increase the prevalence of age-related conditions in Scotland… A changing burden of disease – towards increasing prevalence of chronic and degenerative conditions – means that there are likely to be changing needs for primary, secondary, and community care."*

Free personal and nursing care for people aged 65 and over assessed as being in need of care was introduced in Scotland over two decades ago through the Community Care and Health (Scotland) Act 2002[256]. This free service was extended to people aged 64 and under from 2019 – often referred to as 'Frank's Law'[257]. There is a broad range of care available to the older population, such as personal care (e.g. bathing, oral hygiene), help with food preparation, supporting mobility, assistance for medications, etc., with formal nursing care also available where the skill and knowledge of a qualified nurse are required.

Table 16 shows estimates of the proportion of local authority (and RESAS local authority classifications) populations in 65-75, 75-84, and 85+ age groups receiving care at home. There is variation in the proportion of 85+ year olds receiving at-home care, generally increasing with urbanisation, reflecting the practice of many older adults moving closer to (urban-based) services as they age.

[255] Healthy Living: Increasing Healthy Life Expectancy And Driving Innovation In An Ageing Society - A Scotland for the future: opportunities and challenges of Scotland's changing population - gov.scot
[256] Social care - gov.scot
[257] Introduction - Extension Of Free Personal Care To People Under The Age Of 65, Scotland, 2020-21 - gov.scot

Table 16 Proportion of age group in receipt of care at home, Oct-Dec 2023

RESAS Classification	Age Group			RESAS Classification	Age Group		
	65-74ys	75-84ys	85+ys		65-74ys	75-84ys	85+ys
Mainly Rural*	**1.4%**	**4.5%**	**15.7%**	**Islands & Remote***	**1.5%**	**5.3%**	**19.8%**
Aberdeenshire	1.4%	5.0%	18.0%	Argyll & Bute	1.6%	5.1%	20.3%
Angus	1.5%	4.7%	16.0%	Orkney Islands	0.5%	2.7%	11.5%
Clackmannanshire	2.2%	7.7%	26.3%	Shetland Islands	2.2%	8.7%	27.7%
Dumfries & Galloway	1.5%	4.0%	13.1%	**Urban & Substantial Rural***	**1.9%**	**6.2%**	**19.1%**
East Ayrshire	2.4%	8.0%	23.8%	East Dunbartonshire	1.6%	6.1%	20.5%
East Lothian	1.5%	4.2%	15.5%	East Renfrewshire	1.6%	4.7%	20.3%
Highland	1.0%	3.9%	12.2%	Falkirk	2.8%	8.5%	25.3%
Moray	1.0%	2.6%	10.6%	Fife	1.4%	4.2%	12.9%
Perth & Kinross	1.5%	4.2%	18.2%	Midlothian	1.9%	5.1%	16.0%
Scottish Borders	1.0%	3.6%	15.4%	North Ayrshire	3.0%	10.3%	29.4%
South Ayrshire	1.4%	4.6%	13.2%	North Lanarkshire	1.6%	5.2%	16.0%
Larger Cities*	**2.7%**	**7.8%**	**20.7%**	Renfrewshire	1.9%	7.5%	19.2%
Aberdeen City	4.7%	10.2%	23.4%	South Lanarkshire	1.8%	6.2%	20.2%
City of Edinburgh	2.2%	5.9%	17.8%	Stirling	1.7%	5.5%	19.5%
Dundee City	2.5%	6.6%	20.7%	West Dunbartonshire	3.2%	10.5%	28.0%
Glasgow City	2.5%	8.9%	22.7%	West Lothian	1.9%	5.4%	17.3%
Scotland	**1.9%**	**5.8%**	**18.0%**				

*RESAS local authority classification estimates based on total population and care provision within age groups
Care at Home Statistics for Scotland (Oct – Dec 2023)[258] with Mid Year Population estimates (2023)[259]

The Scottish Parliament's Remote and Rural Healthcare Inquiry[260] further noted the wide range of factors facing those delivering health care (including care for the elderly in remote and rural Scotland). These factors included: recruitment and retention issues, travel distances, lack of public transport, childcare access, affordable housing, broadband, pay and conditions, access to training, education and continued professional development, staff support networks, loneliness and isolation[261]. In the Health, Social Care and Sport Committee Inquiry report[262], a number of key recommendations were made, with a central message stressing the need for better social, palliative, and mental health care, and for consistent travel reimbursement policies across rural and remote areas.

Photo: caregiver and disabled older woman (iStock)

[258] Care at Home Statistics for Scotland: Support and services funded by Health and Social Care Partnerships in Scotland 2023/2024 - Care at Home Statistics for Scotland - Publications - Public Health Scotland
[259] Mid-2023 population estimates - National Records of Scotland (NRS)
[260] Healthcare in remote and rural areas | Scottish Parliament Website
[261] remote-and-rural-healthcare-summary-of-evidence.pdf
[262] Remote and Rural Healthcare Inquiry | Scottish Parliament

6.6 Care Homes – Older People

It should be noted that the **Care Home Data Review (CHDR)** conducted by the Scottish Government, Public Health Scotland and Care Inspectorate[263] noted a wide range of data gaps as well as concerns over the coherence and insights drawn from the various different data collected on adult care. It is with these caveats in mind that that this section assesses what the data can reveal about care home provision in rural and island areas of Scotland.

Data from the **Care home census for adults in Scotland**[264] published by Public Health Scotland shows that the total number of care homes where the main client group were 'Older People Aged 65 and Older' decreased by 18% between 2010 and 2024, with the number of registered spaces in these care homes falling 6% over the same period. In March 2024, residents in care homes where the main client group were older people accounted for 91% of total adult care home residents in Scotland.

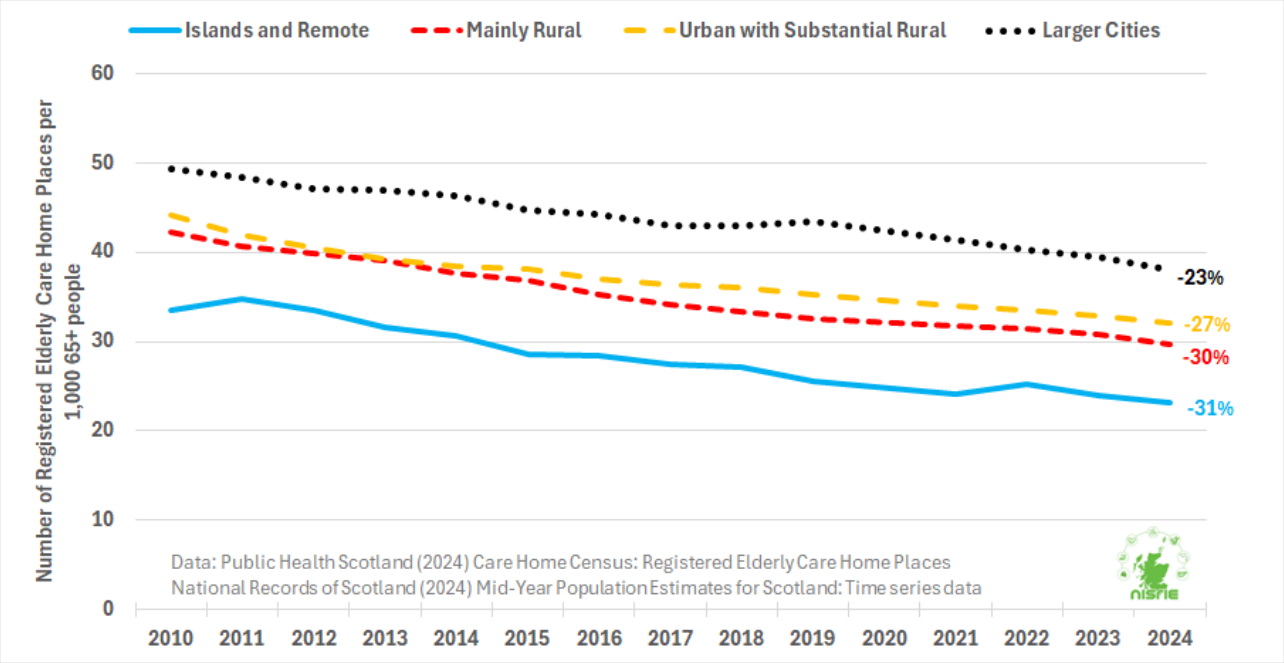
Figure 34 Care Home Data quality, Insight and Relevance

Source: Scottish Govt et al (2024) Care Home Data Review

Whilst the number of registered care home spaces in homes where the main elderly residents fell by 6% across Scotland between 2010 and 2024, due to the 29% increase in the 65 years old and over population, there was a 27% decline in the number of registered places per 1,000 people aged 65 and over[265]. Figure 35 shows that in Island and Remote local authorities there was a 31% decline in elderly care home places per 1,000 residents aged 65 plus between 2010 and 2024 (with 11% decline in absolute spaces). This compares to 30% decline in Mainly Rural local authorities (5% decline in total spaces), 27% decline in Urban and Substantial Rural local authorities (4% decline in total spaces) and 23% decline in Larger Cities (10% decline in total spaces). Despite Larger Cities having the lowest increase in the 65 plus population (+17%) between 2010 and 2024, their relative number of elderly care home spaces did not fall as rapidly in comparison to other island and more rural local authorities.

[263] https://www.gov.scot/publications/care-home-data-review-full-report/
[264] Public Health Scotland 2024: Care home census for adults in Scotland - Statistics for 2014 to 2024 - Care home census for adults in Scotland - Publications - Public Health Scotland
[265] Note that these rates per 1,000 population do differ from published data by Public Health Scotland, possibly due to use of different data sources.

Figure 35 Number of registered elderly care home places per 1,000 people aged 65 years and over, by RESAS local authority classification, 2010-2024



The Care Inspectorate[266] regularly publishes details of all types of care homes in Scotland, including elderly care homes. This data includes the location (address / postcode) of each home, which enabled the use of the NISRIE analytical framework to generate insights on service provision in rural and island locations.[267,268] Broadly reflecting the share of Scotland's older population, 2% of the registered care home spaces were on Scottish islands, where 4% of Scotland's registered elderly care homes are located (the higher proportion of homes reflects their smaller average size and the dispersed nature of care provision in islands). Similar levels of elderly care home provisioning occur in remote mainland areas (4% of homes and 2% of spaces), although these areas do have a slightly higher proportion of the older population. 8% of elderly care homes (and 5% of registered spaces – that closely mirrors the c.5.6% share of the older population) were in remote mainland areas, with 22% and 20% of spaces in accessible areas of Scotland (noting accessible areas had a higher proportion of the older population than share of elderly care home spaces). In 2024, 64% of Scotland's care homes were in urban areas, accounting for 71% of the registered spaces. The average number of spaces per care home was lowest in the islands (21) and highest in urban areas (52).

[266] careinspectorate.com/index.php/publications-statistics/181-statistics-and-data/19-statistics/182-quarterly-statistical-reports

[267] See Care home data review: data mapper - gov.scot for the data fields collected

[268] The postcode data was not complete in the dataset, but through using manual address lookups for the missing data a full list of postcodes was created. Using the National Records of Scotland postcode directory (https://www.nrscotland.gov.uk/publications/scottish-postcode-directory-20252/) the data zone location of each home was assigned and assigned NISRIE classifications using NISRIE data zone classification lookup tables

Table 17 Proportion of older populations (2022) and proportion of registered elderly care home provision by NISRIE peripherality classification, 2024

Variable	Islands	Very Remote Mainland	Remote Mainland	Accessible	Urban	Scotland
65+yrs population share*	2.5%	2.9%	5.5%	24.3%	64.8%	**1.4m**
70-79yrs population share	2.5%	3.0%	5.6%	25.0%	63.9%	**655.6k**
80-89yrs population share	2.5%	3.0%	5.6%	23.4%	65.5%	**301.7k**
90+yrs population share	2.3%	2.7%	5.6%	22.1%	67.2%	**60.4k**
Care homes	29	29	60	172	509	**799**
	(4%)	(4%)	(8%)	(22%)	(64%)	
Registered Care Home Places	622	783	2,000	7,404	26,443	**3.2k**
	(2%)	(2%)	(5%)	(20%)	(71%)	
Average spaces per home	21	27	33	43	52	**47**

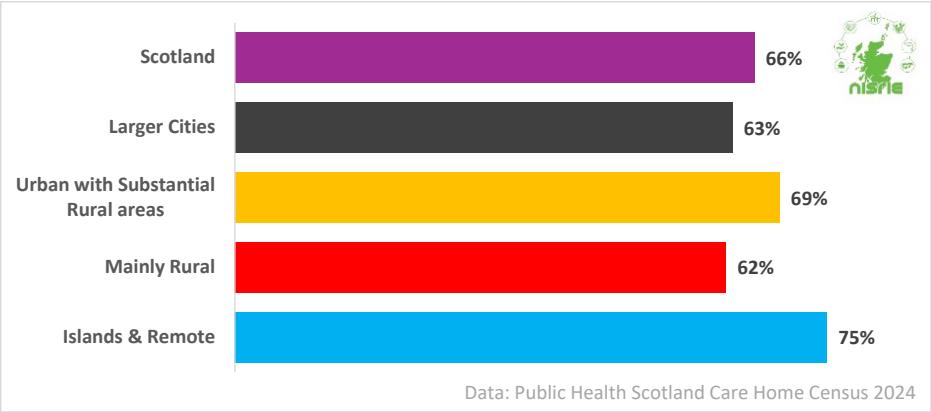
*This includes all people aged 65 and over

6.6.1 Cost of care homes

Care homes can be self-funded by residents or, following an assessment, the resident can be fully or partially funded by the public sector. Public Health Scotland's Care Home Census[269] reveals that 66% of long stay residents in care homes principally for the elderly were mainly or fully publicly funded in March 2022, with 37% mainly or fully self funded (noting 2022 is used as data for Shetland and Orkney are missing for 2023-25).

The proportion of long stay elderly care residential places that are mostly or fully funded by the public sector varies significantly across local authorities. Figure 37 shows how this varied in 2022 from 90% in Na h-Eileanan Siar and Shetland to 40% in East Dunbartonshire and 39% in the City of Edinburgh. When the data is combined across RESAS local authority classification, Figure 36 shows that 75% of long stay elderly care home residents in island and remote care homes were mainly or fully publicly funded in 2022, compared to 62% in mainly rural local authorities, 63% in larger cities and 69% in local authorities classed as urban with substantial rural areas.

Figure 36 Proportion of long stay elderly care home residents mainly or fully publicly funded by RESAS local authority classification, 2022



[269] Care Home Census - Datasets - Scottish Health and Social Care Open Data

Figure 37 Proportion of long stay elderly care residents mainly or wholly funded by the public sector, by RESAS local authority classification, 2022

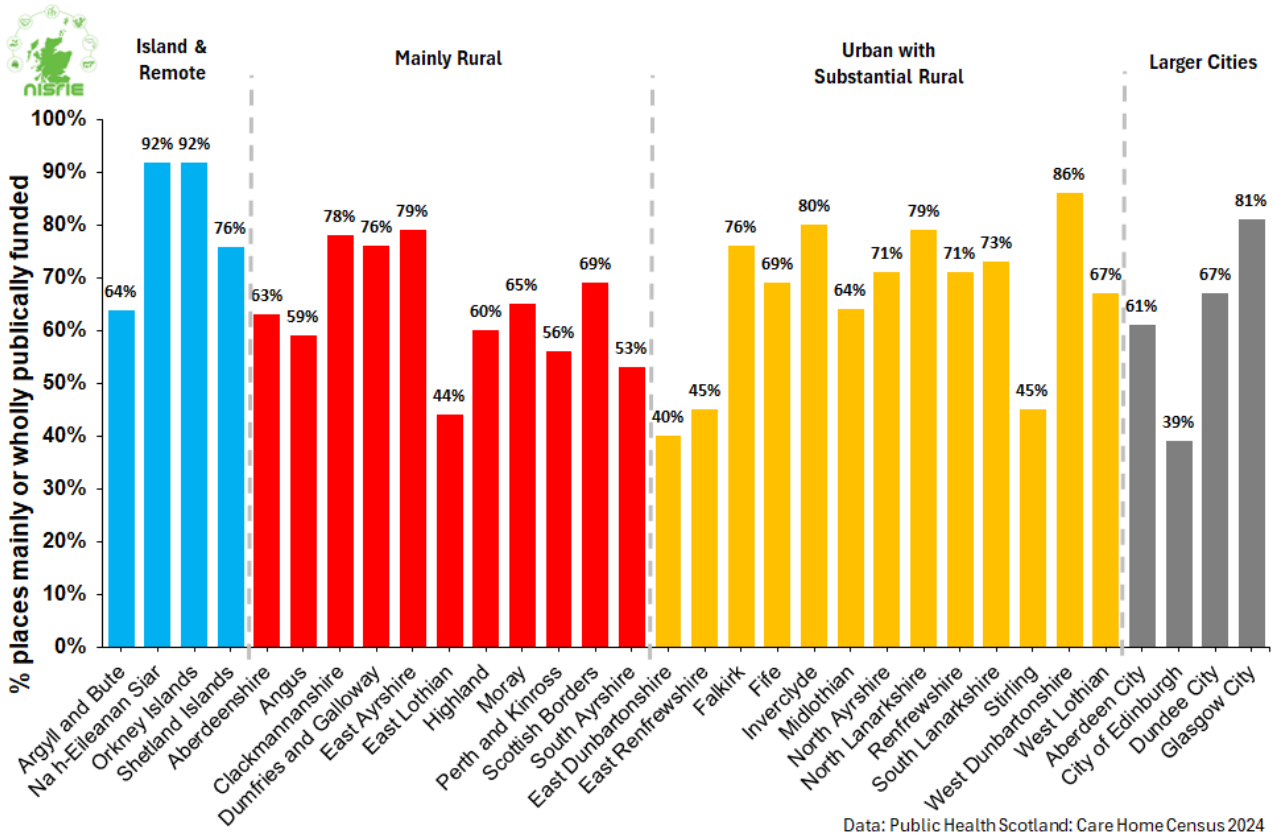


Figure 38 and Figure 39 show the cost of weekly self-funded elderly care home provision without nursing care (Figure 38) and with nursing care (Figure 39). Care without nursing was most expensive in the island and remote local authorities, on average[270], at £1,460 per week in 2024. This represents an increase of 80% between 2010 and 2024. In mainly rural local authorities, weekly costs were £1,348, an increase of 138% over 2010 costs, with 41% increase from 2021 alone (possibly linked to workforce scarcity post EU-exit and rapid cost inflation). Service provision was lowest cost across the urban with substantial rural local authorities at £1,265 per week, on average.

Photo: Woman keeping warm at home (iStock)

[270] Note that this is an average of published local authority data and is not weighted by the number of care homes within each local authority.

Figure 38 Average weekly cost of self-funded elderly care homes, without nursing care by RESAS local authority classification, 2012-2024

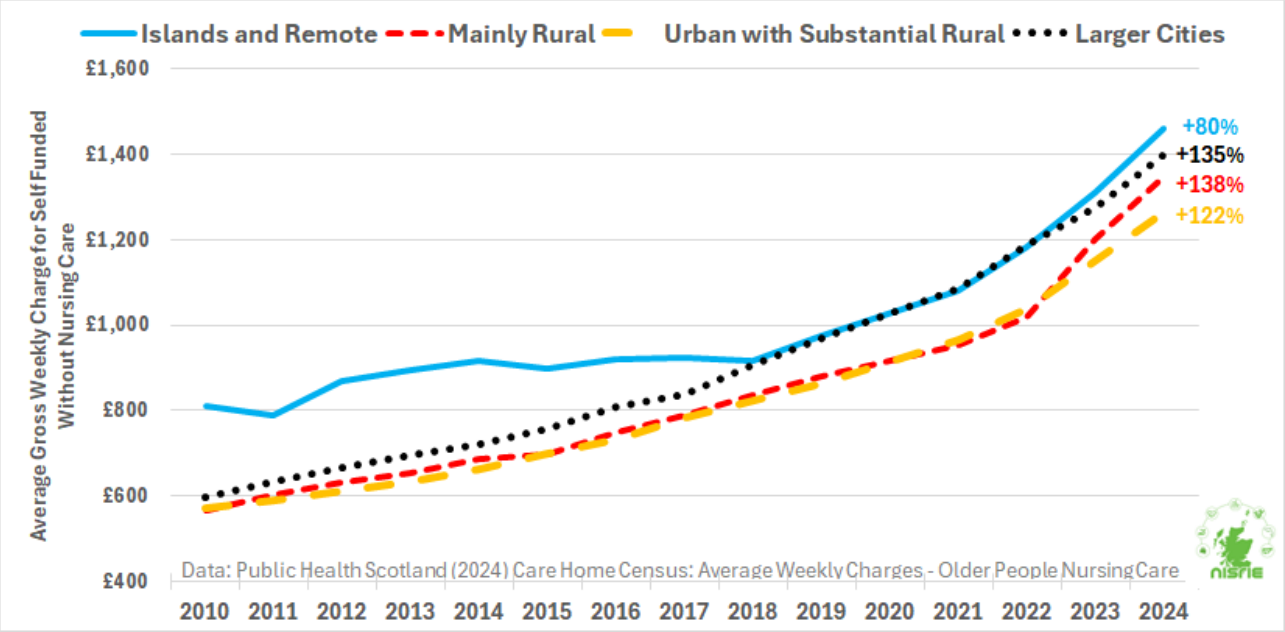
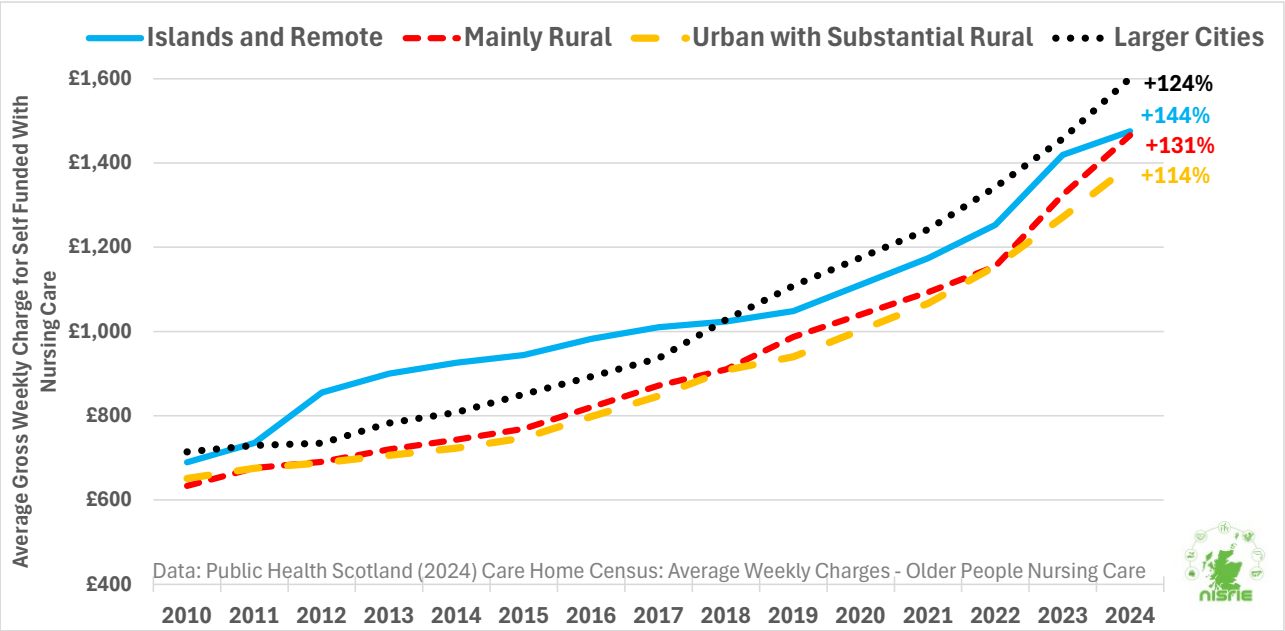


Figure 39 shows that self-funded elderly care home costs with nursing care were most expensive, on average, in larger cities local authorities at £1,601 per week in 2024 (an increase of 124% between 2010 and 2024). The cost of spaces in island and remote local authorities (£1,475 per week) and mainly rural local authorities (£1,465 per week) rose by 114% and 131%, respectively, between 2010 and 2024.

Figure 39 Average weekly cost of self-funded elderly care homes with nursing care, by RESAS local authority classification, 2012-2024



6.7 Care homes – Public or Private Sector

Table 18 shows that in island and remote local authorities, there was significantly higher and increasing reliance on the public sector for elderly care home provisioning. There was a 29% decline (loss of 15 homes) between March 2010 and March 2024 in island and remote local authorities, and the proportion being run by the local authority or the health board increased from 59% to 64% over this period (noting that Local Authority/Health Board provision fell from 30 to 23, and private sector provision fell from 15 to 10). This contrasts with other RESAS local authority classifications where only 10% - 15% of elderly care homes are provided by the public sector.

In mainly rural local authorities, the number of care homes fell by 16% between 2010 and 2024, with a 17% decline in urban with substantial rural local authorities and a 20% decline in larger cities local authorities. In mainly rural local authorities, the proportion under control of the public sector remained relatively stable (15%), whereas in urban with substantial rural local authorities and larger cities local authorities the proportion of public sector elderly care homes fell from 17% in 2010 to about 10% in 2024.

The higher reliance on the public sector for elderly care homes in island and remote areas is likely to increase pressure on public sector funding in these areas.

Table 18 Number of care homes by RESAS local authority classification and proportion that are local authority or health board run, 2010-2024

Date	Islands and Remote		Mainly Rural		*Urban with Substantial Rural*		Larger Cities	
	65+ Care Homes	Local Authority/ Health Board Sectors	65+ Care Homes	Local Authority/ Health Board Sectors	65+ Care Homes	Local Authority/ Health Board Sectors	65+ Care Homes	Local Authority/ Health Board Sectors
Mar-10	51	59%	334	15%	346	17%	212	17%
Mar-11	49	57%	328	15%	336	16%	207	16%
Mar-12	49	57%	326	15%	335	16%	206	17%
Mar-13	48	58%	324	14%	332	16%	207	16%
Mar-14	49	57%	319	14%	328	16%	206	15%
Mar-15	46	57%	316	14%	328	16%	202	14%
Mar-16	46	57%	308	12%	323	15%	196	13%
Mar-17	44	57%	302	13%	318	15%	190	13%
Mar-18	44	57%	299	13%	317	14%	188	12%
Mar-19	41	61%	295	13%	303	13%	190	12%
Mar-20	-	-	-	-	-	-	-	-
Mar-21	38	61%	293	15%	296	12%	181	9%
Mar-22	39	59%	293	15%	293	12%	175	9%
Mar-23	38	63%	288	15%	292	12%	174	9%
Mar-24	36	64%	282	15%	288	11%	169	10%
2010-2024	**-29%**		**-16%**		**-17%**		**-20%**	

Data: Public Health Scotland (2024) Care Home Census

6.8 Elderly Care Workforce

Using the Business Register and Employment Survey (rounded) data accessed through the NOMIS[271] data platform, Table 19 shows estimates of employment (both part-time and full-time and owners) in various Standard Industrial Classification (SIC) codes related to elderly health care for Scotland from 2015 to 2023. The SIC codes include:

- **8710 residential nursing care activities:** This includes elderly care homes with nursing, nursing care facilities, and similar services.[272]
- **8730 residential care activities for the elderly and disabled:** This includes sheltered housing, care homes for the elderly and disabled, wardens in assisted living, and related services.[273]
- **8810 Social work activities without accommodation for the elderly and disabled:** This includes home help services, day centres, rehabilitation centres and visiting elderly and sick.[274]

It is worth noting that sectoral employment data release for data zones was rounded to the nearest 5 for disclosure requirements, which introduces a small degree of rounding error, meaning readers should interpret figures as approximate rather than exact. Table 19 shows a 43% reduction in employment in residential nursing care activities on islands between 2015 and 2023, with the most significant decline occurring between 2021 and 2022. There were also large reductions in employment in residential nursing care activities in very remote mainland data zones (-38%) and remote mainland areas (-42%) compared to more modest decreases in urban areas (-9%) and an increase in accessible data zones (+9%).

Employment in residential care activities for the elderly and disabled fell by 38% in very remote mainland data zones between 2015 and 2023, and there was also a 15% decline in the islands over this period. This contrasts with a 24% increase in remote mainland data zones, a 13% increase in urban areas, and 6% increase in accessible data zones.

Employment in social work activities without accommodation for the elderly and disabled fell by 11% in Scotland between 2015 and 2023, noting a marked decline in 2020 as a result of the Covid-19 pandemic. On the islands, there was a 20% decline, with 13% decline in very remote mainland areas, 32% decline in accessible areas and 7% decline in urban areas. In stark contrast, employment in this sector increased by 35% in remote mainland data zones over this period.

[271] Nomis - Official Census and Labour Market Statistics (safeguarded access)
[272] SIC Code 87100 List of Economic Activities
[273] SIC Code 87300 List of Economic Activities
[274] SIC Code 88100 List of Economic Activities

Table 19 Scottish employment in various Standard Industrial Classification sectors associated with elderly care, summarised by NISRIE peripherality data zone classification, 2015-2023

Standard Industrial Classification	Year	Islands	Very Remote Mainland	Remote Mainland	Accessible	Urban	Scotland
Residential nursing care activities	**2015**	140	345	1,205	4,310	15,370	**21,370**
	2016	145	335	1,160	3,990	15,670	**21,300**
	2017	135	310	1,105	4,385	15,265	**21,200**
	2018	140	315	1,200	4,370	16,010	**22,035**
	2019	175	340	920	4,395	14,560	**20,390**
	2020	165	345	930	4,475	14,570	**20,485**
	2021	115	230	945	4,730	15,085	**21,105**
	2022	80	250	810	4,395	13,640	**19,175**
	2023	80	215	695	4,530	13,945	**19,465**
	2015-24	**-43%**	**-38%**	**-42%**	**+5%**	**-9%**	**-9%**
Residential care activities for the elderly and disabled	**2015**	890	680	1,005	2,305	13,735	**18,615**
	2016	845	530	945	2,165	12,715	**17,200**
	2017	830	490	900	2,270	13,640	**18,130**
	2018	835	490	990	2,365	13,835	**18,515**
	2019	825	475	1,155	2,430	14,630	**19,515**
	2020	790	445	1,195	2,675	15,520	**20,625**
	2021	780	465	1,170	2,545	15,270	**20,230**
	2022	795	395	1,140	2,645	14,925	**19,900**
	2023	755	425	1,250	2,440	15,580	**20,450**
	2015-24	**-15%**	**-38%**	**24%**	**+6%**	**+13%**	**+10%**
Social work activities without accommodation for the elderly and disabled	**2015**	675	540	860	6,475	23,660	**32,210**
	2016	700	430	895	5,890	23,545	**31,460**
	2017	585	500	1,050	5,625	22,700	**30,460**
	2018	630	620	1,190	5,790	26,280	**34,510**
	2019	600	505	1,195	4,675	25,190	**32,165**
	2020	390	355	1,065	3,925	19,410	**25,145**
	2021	410	440	990	4,220	21,790	**27,850**
	2022	445	320	1,005	3,625	18,460	**23,855**
	2023	540	470	1,165	4,380	22,105	**28,660**
	2015-24	**-20%**	**-13%**	**+35%**	**-32%**	**-7%**	**-11%**

Data Source: Business Register and Employment Survey (2024), accessed via Nomis

6.9 Conclusion

Scotland's rural and island communities are ageing rapidly, with significant implications for care provision, workforce sustainability, and policy planning. It is therefore important that metrics to track the health of the elderly population, the proportion that are active in the workplace, as well as the health care services available to this population, are gathered with appropriate spatial granularity.

Scotland's over-65 population grew by 36% between 2001 and 2022. In remote and island areas, growth was even higher—55% in island very remote rural and 54% in mainland remote rural.

Life expectancy is highest in remote rural areas (82.9 years for women, 79.1 for men). Healthy Life Expectancy (HLE) is also higher in rural areas, but deprivation significantly reduces Life Expectancy (LE) in urban areas.

Many older adults in rural and island areas continue working past the age of 65. Economic activity rates are highest in Orkney (31%), Na h-Eileanan Siar (14.1%), and other rural areas, often linked to farming and fishing.

Demand for at-home care is rising, especially among those aged 85+. In island and remote areas, 19.8% of those aged 85+ receive at-home care, compared to higher rates in urban areas.

Care home places per 1,000 older people have declined by 31% in island and remote areas since 2010. Reflecting the population structure (2.5% of the 65+ year old population is on islands), 4% of care homes and 2% of care home spaces are located on islands. Remote and island areas rely more heavily on public sector-run homes (64% compared to 10–15% elsewhere).

Weekly self-funded care home costs (without nursing) are highest in island/remote areas: £1,460, up 80% since 2010. With nursing care, costs are highest in large cities: £1,601, up 124% since 2010.

The elderly care workforce has declined sharply with a 43% fall in residential nursing care jobs on islands (2015–2023), a 38% fall in very remote mainland areas, and a 20% fall in social work jobs on islands. Recruitment and retention are hindered by housing, transport, pay, and isolation challenges.

Care home policy is governed by Health and Social Care Standards (2017), the National Care Home Contract, and the Public Bodies (Joint Working) (Scotland) Act 2014. The Care Reform (Scotland) Bill highlights the need for flexibility in rural and island settings. Whilst demand for at-home care is undoubtedly becoming increasingly important, the provision of affordable elderly care homes, including those with nursing care, will likely continue to be important as life expectancy increases.

Ensuring official statistics age groups remain aligned to the State Pension Age presents a data opportunity, particularly through the lens of greater economic activity and increasing early retirement in some parts of Scotland's population.

Without strategic investment, rural and island communities face (i) reduced access to care homes; (ii) rising care costs and financial vulnerability, and (iii) workforce shortages that threaten service sustainability. There are opportunities for:

- Targeted **investment in rural and island care infrastructure and workforce support**: This would recognise the more rapid ageing and accompanying challenges in rural and island communities.
- **Flexible care models** tailored to small, dispersed populations: This is recognised in the Care Reform (Scotland) Bill and further work on this could highlight 'good practice' approaches (including from beyond Scotland).
- **Transport and housing solutions** to support recruitment and retention: This will help to encourage growth in the health and social care sector workforce which has seen sharp declines recently.
- **Expansion of digital and telehealth** services to improve access: While not appropriate for all situations, such approaches help to increase the options available to those living in rural and island location.
- **Improved data collection** to monitor service gaps and demographic trends: This is critical to fully understand the particularities of the rural and island context.

Funding models to **reflect the higher costs of delivering care in rural and island areas**: This is vital to help sustain the level of care provision required in rural and island communities now and in future.

7 Housing – insights from Energy Performance Certificate data

Key Points

- Housing and energy costs are among the most persistent challenges for rural and island Scotland. 2008 regulations set requirements to record the energy efficiency of buildings in Scotland, most notably through mandatory Energy Performance Certificates (EPCs) for all dwellings sold or rented to a new tenant, or constructed. As EPCs currently last for 10 years, it means not all existing dwellings sold or rented to new tenants have new EPCs issued, but analysis suggests that over 90% of house sales in Scotland annually do have new EPCs issued.
- The Scottish Government aims to introduce an improved domestic EPC system that accounts for Heat Retention Rating, Energy Cost Rating and Heating System Rating. The Scottish Government also wants future EPCs to be only valid for 5 years to ensure they remain current and help households focus on improving the heat efficiency and energy performance of homes. Further, the Scottish Government has also consulted on plans to introduce a minimum Heat Retention Rating for privately rented homes, and has suggested mitigation measures to ensure any required improvement costs would be capped.
- Many rural homes are off the gas grid and rely on electricity, oil, or solid fuels, increasing vulnerability to fuel poverty. Very remote rural areas on both islands and the mainland had the highest proportion (5%) of occupied dwellings with no central heating in 2022, and many households are locked into fluctuating electricity or oil prices. Official statistics show that only 36% of rural dwellings had an EPC rating of C band or better in 2023, compared to 60% in urban areas.
- The Scottish Energy Performance Certificate Register (SEPCR) **is not representative of all dwellings in a locality**. However, with about 200,000 entries annually, the EPC data can still provide useful insights into the types and energy efficiency of many dwellings available in local housing markets. Newbuilds accounted for 25%-28% of EPCs issued in 2022 in accessible small towns between 2018 and 2022 compared to only 2%-5% in very remote small towns. EPCs issued for newbuilds fell by 31% in 2020 due to the Covid pandemic.
- For dwellings issued EPCs in 2022:
    - Remote and island housing had poorer energy performance, with 56–69% of homes rated EPC bands D–G (poorer) compared to over 60% rated band C+ (better) in urban areas.
    - Across Scotland, 88% of newbuilds achieved EPC band B rating, with 8% A band and 4% C band. However, 34% of newbuilds in very remote rural areas on islands only achieved EPC band C (likely reflecting the reliance on higher cost heating systems).
    - 20% or less of rented dwellings in very remote rural and remote rural areas in mainland and islands had a EPC band C rating or better compared to 48% in accessible mainland small towns and 64% in large urban areas.
- Modelled energy costs of transacted homes were significantly higher in rural areas, averaging £1,601 annually in island households compared to £732 in large urban areas.
- Challenges in retrofitting and EPC compliance risk reducing rental supply unless targeted support measures are maintained and reflected in Local Heat and Energy Efficiency Strategies and Local Heat and Energy Efficiency delivery plan.

7.1 Introduction

Energy Performance Certificates (EPC) provide information about the relative energy efficiency of buildings, and how energy performance can be improved. The Energy Performance of Buildings (Scotland) Regulations 2008[275] set out requirements to report the energy efficiency of buildings in Scotland, most notably through the introduction of mandatory EPCs (where rating 'A' is most efficient and 'G' least efficient). Since 2009, a valid EPC has been required for:

- all dwellings sold or rented to a new tenant after 2008
- all buildings newly constructed since 2013, and
- non-domestic buildings sold or rented (including holiday let accommodation) to a new tenant, and public buildings since 2013.

EPCs - Measuring Energy Efficiency

Energy Efficiency Rating (EER): Based on running costs, influenced by fuel type (e.g., gas vs. electricity) and property size.

Environmental Impact Rating (EIR): Measures greenhouse gas (CO_2) emissions per square metre per year, also affected by fuel and size.

Energy Performance Certificate (EPC) Bands (A-G): The familiar colour-coded scale where A is most efficient (lowest bills/emissions) and G is least, representing the scores from EER and EIR

However, EPCs have generally remained valid for 10 years, **meaning new certificates are only required if no existing certificate is available at the trigger points listed above (sale/construction completion/new rental agreement).** This means that tenancy renewals can occur without a new EPC, provided a valid certificate is registered. However, energy performance has been a requirement of home reports for domestic properties for sale since 2008[276] meaning a new EPC is produced for most domestic house sales. Through the **Energy Performance of Buildings (Scotland) Regulations 2025**[277] the Scottish Government aims to reduce the certificate validity period to five years from 2026, and make certificates more relevant to users to understand how to reduce their carbon footprint.

7.1.1 Evolving Energy Performance Certificates (EPCs) methodology

In 2020, the UK built environment and construction sector accounted for 40% of greenhouse gas emissions[278]. Recognising the importance of energy performance in the built environment and construction in Scotland's 'Just Transition'[279] to net zero, the Scottish Government (following consultation) aims to "*reform EPCs by introducing new ratings, redesigning the certificates, and improvements to the operational infrastructure*"[280] through new legislation that will better reflect heat retention and adapt to a new Home Energy Model. Some respondents to the consultation had raised concerns that standardised modelling used for the system was not particularly reflective of the "*affordability and practicality of energy upgrades"* and failed to fully account for energy inflation, or that the model was not suitable for all housing types, particularly tenements, listed buildings and stone-built properties. The Scottish Government aims to introduce a

[275] Energy Performance of Buildings (Scotland) Regulations 2008
[276] Home Reports - Homeowners - gov.scot
[277] The Energy Performance of Buildings (Scotland) Regulations 2025
[278] Supporting documents - Just transition for the built environment and construction sector: a discussion paper - gov.scot
[279] BE&C Mini Report
[280] https://www.gov.scot/publications/epc-reform-consultation-government-response/

renewed domestic EPC that accounts for **Heat Retention Rating**, **Energy Cost Rating** and **Heating System Rating**.

7.1.2 Private Rented Sector

In England and Wales, landlords of domestic private rented property have had to comply with 'Minimum Level of Energy Efficiency' standard (EPC band E) since 2018[281], and the UK Government has recently consulted on changing the minimum standards[282].

The Scottish Government highlights significant fuel poverty prevalence in the private rented sector[283] noting that 44% of those living in private rented homes are living in fuel poverty, whilst 48% of **private rented sector** properties were EPC band D or worse in 2023. In 2025, the Scottish Government consulted on its plans to introduce a minimum energy efficiency standard for **private rented homes**[284] that would require all private rented accommodation to meet a new **Heat Retention Rating** standard by 2028 for new tenancies and 2033 for existing ones. In recognition of energy efficiency being one of the drivers of fuel poverty, the Scottish Government propose to use this as one of the approaches to help achieve the statutory targets established in The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019[285] that:

- "*no more than 5% of households in Scotland are in fuel poverty*
- *no more than 1% of households in Scotland are in extreme fuel poverty, and*
- *the median fuel poverty gap of households in Scotland in fuel poverty is no more than £250 adjusted in accordance with section 5(5) to take account of changes in the value of money*."

If the new private rental energy standards are introduced, they may have implications for future private rental housing supply if landlords consider the required expenditures to meet the standards as too high. The Scottish Government's consultation did recognise that retrofit costs can often be higher in rural and remote areas. To ensure meeting the standard remains affordable for landlords, the Scottish Government proposed that **regulations would include a cost cap**, which the consultation proposed setting at £10,000. It is proposed that if landlords were unable to improve the energy efficiency of their property to the required standard, they would only be required to undertake works up to the cost of the cap to comply. The proposals also included **exemptions and protections for landlords** to ensure they are not asked to undertake works which could damage their property or for which they could not gain necessary consents. These protections are particularly important for rural and island homes which are more likely to be of traditional build than those in urban areas. Agricultural holdings and crofts would be outside the scope of this standard and so would not be required to meet it.

The Scottish Government already has initiatives to provide financial support to homeowners considering adopting clean energy heating systems and energy efficiency measures, including:

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[281] Domestic private rented property: minimum energy efficiency standard - landlord guidance - GOV.UK
[282] Improving the energy performance of privately rented homes: consultation document (HTML) - GOV.UK
[283] 2. Introduction - Draft Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations: consultation - gov.scot
[284] 2. Introduction - Draft Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations: consultation - gov.scot
[285] Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019

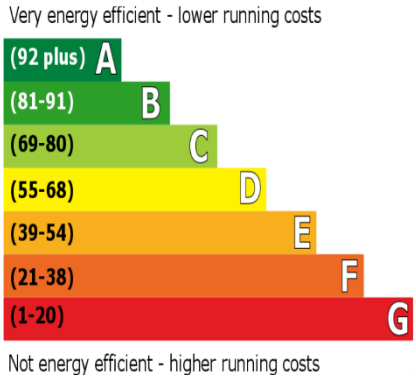
- **The Home Energy Scotland Grant and Loan Scheme**[286] provides funding for clean heating systems and energy efficiency measures (up to £15,000), with a £1,500 rural and island grant also available for both clean heating and energy efficiency grants (meaning a £18,000 maximum).
- **The Private Rented Sector Landlord Loan**[287] is available for energy efficiency improvements of up to £38,500 per property (with a £100k maximum for those with up to five properties and up to a maximum of £250k for landlords with more than five properties).

7.2 Scottish House Condition Survey insights

The Scottish Government utilises the Scottish House Condition Survey (SHCS) [288] to assess fuel poverty. As part of that exercise the the Energy Performance Certificate (EPC) rating and the Environmental Impact Rating (EIR)[289] of assessed houses area also published. The EPC uses bands (A-G) to rate a home's energy efficiency, with Energy Efficiency Rating (EER) (cost-focused) and Environmental Impact Rating (EIR) (CO^2-focused) providing the scores for the environmental impact of a dwelling in terms of carbon emissions associated with fuels used for heating, hot water, lighting and ventilation.

SHCS estimates for 2023 (see Figure 40) show that rural dwellings underperformed their urban counterparts in terms of energy efficiency (bands A to C).

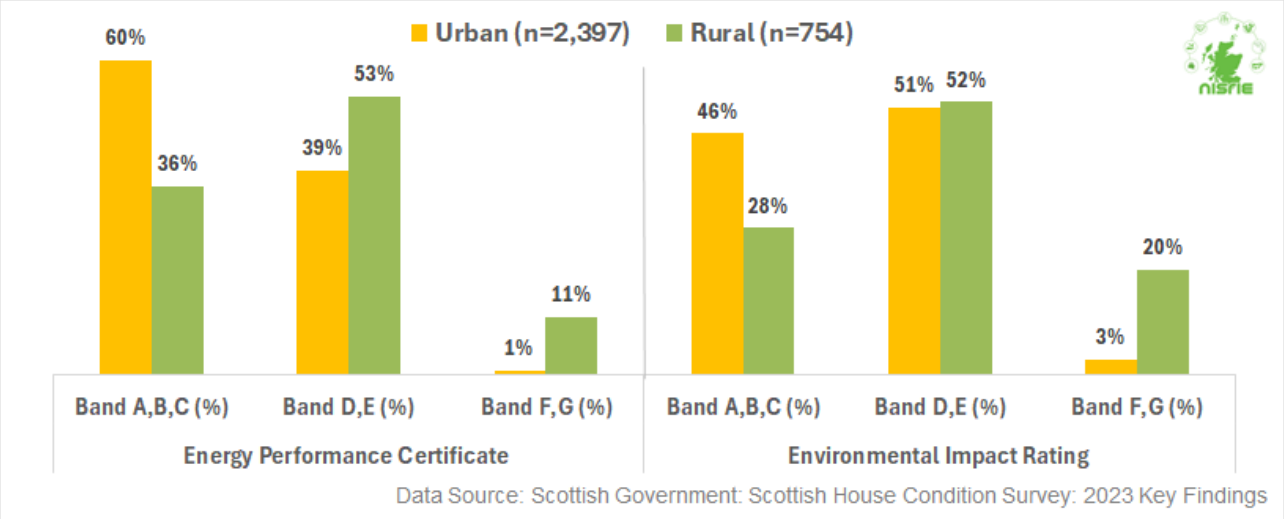
- Only 36% of rural dwellings were estimated to have EPC rating of C or better, compared to 60% in urban Scotland.
- 53% of rural dwellings were estimated to be in EPC bands D and E (compared to 39% in urban areas)
- 11% of rural dwellings (compared to 1% of urban dwellings) were in the least efficient EPC bands (F and G).



The EIR (that is normalised to a square metre calculation) also reveals poorer estimated carbon efficiency in rural areas, with 20% in bands F and G (compared to only 3% of urban dwellings). Only 28% of rural dwellings were estimated to have EIR rating of band C or above, compared to 46% in urban Scotland. The characteristics of lower efficiency homes (pre-1919 dwellings, non-gas heated properties, detached properties, off gas grid properties) reported by the Scottish Government[290] are common characteristics of rural and island housing stocks.

[286] Home Energy Scotland Grant and Loan
[287] Private Rented Sector Landlord Loan | Home Energy Scotland
[288] Scottish House Condition Survey - gov.scot
[289] See 4. Energy Performance Certificate Metrics - Domestic Energy Performance Certificates (EPC) reform: consultation - gov.scot
[290] Scottish House Condition Survey: 2023 Key Findings

Figure 40 Broad Energy Performance Certificate (EPC) and Environmental Impact Rating (EIR) bands, by Scottish Government urban-rural classification, 2023



The remainder of this section looks beyond the SHCS to other data sets (in particular Scotland's Census 2022, and the extracts from the Scottish Energy Performance Certificate Register) to see what novel insights on housing and energy performance can be derived at lower spatial granularity to augment this official data source.

7.3 Energy use and household heating

Energy costs remain a major concern across rural and island Scotland, with levels of fuel poverty and extreme fuel poverty remaining persistently higher in islands and remote rural local authorities[291]. Whilst the Scottish House Condition Survey (SHCS)[292] forms the basis for most official statistics relating to household fuel poverty and house condition, other sources of information, such as the Scotland's Census 2022[293] and the Scottish Energy Performance Certificate Register (SEPCR)[294] can also provide insights on this topic.

It is well established that most homes in rural and island Scotland do not have access to the gas grid (see the yellow areas in
Map 16) and therefore rely more heavily on electricity (see Map 17) and other fuel sources for heating and cooking.

Map 16 also shows that homes located outside of main towns and urban areas generally have relatively low gas grid connectivity. The second part of the map of gas usage per domestic meter highlights areas of no, or very low, use (dark blue), while also showing that average gas use in some more accessible rural areas was higher on average (although median figures are broadly similar), likely due to the size and age of the housing stock.

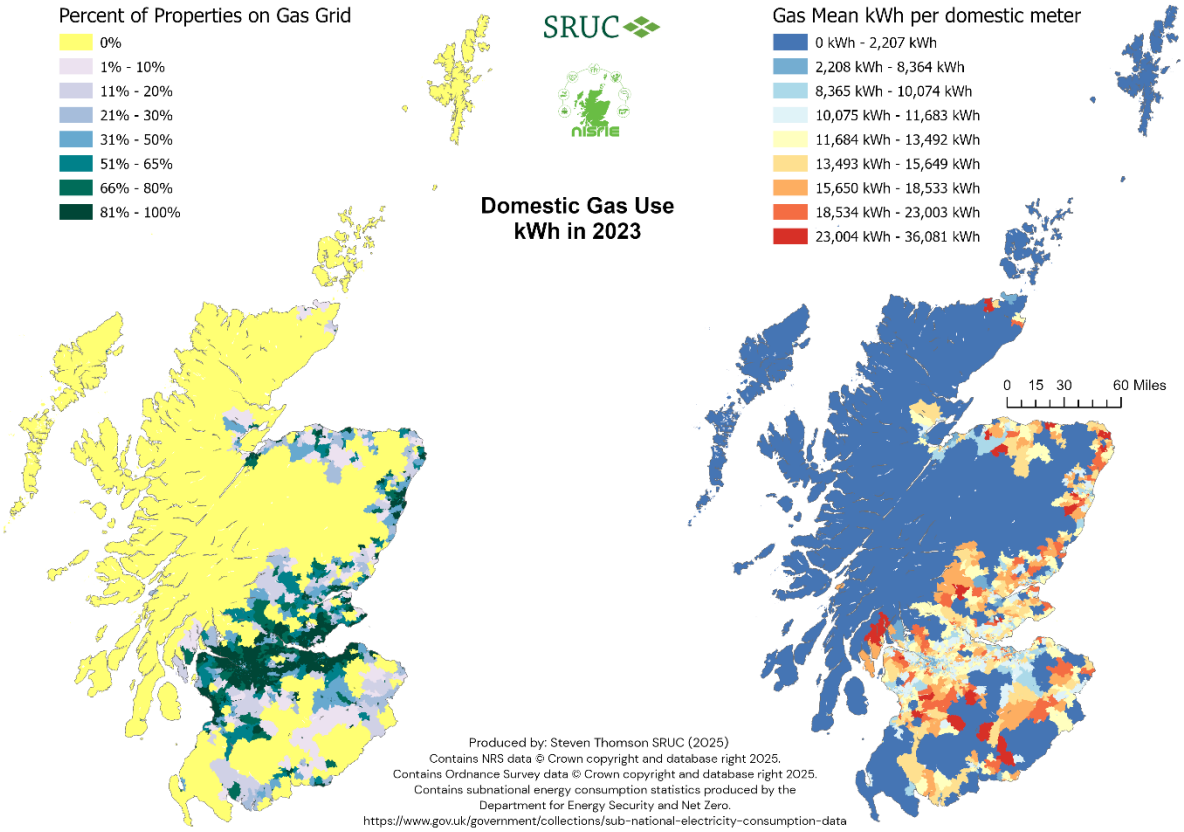
For context, at the higher end, 36,000kWh in 2023 would have equated to c.£2,500 - £2,750 based on the costs per kWh capped by the UK Government in response to the energy crisis. At more modest usage of 14,000kWh, this would have cost c.£980 - £1,400, including standing charges.

[291] Scottish Government (2023) 7 Fuel Poverty - Scottish islands: data overview 2023 - gov.scot
[292] https://www.gov.scot/collections/scottish-house-condition-survey/
[293] Home | Scotland's Census
[294] Scottish Energy Performance Certificate Register

Table 20 Domestic unit gas and electricity costs in Scotland, 2023[295]

Average price cap/guarantee unit rates for typical usage	Electricity	Gas
1 October 2022 - 30 March 2023	£0.34 per kWh	£0.10 per kWh
1 April 2023 - 30 June 2023	£0.332 per kWh	£0.103 per kWh
1 July 2023 - 30 September 2023	£0.30 per kWh	£0.08 per kWh
1 October 2023 - 31 December 2023	£0.27 per kWh	£0.07 per kW

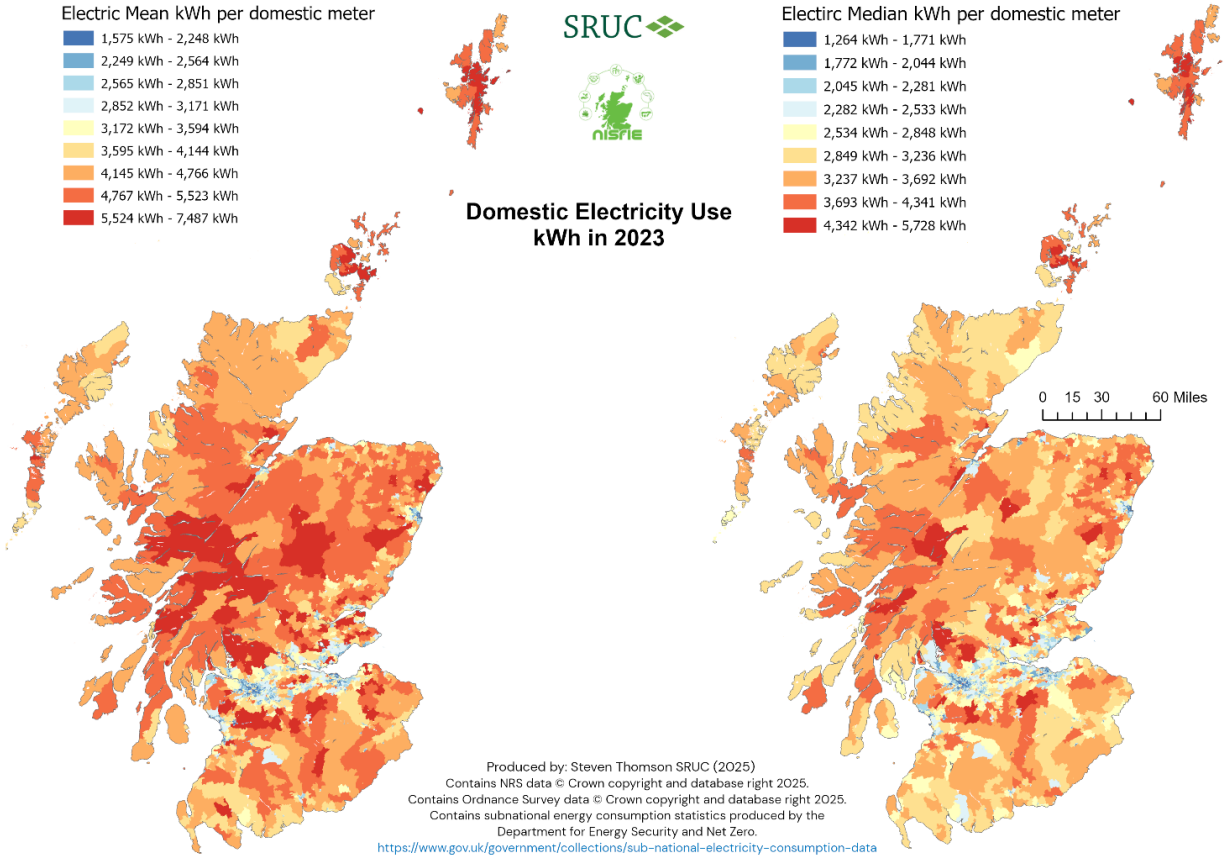
Map 16 Proportion of domestic properties on the gas grid and mean gas use (kWh) per domestic meter, mapped by data zone, 2023



Map 17 shows the mean and median domestic electricity use per meter in 2023 (noting that some houses may have more than one meter). This confirms significant spatial variation in average domestic electricity use that reflects the availability of gas and other heating and cooking energy sources, but also the types, scales and energy efficiency of housing in different parts of the country. On average, urban-based areas had lower electricity use (blue), compared to the higher average energy (red) use in many rural regions. For context, using the data above, 4,000kWh use may have equated to £1,2000-£1,600 depending on tariffs and standing charges (which vary by region).

295 Average Cost of Electricity per kWh in the UK (2025) | NimbleFins

Map 17 Mean and median electricity use (kWh) per domestic meter, mapped by data zone, 2023



Scotland's Census (2022) provides insights into the type of central heating used in occupied dwellings (see Table 21). There are very specific spatial observations, particularly relating to mains gas, electricity, oil and renewables – but also district or communal heating systems. To ease comparisons, green bars represent the relative value of the type of heating system for each spatial category. In 2022:

- Very remote rural island and very remote rural mainland areas had the highest proportion (5%) of occupied dwellings with no central heating. These areas also had the lowest proportion of dwellings with gas central heating (5% and 11% respectively).
- Gas central heating was available in 80% of large urban areas, with 85% in other urban areas, 84% in accessible small towns and 73% in remote small towns. Island very remote small towns had 24% of dwellings with access to gas central heating (with 23% attached to mains gas), reflecting the grid connection on the Isle of Bute and a local gas network in Stornoway. These residents are therefore affected by changes in the wholesale gas price.
- Electric central heating was present in 32% of the island very remote small towns, 25% of island very remote areas, 22% of mainland very remote small towns, 20% of very remote rural areas and 13% of mainland remote rural areas. Residents in these households may have limited alternatives and are therefore affected by

changes to local electricity prices and associated standing charges that are often higher in rural areas[296].

- Oil central heating remained important in island very remote rural (32%), mainland very remote rural (34%), and mainland remote rural areas (32%). These households are therefore affected by fluctuations in the oil market.
- A small proportion (3%) of dwellings in remote rural and very remote rural areas with central heating from biomass (not on the islands where appropriate feedstock is likely an issue). Dwellings in the islands were more likely to use other renewable energy sources, with 13% in island very remote rural areas and 10% in island small towns. 7% of dwellings in very remote mainland rural areas also used renewable energy as a source of central heating.
- 7% of island very remote small towns used heat from communal or district heating systems (notably the Shetland Heat Energy & Power [SHEAP] system operating in Lerwick), with more networks being established across the country through the Scottish Government's £300m Heat Network Fund[297].
- Houses in rural areas were at least twice as likely to have more than one central heating type compared with urban areas (5%-6%).

Photo: Heating oil being topped up (iStock)

[296] citizens_advice_scotland_standing_charges_call_for_input_response.pdf
[297] Heat network project reports - gov.scot

Table 21 Occupied dwellings' central heating system by NISRIE data zone classification, 2022

Central Heating Type	Island Very Remote Rural	Island Very Remote Small Towns	Mainland Very Remote Rural	Mainland Very Remote Small Towns	Mainland Remote Rural	Mainland Remote Small Towns	Mainland Accessible Rural	Mainland Accessible Small Towns	Other Urban Areas	Large Urban Areas	Scotland
All occupied households	**35,752**	**13,877**	**36,845**	**20,973**	**67,435**	**37,997**	**325,743**	**204,659**	**825,033**	**941,043**	**2,509,357**
No central heating	5%	3%	5%	3%	3%	2%	2%	1%	1%	3%	**2%**
Gas central heating: Total	5%	24%	11%	49%	31%	74%	57%	84%	85%	80%	**75%**
Gas central heating: Mains gas	3%	23%	5%	47%	26%	73%	54%	84%	84%	79%	**73%**
Gas central heating: Other gas (including liquid petroleum gas and biogas)	2%	1%	6%	2%	5%	1%	4%	1%	1%	1%	**1%**
Electric (including storage heaters) central heating	25%	32%	20%	22%	13%	11%	8%	5%	7%	10%	**9%**
Oil central heating	33%	15%	34%	12%	32%	5%	19%	2%	1%	0%	**5%**
Solid Fuel (excluding wood)	3%	1%	4%	2%	2%	0%	1%	0%	0%	0%	**0%**
Wood or Biomass (including logs, pellets, chippings) central heating	1%	0%	3%	1%	3%	1%	1%	0%	0%	0%	**0%**
Other renewable energy source (including electric and air heat pump systems)	12%	10%	7%	3%	4%	1%	3%	1%	0%	0%	**1%**
District or communal heat system	0%	7%	0%	1%	0%	0%	0%	0%	0%	1%	**1%**
Other central heating	1%	1%	1%	1%	0%	0%	0%	0%	0%	1%	**0%**
Two or more types of central heating	15%	8%	14%	6%	12%	7%	8%	6%	5%	5%	**6%**

Data Source: Scotland's Census 2022 - National Records of Scotland Table UV407 - Central heating: All occupied households

7.4 Energy Performance Certificate (EPC) data

The Scottish Energy Performance Certificate Register (SEPCR)[298] database records details of the type of building being assessed, including address, tenure, type, construction data, floor area, wall type, roof type, floor type, type of glazing, main heat and hot water source, ventilation, modelled energy use and cost (including modelled potential savings from upgrading energy performance). Thus, it provides a useful snapshot of a large volume of dwellings when Energy Performance Certificates (EPCs) are issued.

Although retrospective quality checks are performed on the SEPCR data through audits[299], **the data remains experimental** and is not subject to the rigorous data quality checks applied to official data. Hence, there is the possibility of the existence of extreme values inherent within the data, and interpretation should be made with these caveats in mind.

EPCs are required for all newly constructed buildings, and for all domestic house sales or their rental to a new tenant if a current certificate is not available[300]. Therefore, the dataset only represents domestic buildings where mandatory EPCs were required. **This dataset, therefore, does not provide a complete overview of the energy efficiency levels within Scotland's housing inventory – rather, just the subset of dwellings that had a certificate registered in a given period.** Nonetheless, the data offers some insights into the conditions of many buildings available for sale or rent in the active housing market, information that prospective renters and buyers of dwellings receive.

There are currently about 200,000 EPCs issued every year, with details held in the SEPCR[301]. The Scottish Government publishes quarterly details of issued certificates[302] as "*environmental information for data analysis and to enable research into energy efficiency issues.*" As such, this SEPCR database provides a growing body of evidence on existing and new dwellings (and non-domestic buildings) where EPC requirements are triggered (either a first-time EPC or a renewed EPC) through house sale, new tenants, or indeed those applying for energy efficiency grants / renewable energy installation support. Using the NISRIE analytical framework (see Section 1.1), it was possible to provide novel insights to this **sub-section of local housing stock** (reiterating this is not reflective of the wider housing stock and only those dwellings where an EPC was issued in a given year).

7.4.1 Energy performance certificates and the housing market

Registers of Scotland reported that in 2022/23[303] there were just over 101,000 residential property sales across Scotland, ranging from 290 in Na h-Eileanan Siar to 11,640 in the City of Glasgow. The number of Energy Performance Certificates (EPCs) issued for "marketed sale" transaction types in the corresponding period was extracted from the EPC database at the local authority level to compare with the total number of local residential property sales to assess the depth of coverage of the EPC 'marketed sale' population.

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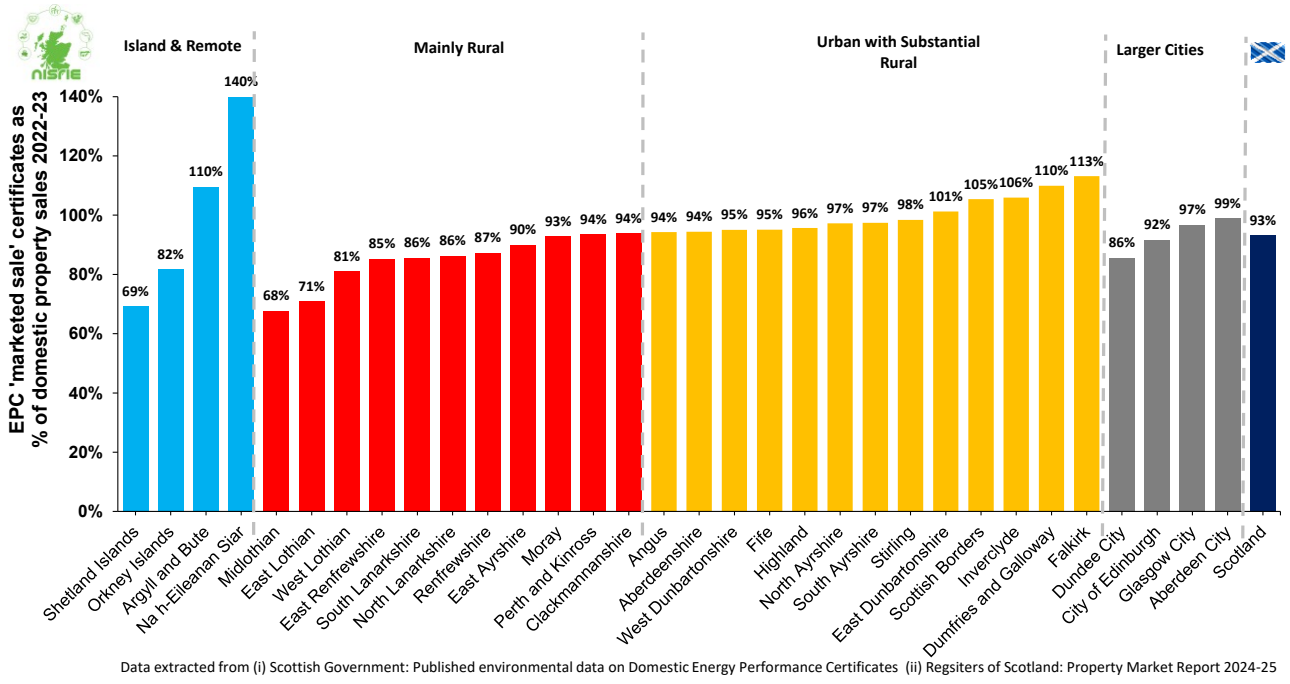
[298] https://www.scottishepcregister.org.uk/
[299] See Scottish Energy Performance Certificates - GOV.UK
[300] Energy Performance Certificates: guide - gov.scot (www.gov.scot)
[301] https://www.scottishepcregister.org.uk/
[302] The data published in this extract is made available as Environmental Information for data analysis and to enable research into energy efficiency issues. The data is available under Open Government Licence v3.0. from https://statistics.gov.scot/data/domestic-energy-performance-certificates
[303] Starting Quarter 2 of 2022 and ending Quarter 1 of 2023 Property market report 2024-25 - Registers of Scotland

Whilst there are many reasons that EPC certification dates may not align with sales data (e.g. property was withdrawn from the market, time lags in registering house sales, non-marketed sales, new builds that were subsequently sold, misclassification of EPC transaction type), Figure 41 shows the number of domestic EPCs registered as a proportion of domestic house sales for the period 1st April 2022 to 31st March 2023 at the local authority level. Acknowledging there are data alignment issues, this metric suggests that the EPCs covered more than 90% of Scottish house sales in many local authorities (more than 100% in some due to the reasons noted above regarding data alignment issues) in 2022-23. A similar comparison of depth of rental market coverage within the EPC data was not possible due to a lack of information on the volume of new rentals in each year, although the Scottish Government estimates that the private rented sector is about 300,000 homes[304].

Figure 41 Number of EPC certificates issued for 'marketed sale' as proportion of total domestic property sales, by local authority and RESAS local authority classification, 2022-23



Data extracted from (i) Scottish Government: Published environmental data on Domestic Energy Performance Certificates (ii) Regsiters of Scotland: Property Market Report 2024-25

7.4.2 Energy Performance Certificates and housing use

Whilst the **SEPCR is not a representative sample of all dwellings in a locality**, it provides a novel lens on the characteristics of marketed, transacted or grant-supported dwellings in different regions of Scotland that had an EPC issued in a given period. Between 2013 and 2023, the data published by the Scottish Government recorded over 1.5 million entries, with a large amount of data captured for each property. In 2022, there were 192,000 entries, which represented 7.1% of all dwellings in Scotland[305] or 7.7% of occupied dwellings at the time of the 2022 Census[306].

304 Consultation on draft energy efficiency (domestic privated rented property) (Scotland) regulations
305 https://www.nrscotland.gov.uk/publications/small-area-statistics-on-households-and-dwellings/
306 Scotland's Census 2022 - Housing | Scotland's Census

Using EPC, Scotland's Census 2022 and small area statistics on households and dwellings, Table 22 shows that there were proportionally more EPCs issued in 2022 in the islands (9-10% of total dwellings) and in mainland very remote areas (8.6% - 8.8%) compared to urban areas (6.5% to 7.1%). Further, by comparing the estimated number of dwellings against those occupied during the 2022 Census, an implied vacant property rate is also shown in Table 22 for the NISRIE geographies. Vacant property rates were higher at the time of the census in the islands (12% island small towns, 17% island rural areas), and in mainland very remote rural areas (17%) and mainland remote rural areas (11%).

Table 22 EPCs issued, total housing stock and occupied dwellings, by NISRIE data zone classification, 2022

NISRIE Classification	EPCs issued*	Number of dwellings'	EPC % of dwellings	Occupied Dwellings`	EPC% occupied dwellings	Implied Vacant properties
Island very remote rural	3,782	43,206	8.8%	35,752	10.6%	17%
Island very remote small towns	1,559	15,827	9.9%	13,877	11.2%	12%
Mainland very remote rural	3,847	44,484	8.6%	36,845	10.4%	17%
Mainland very remote small towns	2,019	22,913	8.8%	20,973	9.6%	8%
Mainland remote rural	5,565	75,984	7.3%	67,435	8.3%	11%
Mainland remote small towns	3,468	40,679	8.5%	37,997	9.1%	7%
Mainland accessible rural	27,989	351,337	8.0%	325,743	8.6%	7%
Mainland accessible small towns	14,227	216,071	6.6%	204,659	7.0%	5%
Other urban areas	56,841	873,722	6.5%	825,033	6.9%	6%
Large urban areas	72,823	1,023,666	7.1%	941,043	7.7%	8%
Scotland	**192,120**	**2,707,889**	**7.1%**	**2,509,357**	**7.7%**	**7%**

Data: *SEPCR, 'Census 2022, `National Records of Scotland Small area statistics on households and dwellings

The SEPCR database also **offers insights into activity in the housing market**. Owner-occupied housing was the principal type of housing where EPCs were issued in 2022 (see Table 23), ranging from 48% of EPCs issued in very remote small island towns to 68% in mainland accessible small towns. The private rented market accounted for 16% of EPCs issued in 2022 in rural and island areas (see Table 23) compared to 9% in small island towns. By contrast, social rented accommodation accounted for 36% of the EPCs issued in small island towns compared to 18% in island rural areas. A similar pattern was observed between small towns and rural areas for the very remote mainland areas and remote mainland areas. Across Scotland, 29% of EPCs issued in 2022 related to the rental market, with the social rental market accounting for nearly twice as many EPCs issued (19%) than private rentals (10%). Yet, in remote, very remote and small island towns, the proportion of EPCs issued for the rental market was much higher (45%, 43% and 45%, respectively).

Table 23 Tenure status of EPCs issued by NISRIE data zone geography, 2022

NISRIE Classification	Owner-occupied	Rented (private)	Rented (social)	Unknown	EPC Entries	% EPC entries	% total dwellings
Island very remote rural	61%	16%	18%	5%	3,782	**2.0%**	**1.6%**
Island very remote small towns	48%	9%	36%	6%	1,559	**0.8%**	**0.6%**
Mainland very remote rural	63%	18%	13%	6%	3,847	**2.0%**	**1.7%**
Mainland very remote small towns	56%	9%	34%	0%	2,019	**1.1%**	**0.8%**
Mainland remote rural	62%	16%	16%	5%	5,565	**2.9%**	**2.8%**
Mainland remote small towns	51%	11%	34%	4%	3,468	**1.8%**	**1.5%**
Mainland accessible rural	64%	8%	15%	13%	27,989	**14.6%**	**13.1%**
Mainland accessible small towns	68%	7%	20%	5%	14,227	**7.4%**	**8.0%**
Other urban areas	67%	8%	19%	7%	56,841	**29.6%**	**32.2%**
Large urban areas	59%	12%	21%	7%	72,823	**37.9%**	**37.8%**
Scotland	**63%**	**10%**	**19%**	**8%**	**192,120**		

Data: Scottish Government: Domestic Energy Performance Certificates available at https://statistics.gov.scot/

The proportion of newbuild housing in 2020 was undoubtedly affected by the knock-on effects of the Covid-19 pandemic. Nevertheless, newbuilds accounted for relatively high proportions of SEPCR entries in accessible small towns (25%-28% EPC entries between 2018 and 2022), while very few newbuild entries were recorded in very remote small towns (2%-5% of EPC entries).

Table 24 summarises the total number of new builds certified in SEPCR between 2018 and 2022. The data shows how new build certifications fell by 31% across Scotland in 2020 during the Covid-19 pandemic, but then bounced back in subsequent years. Comparing these figures to total dwellings provides insights into relative housing renewal across different geographies. To aid interpretation in Table 24, coloured bars represent scale: in mainland accessible areas, new build completions (EPC certifications) represent around 2% of total dwellings in both 2021 and 2022, in contrast with only 0.3% and 0.2% in very remote small towns in the same years. It should be noted that the SEPCR does not record the main purpose of most new builds (rental or owner-occupied), a limitation which could be addressed in future data collection.

Table 24 Proportion of total dwellings that were EPC certified as newbuild, by NISRIE data zone classification, 2018-2022

NISRIE Classification	New Dwelling EPC Certification					Proportion of Total Dwellings				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Island Very Remote Rural	279	263	223	370	378	0.7%	0.6%	0.5%	0.9%	0.9%
Island Very Remote Small Towns	84	85	49	92	132	0.6%	0.6%	0.3%	0.6%	0.8%
Mainland Very Remote Rural	164	287	210	328	477	0.4%	0.7%	0.5%	0.7%	1.1%
Mainland Very Remote Small Towns	49	60	50	77	43	0.2%	0.3%	0.2%	0.3%	0.2%
Mainland Remote Rural	406	380	319	611	546	0.5%	0.5%	0.4%	0.8%	0.7%
Mainland Remote Small Towns	235	118	78	174	221	0.6%	0.3%	0.2%	0.4%	0.5%
Mainland Accessible Rural	5,101	6,292	4,721	6,722	6,950	1.6%	1.9%	1.4%	2.0%	2.0%
Mainland Accessible Small Towns	1,044	1,540	1,052	1,777	1,324	0.5%	0.7%	0.5%	0.8%	0.6%
Other Urban Areas	3,873	4,497	3,080	4,838	6,088	0.5%	0.5%	0.4%	0.6%	0.7%
Large Urban Areas	5,813	7,137	4,393	7,226	7,350	0.6%	0.7%	0.4%	0.7%	0.7%
Scotland	**17,048**	**20,659**	**14,175**	**22,215**	**23,509**	**0.7%**	**0.8%**	**0.5%**	**0.8%**	**0.9%**

Data: Scottish Government: Domestic Energy Performance Certificates available at https://statistics.gov.scot/ and National Records of Scotland Small area statistics on households and dwellings

7.4.3 Energy Performance Certificates and energy performance

Expectedly, there was a clear distinction in the energy performance rating of newbuild homes compared to existing housing stock. Across Scotland in 2022, 88% of EPC certified newbuilds achieved EPC band B, with 8% A-band rated and 4% C-band rated. However, as Table 25 shows, the proportion of newbuilds meeting EPC band C and above was not uniform across Scotland, with 34% of newbuilds in island very remote rural areas achieving EPC C in 2022 (compared with 7% in mainland very remote rural areas, and 15% in mainland remote rural areas), in contrast with only 1% to 3% in urban areas being graded at this relatively lower rating for newbuilds. This disparity may reflect, for example, the heating systems installed and their running costs, or in some cases, challenges in accessing appropriate materials at a reasonable cost in some island areas.

Table 25 also shows that, for existing housing that received an EPC rating in 2022, dwellings located in rural and island areas generally had poorer energy efficiency scores compared to urban areas and accessible towns. For example, 20% of EPCs issued for existing housing in mainland very remote rural areas, 18% in mainland remote rural areas and 17% in island very remote rural areas had EPC ratings F or G, with a further 27%, 24% and 23% at EPC rating E, respectively.

Table 25 EPC ratings issued for new and existing dwellings, by NISRIE data zone classification, 2022

NISRIE Classification	Newbuild EPC rating							Existing houses EPC rating						
	A	B	C	D	E	F	G	A	B	C	D	E	F	G
Island Very Remote Rural	4%	60%	34%	1%	0%	0%	0%	1%	3%	24%	33%	23%	13%	4%
Island Very Remote Small Towns	2%	89%	10%	0%	0%	0%	0%	0%	3%	37%	40%	14%	5%	1%
Mainland Very Remote Rural	7%	85%	7%	0%	1%	0%	0%	1%	3%	18%	31%	27%	15%	5%
Mainland Very Remote Small Towns	7%	91%	2%	0%	0%	0%	0%	0%	2%	42%	35%	15%	5%	1%
Mainland Remote Rural	9%	76%	15%	0%	0%	0%	0%	1%	6%	22%	31%	24%	14%	4%
Mainland Remote Small Towns	5%	91%	4%	0%	0%	0%	0%	0%	16%	41%	29%	10%	2%	1%
Mainland Accessible Rural	11%	85%	4%	0%	0%	0%	0%	1%	10%	38%	28%	14%	7%	2%
Mainland Accessible Small Towns	9%	88%	3%	0%	0%	0%	0%	1%	7%	50%	32%	8%	2%	0%
Other Urban Areas	8%	89%	3%	0%	0%	0%	0%	1%	7%	54%	31%	6%	1%	0%
Large Urban Areas	6%	92%	1%	0%	0%	0%	0%	0%	9%	56%	27%	6%	1%	0%
Scotland	**8%**	**88%**	**4%**	**0%**	**0%**	**0%**	**0%**	**1%**	**8%**	**50%**	**29%**	**9%**	**3%**	**1%**

Data: Scottish Government: Domestic Energy Performance Certificates available at https://statistics.gov.scot/ and National Records of Scotland Small area statistics on households and dwellings

The variation in energy performance across NISRIE geographies suggests that tailored policies and interventions may be required to improve energy efficiency (especially more cost-efficient heating sources) in housing as Scotland transitions to net zero. The introduction of a new EPC methodology, with a specific focus on heat retention ratings, should be helpful in supporting landlords, tenants and owner-occupiers transition to improved energy performance standards. Efforts may need to be focused on supporting regions, such as islands, remote rural and very remote mainland areas, by providing greater resources (including targeted communications), incentives, or infrastructure improvements.

Whilst the SEPCR data is not a 'panel' database (i.e. it does not track the same properties receiving certification each year), there was steady improvement over time in the proportion of existing dwellings (i.e. excluding newbuilds) that were issued EPCs annually that met EPC rating C and above. However, it is noticeable from Table 26 that only 22% of existing dwellings that received EPCs in 2022 in very remote mainland areas had ratings of C band and better, with only 27% of EPCs issued in island very remote rural areas, and 29% in mainland remote rural areas, having ratings of C or better. This was in contrast with urban areas, where over 60% of existing dwellings had ratings C and above in 2022. **This variation likely reflects the type of housing being transacted (rented or sold) as well as the specific characteristics of many houses in rural areas (detached, off gas-grid, reliant on electric or oil heating, older buildings, etc)**.

Table 26 Proportion of existing dwellings issued an EPC that were EPC rating A-C, by NISRIE data zone classification, 2015-2022

NISRIE Classification	2015	2016	2017	2018	2019	2020	2021	2022	Trend
Island Very Remote Rural	13%	14%	17%	15%	16%	20%	21%	27%	
Island Very Remote Small Towns	24%	27%	31%	33%	29%	37%	37%	40%	
Mainland Very Remote Rural	13%	9%	10%	13%	20%	20%	22%	22%	
Mainland Very Remote Small Towns	25%	21%	26%	31%	35%	31%	39%	45%	
Mainland Remote Rural	18%	20%	19%	28%	28%	24%	29%	29%	
Mainland Remote Small Towns	37%	36%	38%	46%	49%	45%	49%	58%	
Mainland Accessible Rural	27%	30%	37%	41%	42%	44%	46%	49%	
Mainland Accessible Small Towns	37%	41%	51%	51%	52%	53%	56%	58%	
Other Urban Areas	40%	46%	55%	57%	58%	58%	59%	61%	
Large Urban Areas	45%	50%	58%	59%	62%	61%	63%	65%	
Scotland	**38%**	**43%**	**51%**	**53%**	**54%**	**55%**	**57%**	**58%**	

Data: Scottish Government: Domestic Energy Performance Certificates available at https://statistics.gov.scot/

Table 27 shows the proportion of the private rented and social rented housing that were issued EPCs between 2015 and 2022, with ratings of C or better. This data clearly demonstrates the disparity in energy performance of rented housing receiving EPCs each year in rural areas compared to urban areas. There was also a gap in the energy performance for housing issued EPCs in the private sector rental market (poorer) and the social rented market (better).

For example, in mainland very remote rural areas, only 16% of the 697 private sector rentals certified in 2022 had an EPC rating of C or better. Similarly, only 18% of 913 rental EPCs in mainland remote rural areas, and 20% of 581 rental EPCs in island very remote rural areas had a C rating or higher in 2022. This compared with 48% in mainland accessible small towns and 64% in large urban areas. There was, however, marked and continued improvements in EPC performance of private rented dwellings receiving EPCs each year over the 2015-2022 period across most areas.

Housing that received EPCs in the social rented sector had better energy performance ratings, on average, across the 2015-2022 period in comparison to the private rental sector. Again, there were generally improvements observed over time across most geographies. In island very remote rural data zones, 53% of the 647 social rented dwellings that registered EPCs in 2022 had EPC C rating and above. Similar to the private rented housing sector, very remote mainland rural areas (35% of 467 EPCs) and remote mainland rural areas (49% of 879 EPCs) had persistently lower EPC ratings within the social rented sector compared to other more accessible and urban locations.

Table 27 Proportion of EPC-certified private rental and social rented (non-newbuild) houses that had EPC rating C or better, by NISRIE data zone classification, 2015 -2022

NISRIE Classification	Pivate rented EPC C and above								Trend line
	2015	2016	2017	2018	2019	2020	2021	2022	
Island Very Remote Rural	17%	9%	10%	11%	13%	19%	18%	20%	
Island Very Remote Small Towns	17%	29%	35%	28%	21%	31%	20%	37%	
Mainland Very Remote Rural	6%	7%	7%	9%	18%	13%	14%	16%	
Mainland Very Remote Small Towns	10%	16%	23%	20%	22%	33%	44%	42%	
Mainland Remote Rural	7%	10%	7%	9%	12%	15%	14%	18%	
Mainland Remote Small Towns	28%	40%	29%	23%	27%	39%	39%	36%	
Mainland Accessible Rural	15%	16%	16%	17%	21%	21%	24%	29%	
Mainland Accessible Small Towns	25%	31%	41%	36%	43%	40%	46%	48%	
Other Urban Areas	32%	37%	42%	47%	48%	49%	51%	55%	
Large Urban Areas	44%	47%	52%	57%	59%	60%	60%	64%	
Scotland	**33%**	**37%**	**40%**	**44%**	**50%**	**50%**	**50%**	**51%**	
	Social rented EPC C and above								
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	
Island Very Remote Rural	21%	50%	42%	33%	28%	44%	52%	53%	
Island Very Remote Small Towns	54%	55%	49%	50%	46%	60%	78%	60%	
Mainland Very Remote Rural	25%	22%	30%	25%	39%	38%	49%	35%	
Mainland Very Remote Small Towns	50%	44%	46%	58%	65%	44%	63%	68%	
Mainland Remote Rural	45%	51%	44%	55%	42%	48%	68%	49%	
Mainland Remote Small Towns	53%	53%	59%	72%	66%	76%	78%	86%	
Mainland Accessible Rural	42%	52%	61%	62%	52%	64%	69%	71%	
Mainland Accessible Small Towns	56%	66%	72%	75%	64%	74%	83%	81%	
Other Urban Areas	57%	70%	72%	75%	74%	75%	84%	84%	
Large Urban Areas	64%	75%	80%	78%	81%	83%	86%	87%	
Scotland	**58%**	**68%**	**72%**	**73%**	**71%**	**75%**	**82%**	**81%**	

Data: Scottish Government: Domestic Energy Performance Certificates available at https://statistics.gov.scot/

With proposals to regulate energy performance in the private rented sector, it is important that clear messaging and support are provided to both existing and prospective landlords regarding energy efficiency to ensure a just transition. Failure to meet the required standards could impact both the rental market and overall housing availability. The data suggest that targeted campaigns may be needed in rural and island areas, where, although relatively few rented properties exist in absolute number compared to urban settings, they play a vital role in supporting local economic activity and social cohesion within communities.

7.4.4 Modelled Energy Cost

The energy performance data presented above is also reflected in the modelled costs associated with the heating and running of transacted properties requiring certification, as well as the estimated costs of suggested improvements. The poorer modelled energy efficiency revealed here also corresponds to the data on gas and electricity use and types of central heating (see Map 16, Map 17 and Table 21), as well as the age, size, and type of property being certified, which are not presented here.

Within the SEPCR, modelled annual energy costs are calculated alongside potential reductions in energy costs from undertaking suggested energy savings measures within the house. As with all modelling, the results depend on the assumptions built into the model, as well as the quality of the data inputted. For domestic EPCs the Standard Assessment Procedure is used (and for existing dwellings as many of the data fields are

not practically available at reasonable cost a 'reduced data Standard Assessment Procedure is used)[307].

Since the SEPCR data collection is reliant on a large number of assessors, there may be some inconsistencies in property assessments. Nonetheless, modelled annual energy costs are based on relatively objective criteria such as floor area, window types, heating sources, presence of insulation, thermostat type, and other building characteristics. Figure 42 shows a box plot of modelled annual energy costs for domestic (transacted) houses issued EPC certificates in 2022 – **noting the caveat that this does not represent all houses in these localities.** The figure highlights the relatively higher energy costs associated with homes in rural areas, and in towns in remote, very remote and island settings.

For **box plots,** the box represents the middle 50% (often called the interquartile range) with 25% of observations falling below the lower end of the box and 25% of observations above the upper part of the box. The median (or middle observation is represented by the line in the box). The whiskers extend from the box to the smallest and largest values within 1.5 times the interquartile range, with anything outside this considered an outlier (which have been excluded here).

Table 28 provides summary data underlying these modelled costs, showing the mean (average), median (mid observation), and percentile observations (e.g. 10th percentile indicates that 10% of observations have lower values, while the 90th percentile means that 10% of observations have higher values. This illustrates the extent of the variation in modelled energy costs - designed to be representative of the type of housing - across the range of houses that were issued EPCs in 2022.

For example, in very remote mainland rural areas, the mean modelled energy costs for houses issued EPCs in 2022 was £1,756, with 10% of dwellings having costs below £622 and 10% exceeding £3,109. It is worth noting that the energy cost model predicts that most houses (particularly those with poorer EPC ratings) could make significant annual energy savings, which could help offset potential capital outlays required to make homes more energy efficient.

Further, Table 29 shows the spread of modelled energy costs per square metre of floor space in different NISRIE data zone classifications for houses issued EPCs in 2022. These range significantly within each classification which are reflective of the size, style, age and energy features present in the houses being certified. For example, 10% of island remote rural houses were modelled at less than £7.50/m^2, whilst 10% were modelled at more than £31.40/m^2. Again, there are generally higher costs per square metre in the remote rural and island settings, and to a lesser extent in remote small towns, compared with urban and more accessible areas. This modelled cost per square metre data is shown for the first two quarters of 2023 at the data zone level in Map 18, where a large variance in costs in contiguous data zones suggests that there are differences in the types and sizes of housing issued EPCs in the first half of 2023 in these localities. This re-emphasises the need for care to be taken when interpreting the SEPCR data.

[307] See Page 9 of Energy Performance Certificate Reform Consultation 2023 and for methodology see Standard Assessment Procedure SAP 10

Figure 42 Modelled annual energy costs of dwellings in the EPC register, by NISRIE data zone classification, 2022

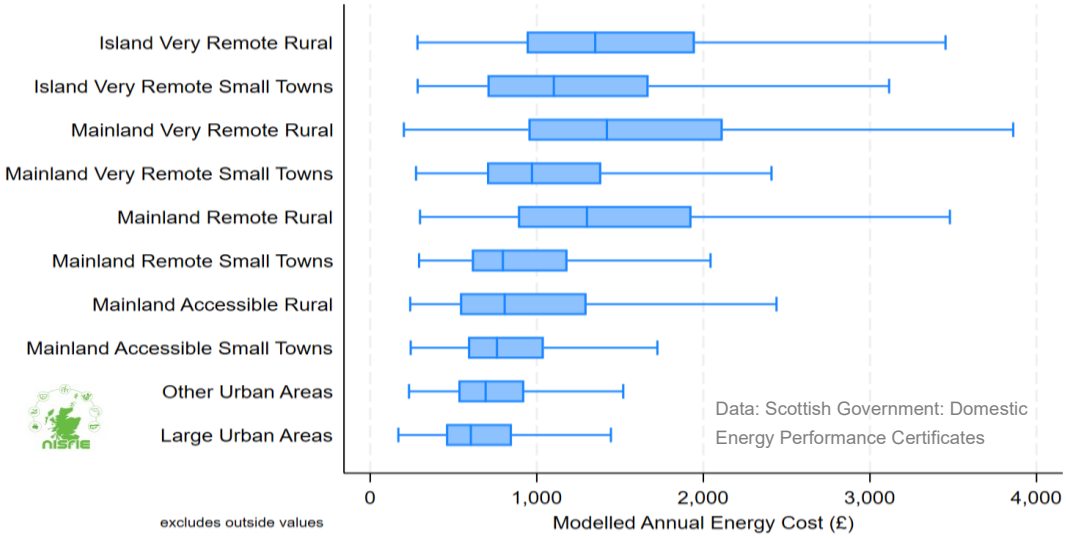


Table 28 Summary data of modelled annual energy costs of dwellings in the EPC register, by NISRIE data zone classification, 2022

NISRIE Classification	Houses	10th percentile	25th percentile	Median	Mean	75th percentile	90th percentile
Island very remote rural	3,782	£714	£939	**£1,351**	**£1,601**	£1,949	£2,806
Island very remote small towns	1,559	£470	£704	**£1,102**	**£1,275**	£1,671	£2,214
Mainland very remote rural	3,847	£622	£950	**£1,421**	**£1,756**	£2,116	£3,109
Mainland very remote small towns	2,019	£505	£701	**£971**	**£1,154**	£1,387	£1,943
Mainland remote rural	5,565	£631	£887	**£1,301**	**£1,603**	£1,929	£2,843
Mainland remote small towns	3,468	£503	£610	**£797**	**£1,010**	£1,185	£1,772
Mainland accessible rural	27,989	£400	£539	**£807**	**£1,072**	£1,299	£1,990
Mainland accessible small towns	14,227	£458	£587	**£761**	**£907**	£1,042	£1,482
Other urban areas	56,841	£416	£529	**£693**	**£808**	£925	£1,305
Large urban areas	72,823	£365	£455	**£604**	**£732**	£851	£1,224
Scotland	**192,120**	**£396**	**£513**	**£702**	**£894**	**£1,028**	**£1,573**

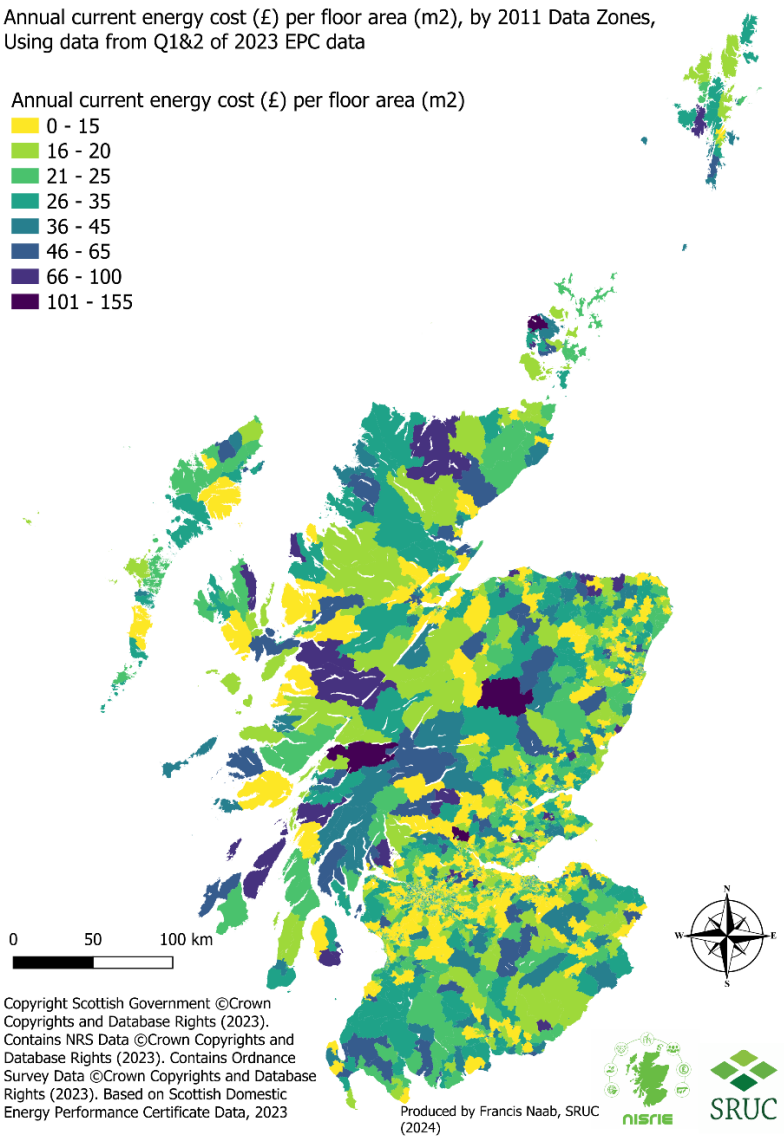
Data: Scottish Government: Domestic Energy Performance Certificates available at https://statistics.gov.scot/

Table 29 Summary data of modelled annual energy costs per m^2 of dwelling floor space in the EPC register, by NISRIE data zone classification, 2022

NISRIE Classification	Houses	10th percentile	25th percentile	Median	Mean	75th percentile	90th percentile
Island very remote rural	3,782	£7.5	£10.3	**£17.3**	**£14.5**	£21.9	£31.4
Island very remote small towns	1,559	£7.1	£9.7	**£15.6**	**£13.5**	£20.7	£25.9
Mainland very remote rural	3,847	£6.5	£9.7	**£17.5**	**£14.6**	£22.5	£32.3
Mainland very remote small towns	2,019	£7.3	£9.1	**£13.9**	**£11.7**	£16.5	£23.6
Mainland remote rural	5,565	£6.3	£9.0	**£15.2**	**£12.6**	£18.5	£27.1
Mainland remote small towns	3,468	£6.6	£8.4	**£12.0**	**£10.2**	£13.1	£19.8
Mainland accessible rural	27,989	£4.3	£5.4	**£10.3**	**£8.6**	£12.3	£18.3
Mainland accessible small towns	14,227	£5.3	£7.5	**£10.3**	**£9.3**	£11.5	£15.4
Other urban areas	56,841	£5.2	£7.2	**£10.0**	**£9.0**	£11.1	£14.8
Large urban areas	72,823	£5.0	£6.8	**£9.8**	**£8.7**	£11.0	£14.8
Scotland	**192,120**	£4.9	£6.9	**£10.6**	**£9.1**	£11.8	£17.2

Data: Scottish Government: Domestic Energy Performance Certificates available at **https://statistics.gov.scot/**

Map 18 Total modelled annual energy cost per square metre by 2011 Data Zones, using EPC data, 2023 (Q1&2)



7.5 Conclusions

Housing and energy costs are among the most persistent challenges for rural and island Scotland. Affordable housing shortages have long been recognised, and evidence confirms the depth of the problem. Energy costs are consistently higher in rural and island areas, intensifying fuel poverty. Official Scottish Government statistics confirm that only 36% of rural dwellings had an Energy Performance Certificate (EPC) rating of C band or better in 2023, compared to 60% in urban areas.

The 2022 population census reveals that rural and island homes were more likely to be older, detached, and off the gas grid - heated by electricity, oil, or solid fuels. Only 11% of island homes used mains gas compared to 81% nationally, and many homes relied on expensive or less efficient heating systems.

Criticism of the current domestic EPC methodology means that the Scottish Government aim to introduce a new approach based on Heat Retention Rating, Energy Cost Rating and Heating System Rating as detailed in the The Energy Performance of Buildings

(Scotland) Regulations 2025. In addition, to ensure EPC ratings are meaningful, the Scottish Government also propose cutting the period a certificate remains valid from 10 to 5 years.

While the majority of dwellings in Scotland are owner-occupied, the data reveals variation in the energy performance of rented houses that have required EPCs to-date across urban and rural areas. Thus, the potential implementation of policies regarding EPC ratings for **private sector landlords** in Scotland may affect already stressed local housing markets. The Scottish Government have proposed a future minimum energy performance threshold in the private rented sector based on a new Heat Retention Rating. Recognising the challenges in meeting these standards the Scottish Government has therefore suggested protective measures, including that any required improvement costs would be capped. Whilst rural and island homeowners get uplifts for the Home Energy Scotland Grant and Loan there is not currently any additional support for rural, or island, landlords in the Private Rented Sector Landlord Loan.

Whilst **not representative of all housing in a locality,** the Scottish Energy Performance Certificates Register data have provided new insights into newly built housing, newly rented housing and houses being sold where new EPCs have been required in any given year. About 200,000 EPCs are issued annually, and comparison with Scottish house sales volumes suggests that over 90% of houses sold had an EPC completed prior to sale (a condition of the 'Home Report') in 2022-23.

Acknowledging this data only covers dwellings that had EPCs issued in any given quarter/year, this data does, however, corroborate official statistics in terms of the energy performance and fuel poverty, noting that poorer energy performance in rural and island communities, where energy affordability can elevate fuel poverty levels.

In 2022, houses that had EPCs issued in rural and island areas generally had poorer energy efficiency scores compared to urban areas and accessible towns. A higher proportion of new builds in rural and island areas had poor energy performance compared to more accessible and urban areas (most likely due to reliance on electricity and oil heating sources). Despite many rural and island locations across Scotland being home to abundant renewable energy resources, the current UK energy market does not permit zonal pricing that could offer more affordable heat and energy across Scotland.

In rural areas on islands, only 27% of the EPCs issued for existing housing (mostly for 'marketed sale') were rated band C or better in 2022 compared to 64% in large urban areas. 20% of these existing dwellings in very remote mainland rural areas, 18% in mainland remote rural areas. 17% of houses certified in island very remote rural areas had EPC ratings F or G, with a further 27%, 24% and 23% at EPC rating E, respectively across these geographies.

There was a clear disparity in the certified energy performance of rented housing in rural and island areas compared to accessible and urban areas, reinforcing the link between geography and energy vulnerability. There was also a performance gap in the modelled energy performance in the private sector rental market (poorer) and the social rented market (better).

These findings reinforce the importance of energy efficiency initiatives and policies to mitigate the economic impact of fluctuating energy costs[308,309]. The Scottish Government continues to emphasise promoting energy efficiency and reducing energy consumption to achieve a sustainable energy future[310]. Initiatives such as the Energy Efficient Scotland Programme, Grants and loans for energy-saving improvements, Home Energy Scotland Grant and Loan, Warmer Homes Scotland, Heat in Buildings Strategy and the Climate change - National Adaptation Plan 2024 to 2029, among others, highlight the Scottish Government's ongoing commitment to improving energy efficiency in buildings[311] and reducing greenhouse gas emissions in a just transition as Scotland moves towards a net-zero economy. The, conclusions from this section suggest that:

- **Integrating EPC data** with other housing and poverty datasets **can support better policy targeting**.
- Targeted support for **private rented sector landlords in rural and island** areas to make energy efficiency improvements may limit any potential rental market impacts in areas where access to affordable housing is cited as a barrier to local economies.
- Local Heat and Energy Efficiency Strategies are **essential frameworks for improving energy efficiency and reducing carbon emissions** in homes across local authorities in Scotland.
- A just transition to net zero must **balance decarbonisation goals with the lived realities of rural and island communities**. **Continued targeted support** for rural and island homeowners and landlords is needed that acknowledges the additional installation and equipment costs for retrofitting and improving energy performance in domestic dwellings.

Photo: Remote small town – Wood fuel for older house owner in Newtonmore (S Thomson)

[308] Cost of living: impact on rural communities in Scotland - Scottish Affairs Committee (parliament.uk)
[309] Cost of living crisis - gov.scot (www.gov.scot)
[310] Supporting documents - Climate change - national adaptation plan 2024 to 2029: consultation - gov.scot (www.gov.scot)
[311] Energy Efficient Scotland: route map - gov.scot (www.gov.scot)

8 Supported Agricultural Activity

Key Points

- Many economic sectors contribute to rural economies (as demonstrated in the 2023 NISRIE Insights Report). However, in some localities, primary sector businesses (agriculture, fishing, aquaculture and forestry) remain important for local economic activity. Since the UK withdrew from the EU in 2021, the Scottish Government has been evolving the model of agricultural support to one that better reflects the priorities of Scotland.
- There are long-term trends in agricultural activities that reflect market signals, agricultural profitability, agricultural sector demography and changing agricultural support incentives.
- Livestock numbers have declined sharply over the past three decades, with 34% fewer breeding ewes and 19% fewer cattle in Scotland. There is wide spatial variation in the changing livestock population. For example, the crofting-dominated Eileanan an Iar region (the Outer Hebrides) saw a 62% decline (92k ewes) between 1997 and 2023, compared to only 11% decline in the North East of Scotland. Whilst overgrazing by sheep (and deer) was undoubtedly a problem in many areas historically, the grazing pressure of fragile hill and moorlands by sheep is much lower now than at any point in the last 50 -100 years.
- The agricultural workforce is shrinking, and an ageing demographic poses risks to sector sustainability. June Agricultural Census data reveals that the Clyde Valley (-28% or 700 people), North East Scotland (-27% or 1,650 people) and Shetland (-27% or 120 people) lost the largest proportions of people engaged in full-time agricultural activity over the 1997-2023 period.
- It is often claimed that agriculture is the mainstay of rural communities. However, there is a paucity of evidence to demonstrate this in modern times. Best estimates suggest that one in five 16-75 year olds in Eileanan an Iar, and on in eight in Shetland, were connected to agriculture, which reflects the importance of crofting in these regions.
- The distribution of support payments is heavily skewed to the largest businesses. Whilst 5% of businesses received over £111k total support in 2023, 25% received less than £4,300, reflecting differences in business scales and land quality. However, it is often forgotten that some regions and agricultural sectors, whilst receiving small absolute support amounts or low support rates per hectare, actually receive relatively high levels of support per unit of agricultural output.
- Common grazings remain culturally and environmentally significant but appear underutilised, with only 45% of shareholders claiming agricultural support payments in 2022. Some crofters lease their common grazing are covered by NatureScot's 30*30 designations (9% of all 30*30 designations) shares to other businesses to claim support. Common grazings also account for 22% and 17% of Scotland's total class 1 and class 2 peatlands that are of national importance
- The transition to a four-tier support model under the Agriculture and Rural Communities (Scotland) Act 2024 introduces mandatory Whole Farm Plans from 2025. Agricultural payments will increasingly be linked to sustainability and biodiversity outcomes, with expanded environmental conditionality from 2026.

8.1 Introduction

Agriculture is often cited by stakeholder groups as underpinning the rural economy[312,313]. Whilst the evidence shows that many economic sectors contribute to rural economies[314,315], in some localities, primary sector businesses (agriculture, fishing, aquaculture and forestry) indeed form the foundation of local economic activity. Whilst there has been a decade of relative agricultural policy stability in Scotland, real-term declines in support budgets, agricultural input inflation, changing market values, and the social profile of the agricultural sector mean that the structure of the sector is constantly evolving. As we are now a quarter of the way through the 21st Century, this chapter aims to highlight some of the trends within the sector and provide some evidence on the current farming and crofting sectors.

Understanding trends in production is important, as the sector has changed significantly in the last two decades, meaning the socio-economic and environmental footprint of the sector remains in a state of fluidity. Arguably, with the rising political and societal prioritisation of nature restoration and climate change mitigation (particularly through lower emissions and increased sequestration), the importance of the agriculture sector, and wider land management activities (forests, sporting estates, conservation/rewilding/natural capital estates), has increased in the last two decades.

8.2 Long-term livestock changes

SRUC's *Farming's Retreat from the Hills* report in 2008[316] highlighted that a significant change in agricultural activity had occurred across many parts of Scotland's hill, upland and island agricultural areas due to multiple factors. The changes reported followed a period of depressed farm-gate prices in the late 1990s and early 2000s, the 2001 Foot and Mouth Disease outbreak, as well as restructuring of Scottish agricultural businesses following the Fishler reforms of the Common Agricultural Policy (CAP) in 2005 that largely decoupled support payments from agricultural output[317].

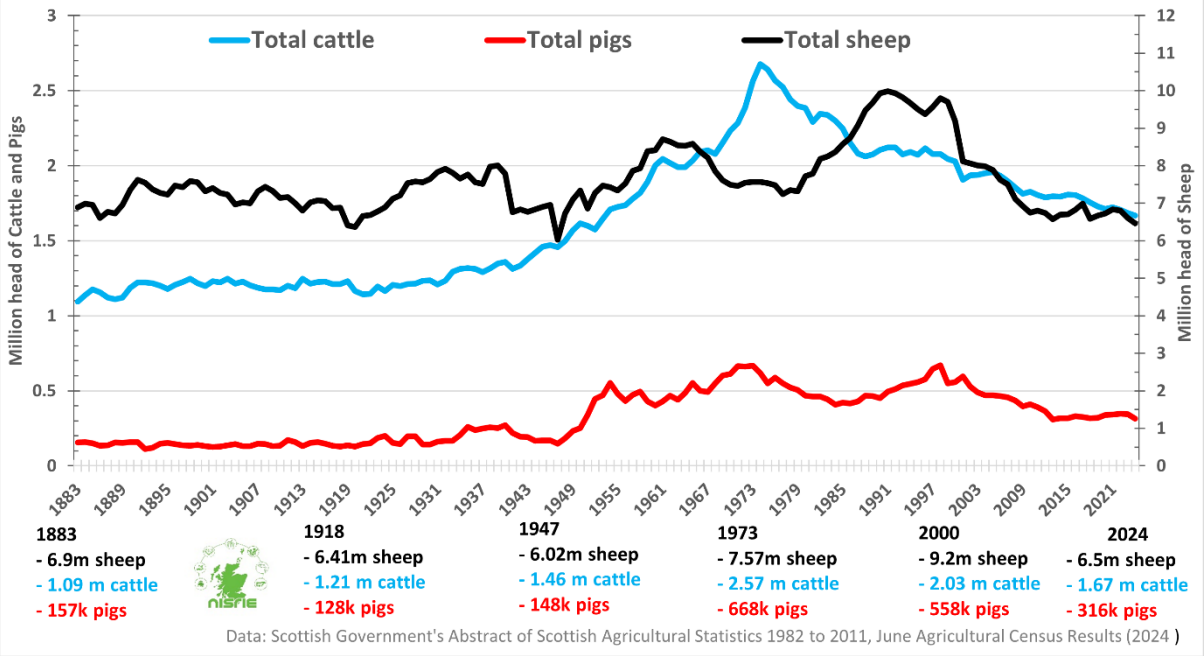
SRUC's follow-up report in 2011 *The Response from the Hills: A Turning Point or Business as Usual?*[318] provided an update on the changes in livestock production and also described the environmental changes that were being observed as a result of changing agricultural (and deer management and afforestation) activity[319]. There has been limited assessment of changes in agricultural activity in the last decade, although there has been

[312] https://www.nfus.org.uk/news/news/rally-to-call-for-scottish-government-to-deliver-a-budget-for-the-future-of-farming-and-crofting
[313] https://crofting.scotland.gov.uk/userfiles/file/research_publications/The-Value-of-Crofting-a-report-by-BiGGAR-Economics-for-the-Crofting-Commission.pdf
[314] Understanding the Scottish rural economy: research paper - gov.scot
[315] Supporting documents - Rural Scotland Data Dashboard: Overview - gov.scot
[316] Waterhouse et al (2008) https://doi.org/10.58073/SRUC.24512932.v1
[317] See Barnes et al (2016) https://doi.org/10.1016/j.landusepol.2015.10.017
[318] Thomson et al (2011) Response from the hills: Business as usual or a turning point?
[319] It should be noted that over a long period of time the June Agricultural Census data collection methods of reporting have changed – most notably a move away from self-reporting of cropping and grassland areas and cattle numbers to the use of administrative data (through the Integrated Administration and Control System (IACS) for land and the Cattle Tracing System for cattle). The June Census remains an important source of information on agricultural production and activity in Scotland.

work estimating the amount of support distributed to different sectors[320] and how support in the beef sector changed after 2014[321].

Figure 43 shows the very long-term change in the population of cattle, sheep and pigs in Scotland, as estimated by the Scottish Government (sheep numbers are on the secondary y-axis on the right). The long term decline in cattle since the 1970s reflects (a) a shrinkage of the dairy herd as productivity (milk yield) improved, (b) a move from beef to cereal production in response to CAP price support signals in the 1970s, and (c) long term economic challenges of beef production leading to ongoing contractions in specialist beef (so-called 'suckler beef') production in many areas. Whilst cattle numbers were 18% lower in 2024 compared to 2000, and 9% lower compared to 2010, the larger number of dairy-beef calves retained[322] in the last decade, masks the true decrease in the total number of breeding cows.

Figure 43 Long-term change in Scotland's cattle, sheep and pig populations, 1883 – 2024



The peak in sheep production in the 1990s (c.10 million sheep) was a result of long-term UK and EU coupled support for sheep (particularly in hill and upland areas). The impact of the 2001 Foot and Mouth Disease (FMD) outbreak and associated cull of diseased and at-risk animals is notable. The subsequent lack of restocking post-FMD in some areas, and the continued decline in sheep production since then, reflected the removal of coupled support payments for sheep and the relatively poor economic performance in the sheep sector for many years. Sheep numbers in Scotland have declined by 30% since 2000 (but only 4% since 2010) and are now almost at their lowest point in 142 years - with only

[320] See Thomson and Moxey (2022) Estimation of sectoral CAP payment 'envelopes' and distribution of agri-environment and forestry support 2019

[321] See Thomson and Moxey (2020) SRUC+Report+-+Beef+Structure+and+Payments+Report+FINAL.pdf

[322] The dairy sector use artificial insemination, and the advent of sexed semen meant that high genetic merit bulls could be used to breed replacement females from the best performing cows, whilst the remaining dairy cows in a herd could be crossed with a high genetic merit beef bull to produce a mixed "dairy-beef" calf. This process was accelerated in the late 2010s as milk processors signalled that the practice of euthanising excess male dairy calves would no longer be tolerated.

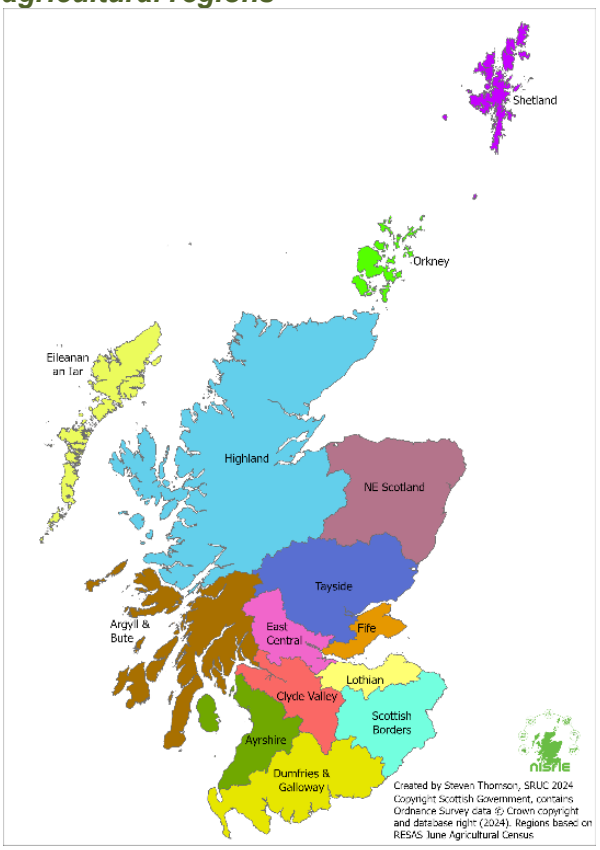
1947, 1920 and 1919 having fewer sheep than 2024. This trend is not unique to Scotland, as EU sheep numbers are now at the lowest since records began[323], which is a contributory factor in recent significantly improved market returns across the sector, as UK and European demand remains buoyant[324].

Pig production has never received coupled support payments in the CAP and the changes in production over time have reflected market conditions and relative profitability within the sector. The Scottish pig sector faced a "financial crisis" in 2021, driven by a labour shortage in processing plants related to Covid, input cost inflation, and a loss of access to the Chinese market after the closure of Scotland's largest abattoir. The estimated pig population declined from 670,000 in 1998 to 316,000 in 2024 (a 53% decline), with an estimated decline of 8% between 2023 and 2024 alone. It should, however, be noted that the June Agricultural Census data only reflects a snapshot in time and does not count for the pig cycle – where a sow can have multiple litters per year. Further, there remains uncertainty over the accuracy of official pig (and poultry) populations and Quality Meat Scotland (QMS) report that there was an increase in prime pigs in 2024 using ScotEID data.[325]

8.3 Regional and local changes

The June Agricultural Census national trends in agricultural production mask significant variance at regional and local levels. As policy signals are noted to impact production decisions, it is worth noting production changes over key agricultural policy periods, notably (a) pre-decoupling in 2005; (b) decoupling and the retention of historic support rates through the area-based single farm payment between 2005 and 2014, and; (c) the move to single area based support rates for the regionalised basic payment scheme from 2014.

Map 19 Scottish Government RPID 'agricultural regions'



8.3.1 Crops and Fallow

At a national level, the area of crop and fallow land fell by 73,000 hectares between 1997 and 2024 (a decline of 11%), with notable declines in key cropping regions of North East (NE) Scotland and Tayside (-9%), Lothian (-14%) the Borders (-13%), Fife (-12%) and in Highland (-13%) (see Map 19). Between 2014 and 2023 there was stability at a national level, although the cropped area in Clyde Valley fell by 14% and by 10% in Orkney.

[323] Agricultural production - livestock and meat - Statistics Explained - Eurostat
[324] EU: Production declines across beef, sheep and pork meat to 2035 - Euromeatnews.com
[325] Red-Meat-Industry-Profile-2025_2025-08-01-090115_wpek.pdf

Table 30 Change in the area of crop and fallow by agricultural region, 1997-2023

Agriculture Region	1997	Crop and Fallow (Ha) trend line	2023	1997-2004	2004-2014	2014-2023	1997-2023
Argyll & Bute	2.7k		2.8k	10%	-24%	19%	**0%**
Ayrshire	10.9k		9.5k	0%	-11%	-2%	**-13%**
Clyde Valley	13.5k		9.0k	-7%	-17%	-14%	**-33%**
Dumfries & Galloway	22.0k		21.0k	5%	-8%	-1%	**-5%**
East Central	15.6k		12.4k	-7%	-16%	2%	**-21%**
Eileanan an Iar	2.1k		0.9k	-6%	-67%	37%	**-57%**
Fife	59.1k		52.1k	-4%	-7%	-2%	**-12%**
Highland	45.7k		39.9k	-3%	-11%	1%	**-13%**
Lothian	54.7k		47.0k	-5%	-6%	-3%	**-14%**
NE Scotland	207.3k		188.7k	-4%	-7%	2%	**-9%**
Orkney	5.3k		5.1k	-2%	10%	-10%	**-3%**
Scottish Borders	82.1k		71.6k	-2%	-10%	0%	**-13%**
Shetland	0.4k		0.4k	-9%	-19%	27%	**-6%**
Tayside	138.1k		126.3k	-2%	-5%	-2%	**-9%**
Scotland	**0.66m**		**0.59m**	**-3%**	**-8%**	**0%**	**-11%**

Source: Scottish Government annual holding level June Agricultural Census

8.3.2 Sheep

Sheep production has changed markedly in many regions in the last 25 – 30 years. Whilst the number of breeding ewes decreased by nearly 1.3 million between 1997 and 2023 (a 34% decline), the changes in the last decade (-94k or -4%) were much less significant (see Table 31). The 1997-2004 period saw a 630k decline in ewe numbers, with a further 575k decline in the 2004-14 period as the Single Farm Payment and market adjustments took place. These years saw significant structural changes in the sector; not only were flock sizes reducing, but there was also a significant withdrawal from the sector with a reduction in the number of agricultural holdings carrying sheep (-5,039 or -28%) between 1997 and 2014. Since 2014, there has been an increase (1,550 or +12%) in the number of agricultural holdings with ewes – although some of this will undoubtedly be due to the use of sheep as 'tick mops' in some sporting estates (noting breeding ewes are not regularly used, but some estates may retain breeding ewes as well)[326].

There were notable losses of 253k ewes in Dumfries and Galloway and a further 82k in the Borders due to the Foot and Mouth Disease (FMD) outbreak in 2001, and whilst there was some restocking post-FMD they never fully recovered to pre-FMD levels (145k and 67k fewer ewes in 2004 compared to 2000 in Dumfries and Galloway and the Borders respectively). Many areas dominated by significant biophysical constraints, or peripherality from main markets, or smaller-scale flocks, saw declines in breeding ewes significantly above the national average. For example:

- The crofting-dominated **Eileanan an Iar** (the Western Isles, also known as the Outer Hebrides) region saw a 62% decline (92k ewes) between 1997 and 2023. Most notably, that decline continued across the entire period (35k from 1997-2004, 46k from 2004 to 2014, and 10k from 2014 to 2023). This corresponded with a 32% decline (1,027) in the number of holdings with breeding ewes (noting between 2022 and 2023 there was an increase of 195, suggesting some reaction to high sheep prices).

[326] Disease control on grouse moors - Game and Wildlife Conservation Trust

- In **Shetland** (also crofting dominated), ewe numbers fell by 33% (63k) between 1997 and 2023 – associated with 500 fewer holdings with sheep. However, in Shetland, ewe numbers have been relatively stable since 2008. Unlike Eileanan an Iar where most of the rough grazing land is classed as Basic Payment Scheme (BPS) Region 3, in Shetland, most is classed as Region 2, meaning it receives higher support payment rates (£45 / hectare (ha) for BPS and Greening, compared to £14 / ha in Region 3 in 2024[327]).
- **Highland** region (also with a high prevalence of crofting) had 1,034 fewer holdings carrying ewes (29%) between 1997 and 2014, with 233k (40%) fewer ewes in the region. Numbers stabilised somewhat in the 2014 – 2023 period with only 15k or 4% reduction in numbers (with nearly 400 additional holdings carrying ewes).
- There were notable increases in ewe numbers in more low ground areas between 2014 and 2023, particularly in the **North East** (+9%), **Fife** (+11%), **Lothian** (+3%) and **Orkney** (+9%). These low ground areas are able to carry higher numbers of sheep per hectare and also are able to carry heavier breeds of sheep that have higher numbers of lambs per ewe.

Table 31 Change in the number of breeding ewes by agricultural region, 1997-2023

Agriculture Region	1997	Breeding Ewes	2023	1997-2004	2004-2014	2014-2023	1997-2023
Argyll & Bute	296.0k		177.2k	-11%	-27%	-7%	**-40%**
Ayrshire	251.6k		167.9k	-16%	-17%	-4%	**-33%**
Clyde Valley	229.9k		154.8k	-16%	-19%	-2%	**-33%**
Dumfries & Galloway	586.7k		375.5k	-27%	-8%	-4%	**-36%**
East Central	173.9k		102.0k	-20%	-23%	-5%	**-41%**
Eileanan an Iar	148.9k		56.6k	-24%	-41%	-16%	**-62%**
Fife	39.4k		34.9k	-15%	-7%	11%	**-11%**
Highland	589.0k		340.3k	-18%	-26%	-4%	**-42%**
Lothian	105.3k		76.1k	-16%	-16%	3%	**-28%**
NE Scotland	271.7k		242.9k	-11%	-8%	9%	**-11%**
Orkney	61.8k		47.2k	-9%	-23%	9%	**-24%**
Scottish Borders	543.9k		385.8k	-12%	-11%	-9%	**-29%**
Shetland	186.8k		124.3k	-15%	-23%	2%	**-33%**
Tayside	325.3k		224.3k	-11%	-18%	-5%	**-31%**
Scotland	**3.81m**		**2.51m**	**-17%**	**-18%**	**-4%**	**-34%**

Source: Scottish Government annual holding level June Agricultural Census

[327] Payment rates set for Basic Payment Scheme and Greening 2024

Table 32 Change in the number of holdings with breeding ewes by agricultural region, 1997-2023

Agriculture Region	1997	Holdings with Breeding Ewes	2023	1997-2004	2004-2014	2014-2023	1997-2023
Argyll & Bute	879		779	-11%	-8%	9%	**-11%**
Ayrshire	824		647	-17%	-14%	9%	**-21%**
Clyde Valley	854		727	-17%	-9%	13%	**-15%**
Dumfries & Galloway	1,613		1,321	-30%	6%	10%	**-18%**
East Central	446		353	-19%	-12%	11%	**-21%**
Eileanan an Iar	3,225		2,198	-21%	-22%	10%	**-32%**
Fife	207		222	-11%	-3%	23%	**7%**
Highland	3,570		2,933	-18%	-13%	16%	**-18%**
Lothian	321		289	-23%	0%	18%	**-10%**
NE Scotland	1,785		1,627	-19%	-8%	23%	**-9%**
Orkney	548		490	-14%	-9%	13%	**-11%**
Scottish Borders	1,008		860	-15%	-4%	5%	**-15%**
Shetland	1,604		1,105	-16%	-21%	4%	**-31%**
Tayside	869		713	-18%	-9%	10%	**-18%**
Scotland	**17,753**		**14,264**	**-19%**	**-12%**	**12%**	**-20%**

Source: Scottish Government annual holding level June Agricultural Census

Whilst overgrazing by sheep (and deer) was undoubtedly a problem in many areas historically, the grazing of fragile hill and moorlands is much lower now than at any point in the last 50-100 years. The sheep numbers are simply not there, and more importantly, there is a paucity of shepherds to gather sheep off these unenclosed areas, meaning they are increasingly rarely used. Map 20 shows the local dimension to the changes in total sheep (ewes, lambs and other sheep) at the time of the annual June Agricultural Census conducted by the Scottish Government. This is important, not only from a rural economy and local community perspective, but also in terms of biodiversity impacts[328,329,330] and peatland restoration/management[331].

What is immediately noticeable from Map 20 is the long-term shift in sheep grazing across much of Scotland's hills and uplands, with increased sheep in lowland locations. Some parishes have seen more than 70% (in some cases, this is over 90%) of the sheep removed over this longer time period. These locations are largely in the west central Highlands, Caithness and Sutherland, Skye and Lochalsh, the Eileanan an Iar, and Argyll and Bute, but also in Shetland and across many parishes in Dumfries and Galloway and the Borders. More evidence is required on the breed types that remain in these areas, and their use of hill and moorland grazing, as this can help better identify where there actually may be sheep grazing pressures that, when combined with deer grazing pressures may be detrimental to peatlands or habitats.

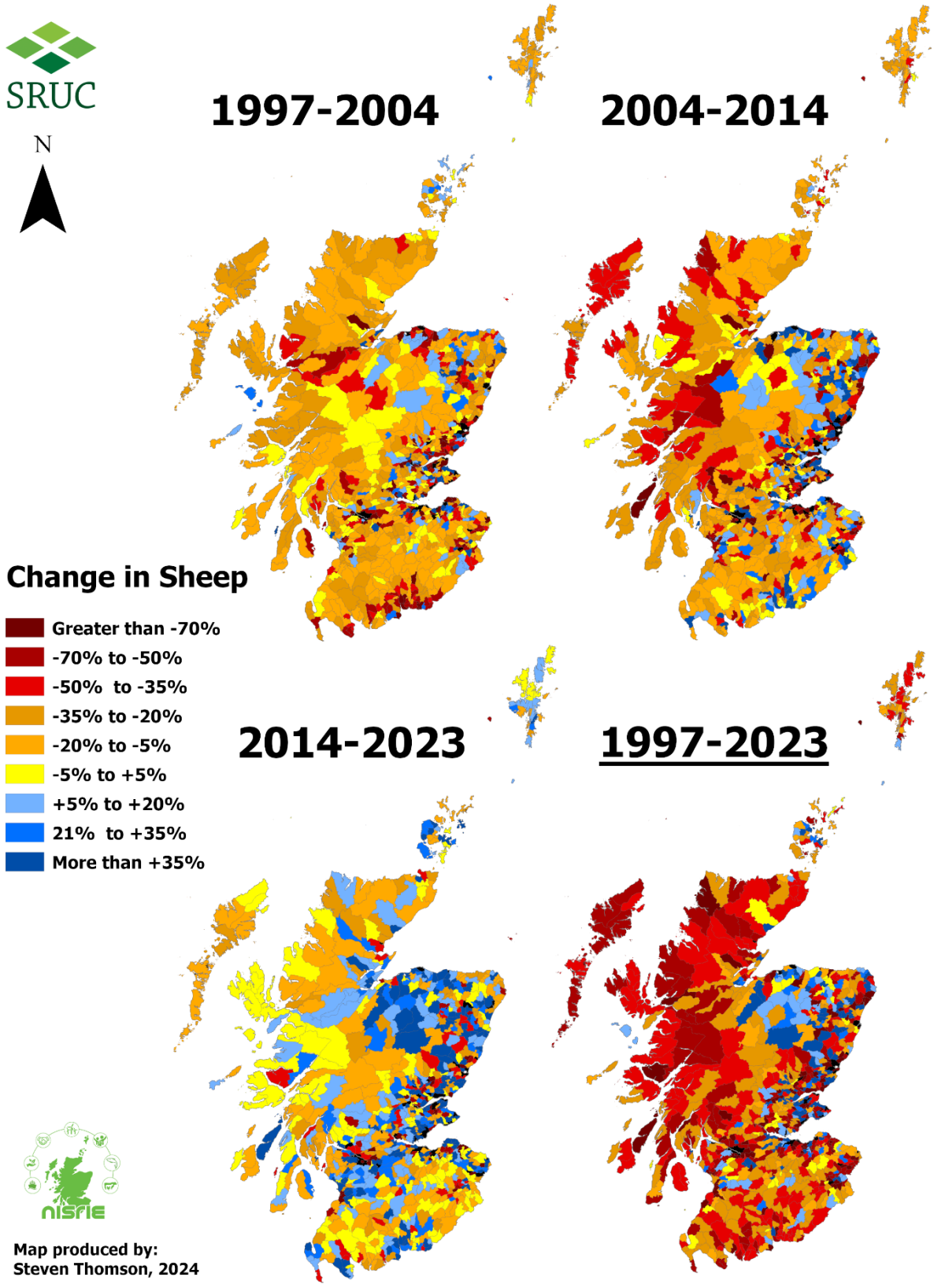
[328] Natural colonisation rates in a UK upland landscape under different conservation management approaches following sheep removal - Porton - 2024 - Ecological Solutions and Evidence - Wiley Online Library

[329] Should we graze the uplands of Scotland? | SEFARI

[330] Long-term effects of sheep-grazing and its removal on vegetation dynamics of British upland grasslands and moorlands; local management cannot overcome large-scale trends - ScienceDirect

[331] Assessing herbivore impacts – for NatureScot Peatland ACTION applicants – Peatland ACTION

Map 20 Change in total sheep numbers by agricultural parish, various years



8.3.3 Cattle

Dumfries and Galloway (25.4%), the North East of Scotland (18.4%) and Ayrshire (10.7%) accounted for 54.5% of the cattle in Scotland at the time of the 2023 June Agricultural Census (noting it is a dynamic industry and when suckler calf sales occur there are greater numbers moving into these regions, from poorer quality grazing areas, for finishing). Table 33 shows that in most regions, with the exception of Dumfries and Galloway, the Borders and Fife, there was a consistent long-term decline in the total number of cattle (although in these regions the number of holdings with cattle also fell similarly to other regions that experienced a sharper decline in cattle numbers – see Table 46). These tables reveal that:

- After the Foot and Mouth Disease outbreak in 2021, cattle numbers largely recovered in Dumfries and Galloway, and whilst they fell by 6% between 1997 and 2023, numbers have remained stable since 2014. However, over that period, there was a 34% reduction in the number of holdings with cattle (with a 10% reduction between 2014 and 2023). It is worth noting that businesses with access to multiple agricultural holdings may only have cattle allocated to their "main location code" (i.e. the holding identified as the home of the business), and their use of other holdings is recorded in their herd book.
- In the North East of Scotland, there was a relatively slow decline in cattle from 1997-2004 (-4% or 15k) and 2004-2014 (-5% or 20k), followed by a 14% (50k) decline in the 2014-2023 decade.
- In Ayrshire cattle numbers declined steadily, falling 20% (46k) between 1997 and 2023 as a result of some transitioning out of dairy farming and some out of suckler beef.
- Whilst the total number of cattle in the Borders fell by 15% (23k) between 1997 and 2014, there was a reversal of that trend between 2014 and 2023 as cattle numbers increased by 6k (5%).
- Cattle numbers in Orkney (-22% or -21k), Highland (-27% or -42k), Tayside (-28% or -36k) and the Clyde Valley (-32% or -59k), all experienced a long-term, consistent decline in cattle.

Map 21 shows the change in total cattle numbers at the local (agricultural parish) level based on the June Agricultural Census, for various periods between 1997 and 2003. There are no clear patterns in the 1997-2004 period, other than perhaps increased cattle numbers in the west Highlands and on the islands, incentivised through native breed grazing support in agri-environment schemes (the Countryside Premium Scheme and Rural Stewardship Scheme).

In the decade following the decoupling of support, there was a significant decline in cattle numbers in many parishes in the west and central Highlands, Argyll and Bute, Sutherland and in the Southern Uplands. Again, the blue areas that depict increased cattle numbers were more dispersed and often in better quality grazing areas, or areas in the hills, uplands and islands where conservation grazing was encouraged. In the time period from 2014 to 2023, the red areas are much reduced (although some areas still experienced large percentage declines).

Overall, the changes from 1997 to 2023 show a significant decline in the number of cattle in some areas (over 40% fewer cattle in many upland parishes), although other parishes

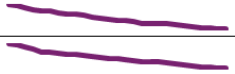
saw greater cattle numbers. The dairy – suckler split of this is available from 2006, but for consistency in this report (i.e. data from 1997), total cattle numbers have been used

Table 33 Change in the number of cattle by agricultural region, 1997-2023

Agriculture Region	1997	Total Cattle	2023	1997-2004	2004-2014	2014-2023	1997-2023
Argyll & Bute	84.9k		58.5k	-9%	-15%	-11%	**-31%**
Ayrshire	225.9k		180.0k	-9%	-7%	-6%	**-20%**
Clyde Valley	186.0k		127.4k	-9%	-18%	-8%	**-32%**
Dumfries & Galloway	455.3k		428.3k	-7%	1%	0%	**-6%**
East Central	68.2k		51.1k	-15%	-11%	-1%	**-25%**
Eileanan an Iar	7.2k		5.7k	-1%	-10%	-11%	**-21%**
Fife	60.0k		53.2k	1%	-13%	0%	**-11%**
Highland	155.3k		113.1k	-5%	-14%	-11%	**-27%**
Lothian	55.0k		45.9k	-4%	-9%	-5%	**-17%**
NE Scotland	394.7k		309.5k	-4%	-5%	-14%	**-22%**
Orkney	96.2k		75.1k	-4%	-10%	-9%	**-22%**
Scottish Borders	153.8k		137.3k	-5%	-10%	5%	**-11%**
Shetland	6.2k		4.6k	-2%	-21%	-3%	**-25%**
Tayside	130.3k		94.2k	-5%	-15%	-10%	**-28%**
Scotland	**2.08m**		**1.68m**	**-6%**	**-8%**	**-6%**	**-19%**

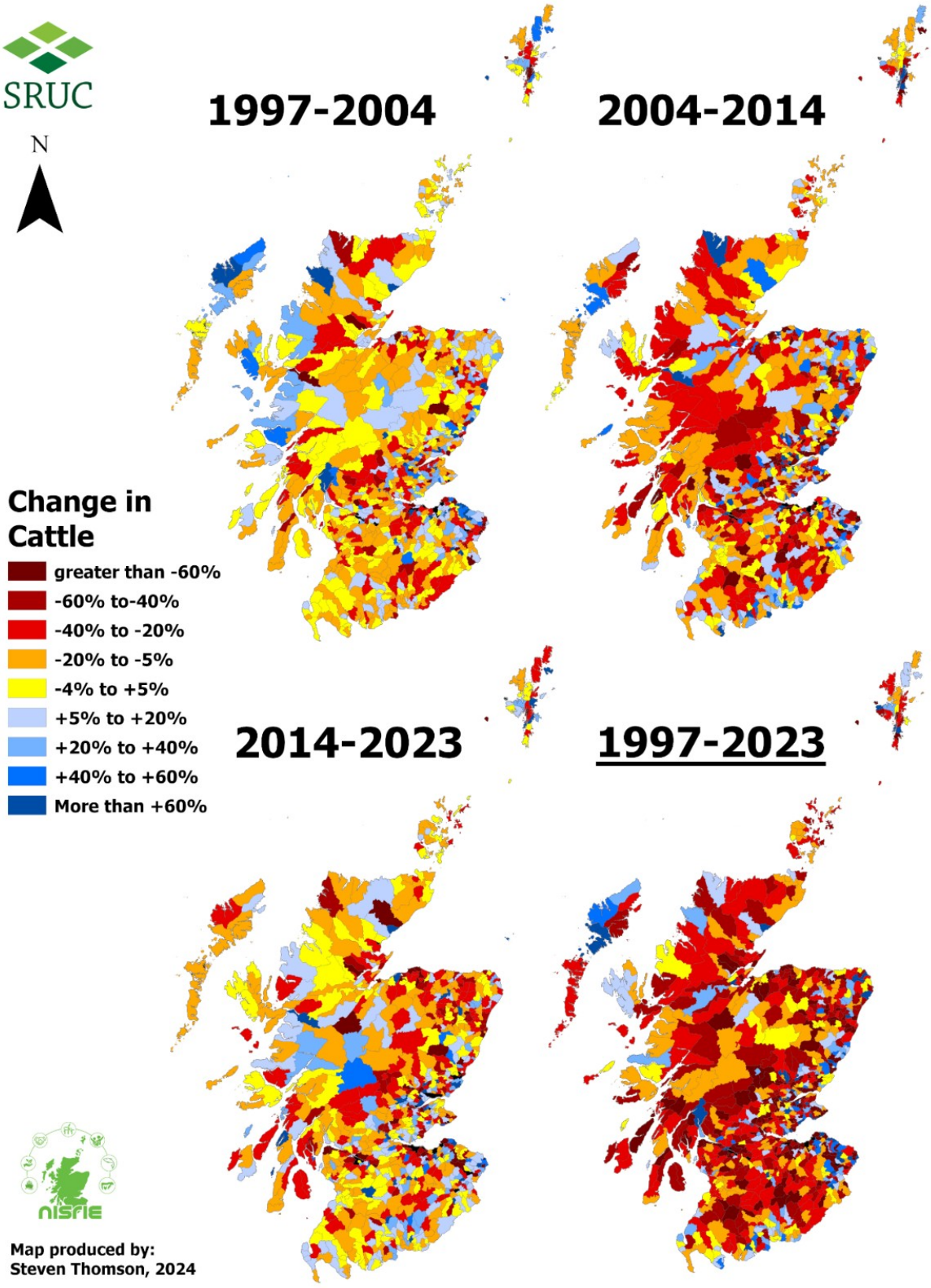
Source: Scottish Government annual holding level June Agricultural Census (noting a move from the use of self reporting cattle and total cattle ITEM122 to CTS (Cattle Tracing System) based cattle numbers CTS312)

Table 34 Change in the number of agricultural holdings with cattle by agricultural region, 1997-2023

Agriculture Region	1997	Holdings with Cattle	2023	1997-2004	2004-2014	2014-2023	1997-2023
Argyll & Bute	881		582	-17%	-13%	-8%	**-34%**
Ayrshire	1,303		828	-16%	-16%	-10%	**-36%**
Clyde Valley	1,261		772	-15%	-15%	-15%	**-39%**
Dumfries & Galloway	2,246		1,477	-18%	-11%	-10%	**-34%**
East Central	582		362	-17%	-17%	-10%	**-38%**
Eileanan an Iar	550		374	-9%	-9%	-18%	**-32%**
Fife	448		261	-14%	-22%	-14%	**-42%**
Highland	2,452		1,643	-14%	-8%	-16%	**-33%**
Lothian	397		241	-16%	-17%	-12%	**-39%**
NE Scotland	3,384		1,883	-18%	-16%	-19%	**-44%**
Orkney	805		478	-19%	-16%	-13%	**-41%**
Scottish Borders	937		596	-15%	-15%	-11%	**-36%**
Shetland	232		151	-15%	-13%	-12%	**-35%**
Tayside	1,215		646	-19%	-21%	-17%	**-47%**
Scotland	**16,693**		**10,294**	**-16%**	**-14%**	**-14%**	**-38%**

Source: Scottish Government annual holding level June Agricultural Census (noting a move from the use of self reporting cattle and total cattle ITEM122 to CTS based cattle numbers CTS312)

Map 21 Change in total cattle numbers by agricultural parish, 1997-2023



There have been considerable recent discussions in the press[332,333], in stakeholder groups[334,335], and in the Scottish Parliament[336,337] and UK Parliament[338], on the critical mass of the beef herd in Scotland. The long-term trends of cattle numbers illustrate that the changes from a coupled support regime pre-2004 to a regional payment system post-2014 suggest these arguments are merited.

However, a degree of caution is required when interpreting the data, as the often cited numbers are from the June Agricultural Census variable "*Female Beef Cattle Aged 2 And Over - With Offspring*" which indeed shows a decline of 17% (79k) between 2012 and 2024. However, that variable also includes barren / yeld cows[339], of which there are now considerably fewer on farms as a result of rapid cost price inflation in the 2020s[340], alongside record prices for all cattle in the last 2-3 years[341]. Those record prices have also brought about some restructuring decisions, as some farmers have used this (high price) opportunity to down-size, or retire from the sector, 'at the top' (high prices and asset maximisation).

Using extracts from the Animal and Plant Health Agency's Cattle Tracing System (CTS) data, analysis reveals that the number of Scottish suckler cows that were barren for 2 successive calendar years fell from 44k between 2015-2016 to 25k in 2022-2023. Equally, the number of cows that had a calf in the first year (e.g. 2015) and no calf in the second (e.g. 2016) fell by another 3k, and cows that had no calf in the first year but calved in the second fell from 27.5k in 2015-16 to 21.4k in 2022-23. These are all signs that whilst the national suckler cow herd is shrinking the number of productive cows did not fall as fast as the often cited data suggests. This also suggests there is an opportunity to review reporting metrics to ensure the productivity of the national herd is better monitored, particularly as the Scottish Government focuses on efficiency metrics as a means to reduce the carbon footprint of the Scottish beef herd. There may also be an opportunity to start monitoring calves born to dairy dams as a means of providing clarity on the proportion of prime "dairy-beef" being reared in Scotland.

Further analysis of the CTS data reveals the uplift in the number of calves under one year of age, and cattle over one year of age but uncalved (a proxy for store cattle), moving to English agricultural holdings from Scotland (see Figure 44). In 2024, for example, c.35k calves under one year (49% from dairy dams), c.31k uncalved cattle over one year old (29% from dairy dams), and c.15k cows (34% dairy breeds) were transferred (sold) from Scottish agricultural holdings to English holdings.

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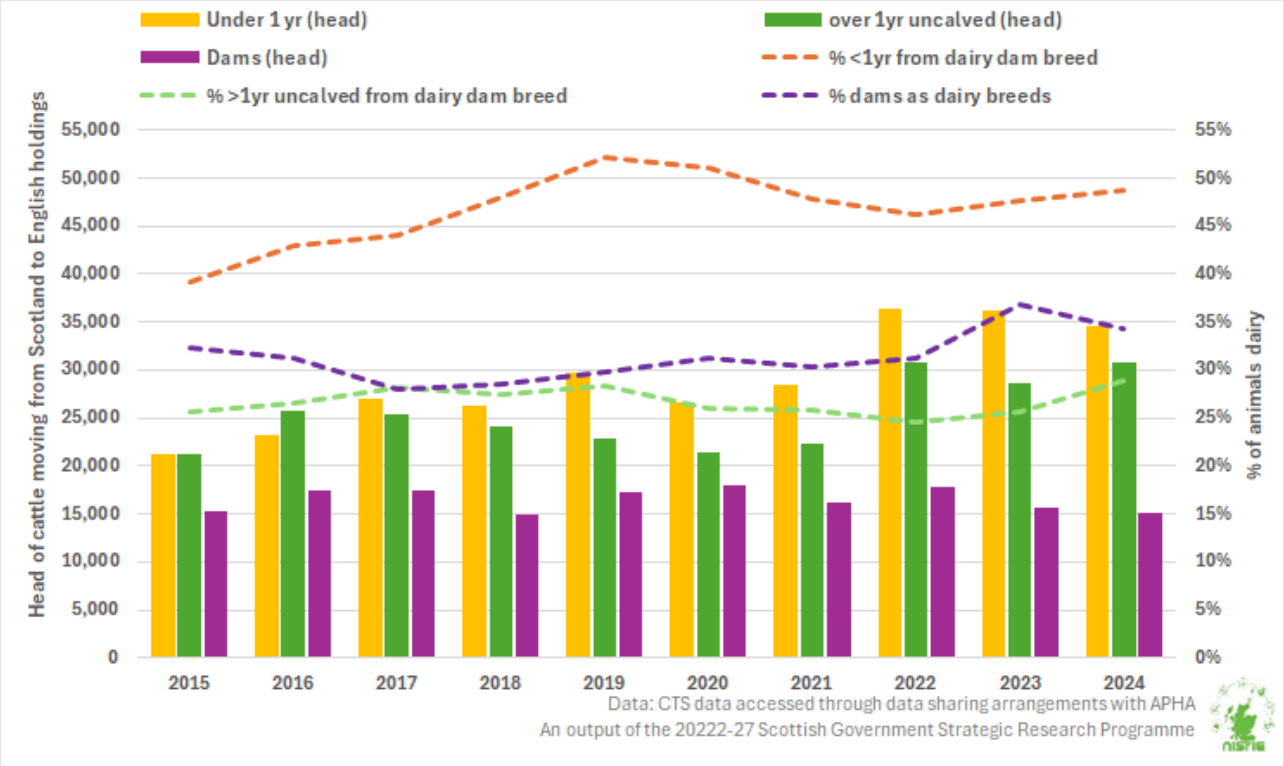
[332] Beef prices rocket in Scotland as destocking takes its toll - Farmers Weekly,
[333] Suckler beef reduction rumours firmly denied by ScotGov | The Scottish Farmer
[334] Stability vital for Scottish cattle numbers - Scottish Association of Meat Wholesalers Scottish Association of Meat Wholesalers
[335] Beef shortages could be seen in Scotland amid cattle decline | STV News
[336] Meeting of the Parliament: recent/publication | Scottish Parliament Website
[337] Meeting of the Parliament: 11/12/2024 | Scottish Parliament Website
[338] Climate Change: Food Security - Hansard - UK Parliament
[339] A barren or yeld cow is one that may have been expected to have calved in a year but, for a variety of possible reasons, is not rearing a calf. Some of these will remain on the farm until the next breeding cycle or until disposed of.
[340] Agflation has Peaked, but its Corrosive Effects Linger - The Andersons Centre
[341] QMS | Market Prices

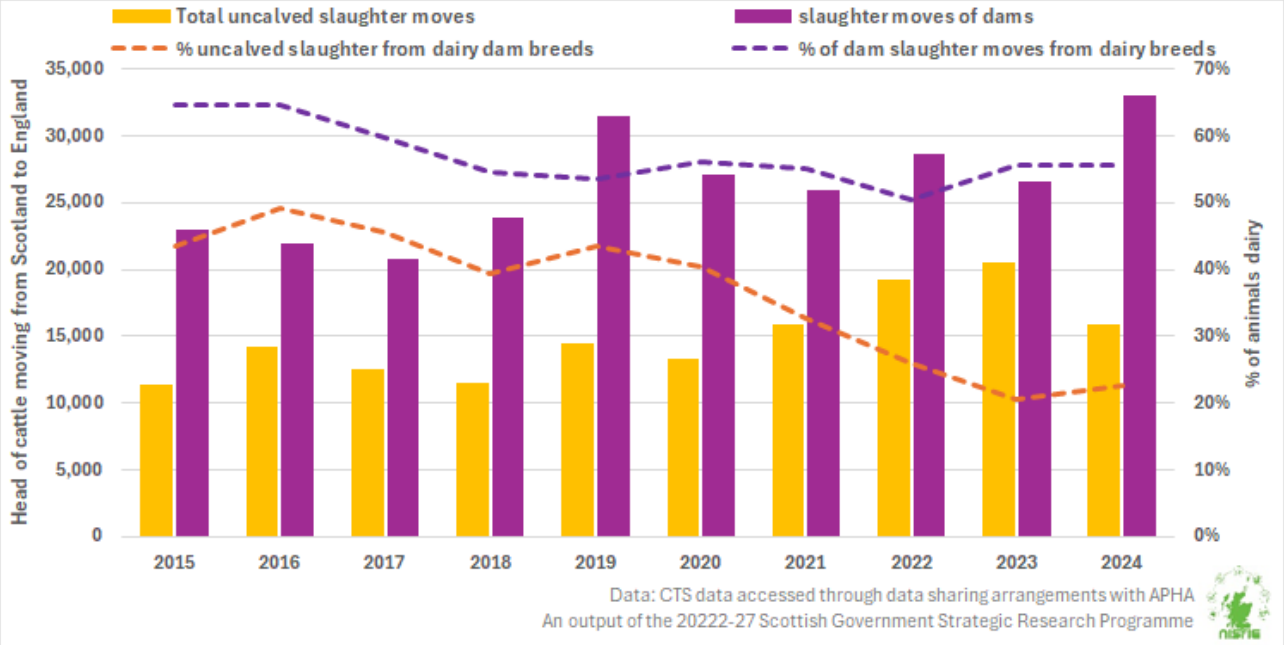
Figure 44 Number of cattle moving from Scottish holdings to English agricultural holdings by age and including proportion from the dairy herd, 2015 to 2024



Further, Figure 45 shows the number of cattle that moved from Scottish holdings to English abattoirs for slaughter within seven days of departure (classed here as a 'slaughter' move) by uncalved animals (prime cattle and bulls) and cows. The lines show the proportion of uncalved animals with dairy breed mothers, and the proportion of dairy breeds for cows is also shown. In 2023, c.16k (down from c.21k in 2022) uncalved animals were transferred to England for slaughter (with 23% having dairy breed mothers), and 33k cows (56% dairy breeds) were moved to England for slaughter.

These moves to England for slaughter and to holdings represent lost economic, and added value, opportunity in Scotland, accounting for 129k total cattle in 2024, with 49k moving for slaughter within seven days of departure from a Scottish agricultural holding.

Figure 45 Number of animals transferred from Scottish agricultural holdings to English abattoirs within seven days of departure from Scottish holding, 2015-2024



8.4 Occupiers and workforce

Table 35 shows that there was an 18% decrease in the number of self-reported[342] full-time occupiers, spouses and employees working in Scottish agriculture between 1997 and 2023. However, that overall decline masks upturn (+7%) since 2014 (particularly in the post-Covid-19 period). For example, between 1997 and 2004, there were 4.8k fewer people engaged full-time in agriculture, and between 2004 and 2014 there was a further 10% decline (-2.7k). It is worth noting that in the years following the financial crisis in 2008[343] there was an increase in full time agricultural activity in many regions, as people returned to the relative stability of the farming sector following periods of study or redundancies in other sectors. From 2014 there was relative stability in the full time workforce across Scotland, with increases from 2020 as the Covid-19 pandemic led to some life-style choice changes, as documented in the Island's Agriculture report (Thomson et al., 2024[344]).

The data shows that the Clyde Valley (-28% or 700 people), North East Scotland (-27% or 1,650 people) and Shetland (-27% or 120 people) lost the largest proportions of people engaged in full time agricultural activity over the 1997-2023 period. In contrast, Eileanan an Iar (+2% or 10 people), and Highland (0%, or 8 people) maintained their full time workforce, although that was a result of renewed activity in the 2014-2023 period (+151 full time people in Eileanan an Iar, or 56% uplift; +481 full-time people in Highlands, or 20% uplift).

[342] It is worth noting that the occupiers of agricultural holdings self declare their activity and that of their spouse, family members and workers engaged in agricultural activity. Whilst the June Agricultural Census does delimit more than 50% part time and less than 50% part time, if someone declares they are full-time then

[343] The financial crisis – 10 years on | Bank of England

[344] Island Agriculture | Rural Exchange | SRUC

Table 35 Change in full-time occupiers, spouses and workers on Scottish agricultural holdings, by agricultural region, 1997-2023

Agriculture Region	1997	Full Time Headcount	2023	1997-2004	2004-2014	2014-2023	1997-2023
Argyll & Bute	1,290		1,007	-14%	-13%	5%	**-22%**
Ayrshire	2,577		2,027	-17%	-7%	2%	**-21%**
Clyde Valley	2,474		1,771	-17%	-13%	0%	**-28%**
Dumfries & Galloway	4,376		3,581	-16%	-7%	6%	**-18%**
East Central	1,123		892	-18%	-10%	7%	**-21%**
Eileanan an Iar	410		420	-13%	-25%	56%	**2%**
Fife	1,568		1,322	-22%	0%	8%	**-16%**
Highland	2,867		2,875	-11%	-6%	20%	**0%**
Lothian	1,826		1,692	-9%	-8%	10%	**-7%**
NE Scotland	6,147		4,500	-15%	-15%	2%	**-27%**
Orkney	1,051		825	-19%	-17%	17%	**-22%**
Scottish Borders	2,564		2,001	-15%	-11%	3%	**-22%**
Shetland	441		320	-22%	-26%	26%	**-27%**
Tayside	3,481		3,207	-10%	-6%	9%	**-8%**
Scotland	**32,195**		**26,440**	**-15%**	**-10%**	**7%**	**-18%**

The number of occupiers, spouses and workers engaged in agriculture on a regular part-time basis followed a contrasting pattern of change compared to full-time. Nonetheless, Table 36 shows that over the 1997 to 2023 period, there were 1,061 fewer (-3%) people regularly engaged part-time in Scottish agriculture. In the 1997 to 2004 period, as the full-time population was decreasing, there was an increase in the number of people engaged part-time in Scotland (+2.3k or +10%). This pattern continued until the financial crisis in 2008, after which there was a reversal of the long-term trend, and the number of people engaged in part-time work dipped before continuing to increase. Between 2004 and 2014 (i.e. the Single Farm Payment era) the overall part-time agricultural workforce fell by 1,450, although it had peaked at c.37k in 2012. From 2014 to 2023 (i.e. the Basic Payment Scheme era) the number of people engaged part-time continued to decline (-3.1k or -9%).

Across the regions, productive agricultural regions such as Tayside (+16%), Fife (+13%), Ayrshire (+20%), Lothian (+15%), North East Scotland (+15%), had growing part-time engagement in agriculture over the 1997-2004 period. Whilst some regions, such as Dumfries and Galloway (+6%) and the Scottish Borders (+3%), saw part-time engagement increase between 2004 and 2014, many other areas saw declines. For example, there was a 15% reduction in Shetland (-295 people), and 10% reductions in the North East (620 people) and Western Isles (418 people), with a 9% reduction in Ayrshire (180 people). From 2014 to 2023 there was a reduction in part-time engagement in all regions, with noticeable dips in the 2022 and 2023 period, some of which is reflected by a corresponding increase in full-time engagement. There were 630 fewer part-time occupiers, spouses and workers across the Highlands (-9%) in this period, with 574 fewer in Eileanan an Iar (-14%), 378 fewer in North East Scotland (-7%), 279 fewer in Clyde Valley (-14%), 258 fewer in Tayside (-10%) and 187 fewer in Shetland (-11%).

Equivalent structural change in other industries (such as oil and gas, manufacturing, and higher education) often gets considerable political and media attention due to its spatially concentrated nature, particularly since the Scottish Government's commitments to a Just Transition. However, the significant structural changes demonstrated here for agricultural

businesses and workers is often overlooked as it is part of a long-term trend, it is spatially dispersed, and there is limited unionisation in the workforce. As Scotland, evolves its agricultural support measures, it will, therefore, be important to support people in transitioning within – or out of – agriculture through retraining opportunities and retirement advice and support, for example.

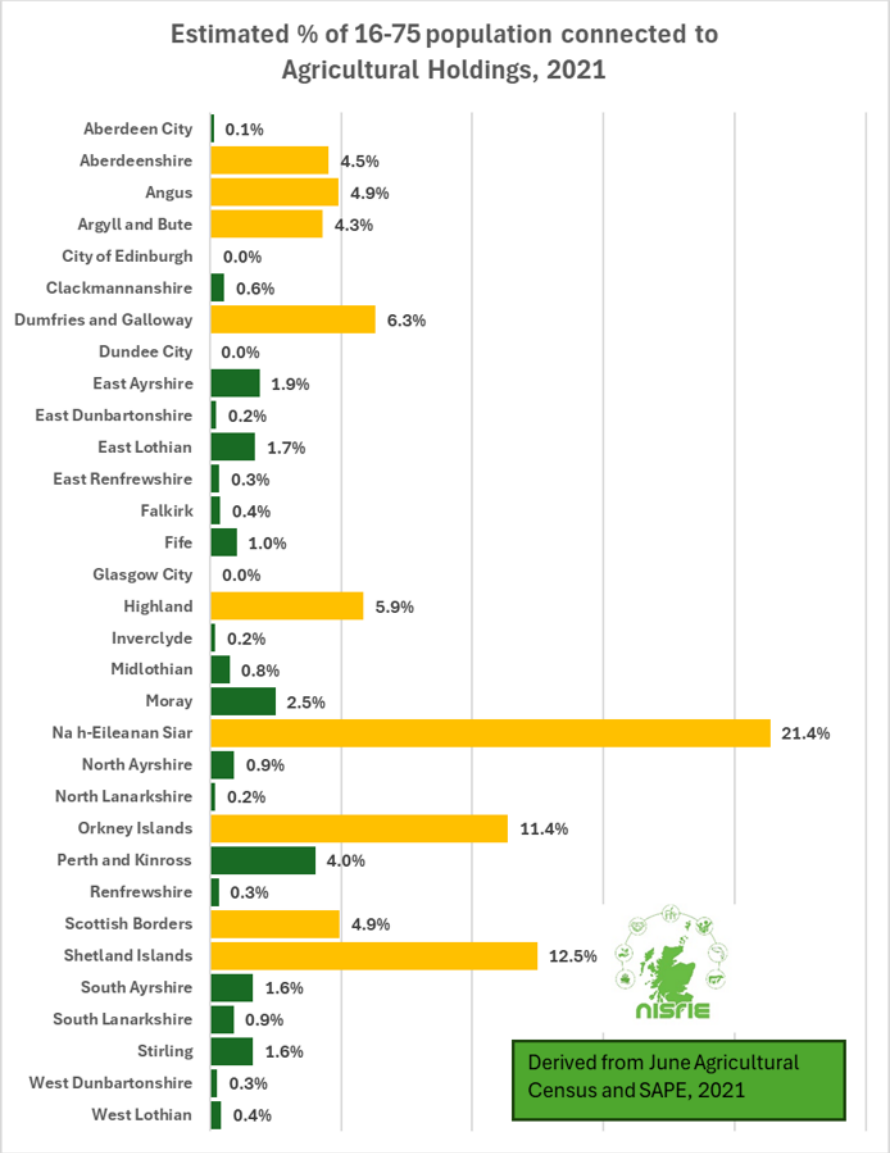
Table 36 Change in part-time occupiers, spouses and workers on Scottish agricultural holdings, by agricultural region, 1997-2023

Agriculture Region	1997	Part Time Headcount	2023	1997-2004	2004-2014	2014-2023	1997-2023
Argyll & Bute	1,323		1,422	12%	-5%	2%	**7%**
Ayrshire	1,628		1,704	20%	-9%	-4%	**5%**
Clyde Valley	1,826		1,767	10%	2%	-14%	**-3%**
Dumfries & Galloway	2,622		2,940	11%	6%	-5%	**12%**
East Central	907		879	9%	3%	-13%	**-3%**
Eileanan an Iar	3,945		3,145	5%	-10%	-15%	**-20%**
Fife	920		934	13%	-1%	-9%	**2%**
Highland	6,422		6,469	11%	0%	-9%	**1%**
Lothian	896		920	15%	-8%	-3%	**3%**
NE Scotland	5,398		5,195	15%	-10%	-7%	**-4%**
Orkney	1,189		962	-1%	-5%	-14%	**-19%**
Scottish Borders	1,621		1,765	12%	3%	-6%	**9%**
Shetland	2,103		1,532	-4%	-15%	-11%	**-27%**
Tayside	2,264		2,369	16%	0%	-10%	**5%**
Scotland	**33,064**		**32,003**	**10%**	**-4%**	**-9%**	**-3%**

It is often claimed that agriculture is the mainstay of rural communities. However, there is a paucity of evidence to demonstrate this in modern times. Data does not exist on the proportion of the population that is connected to agricultural activities (or indeed wider land management such as gamekeeping, estate management, etc.), and the decennial annual population census only identifies the main occupation of citizens. However, as noted above, there is a significant proportion of the regular workforce (excluding casual and seasonal workers) that are only engaged in agriculture on a part time basis. Figure 46 shows the estimated proportion of 16-75 year old populations in Scotland's local authorities that are connected to agriculture through full-time, part-time or casual work[345]. Whilst the methodology cannot account for any agricultural workforce being engaged in multiple businesses, it does provide an indicative assessment of the relative importance of agriculture to communities. Based on this metric, it was estimated that one in five (21%) of 16-75 year olds in Eileanan an Iar), and 12.5% in Shetland, were connected to agriculture, which reflects the importance of crofting in these regions. 11% of Orkney 16-75 year olds were estimated to be connected to agricultural activity, with 6.3% in Dumfries and Galloway, 5.9% in Highland, and 4.9% in Angus and Ayrshire. These figures reveal the spatial variability in the relative importance of population with connections with agricultural activity, and where there were high proportions, it appears reflective of crofting or dispersed agricultural communities.

[345] This analysis uses the June Agricultural Census workforce estimates alongside National Records of Scotland Small Area Population Estimates (Small area population estimates: mid-2021 - National Records of Scotland (NRS)). Noting this is the resident population, not economically active persons.

Figure 46 Estimated proportion of population with connection to agricultural activity, 2021



8.5 Production and workforce densities

'Agricultural activity' is a pre-condition of receipt of agricultural support, although since 2014 "alternative practice" is permitted[346] for those that can demonstrate that they maintain land "actively in a state suitable for grazing or cultivation" for Basic Payment Scheme Region 1 land (better quality land receiving higher payment rates), and an "annual Environmental Assessment across the whole or part of the holding" for Basic Payment Region 2 and Region 3 land (poorer quality land receiving lower support rates). The challenges of "activity" come largely in the uplands (dominated by Region 2 and Region 3 land), where relative livestock densities are used to determine activity (0.05 livestock units per hectare for 183 days per year is the current threshold, unless there is evidence of

[346] See Eligible hectares and minimum agricultural activity

historic low grazing density or that environmental designations dictate lower livestock grazing)[347].

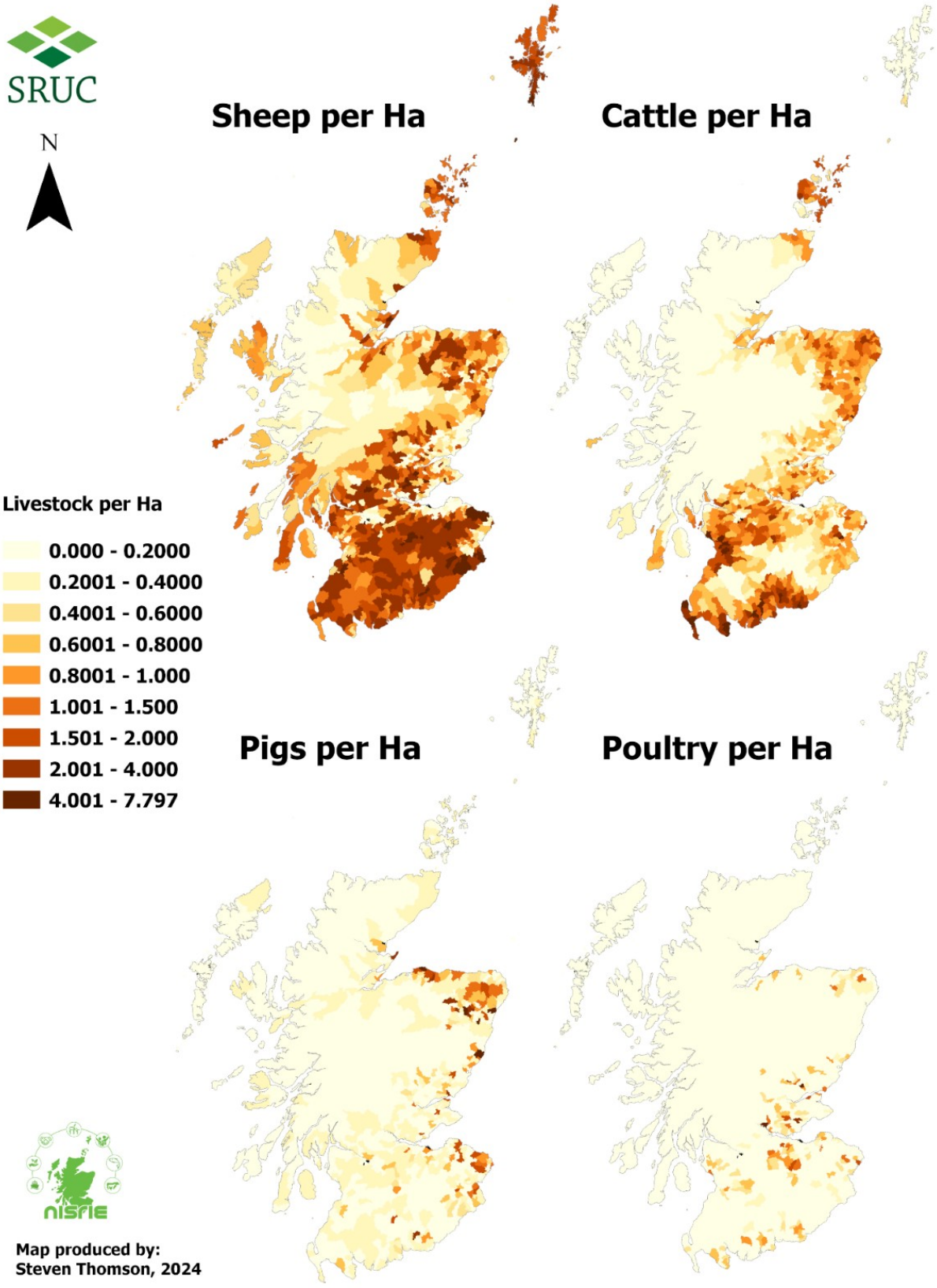
To show where there is more intensive livestock production amongst sheep, cattle, pigs and poultry, Map 22 shows the total number of animals (at species level) per agricultural hectare across agricultural parishes. Whilst sheep production occurs across the country, it is evident that there were some very low stocking densities in many hill and upland parishes, particularly in the central and west Highlands and the Eileanan an Iar (where many parishes have less than 0.2 sheep per hectare (1 sheep per 5 hectares). Similarly, cattle production occurs across the country, but again, there are very low densities in most of the Highlands and Islands (with the exception of Orkney and Kintyre). Commercial pig and poultry production is not common and is mainly found in the north east, east coast and southern Scotland.

These maps show the relative densities of production and unsurprisingly, they have very similar patterns to the land capability for agriculture[348], as well as the pattern of cropping, grassland and rough grazing land uses (with the latter reflecting poorer quality forage in more fragile environments).

Photo: Islands – Active use of common grazings in Berneray and associated islands (W Fraser)

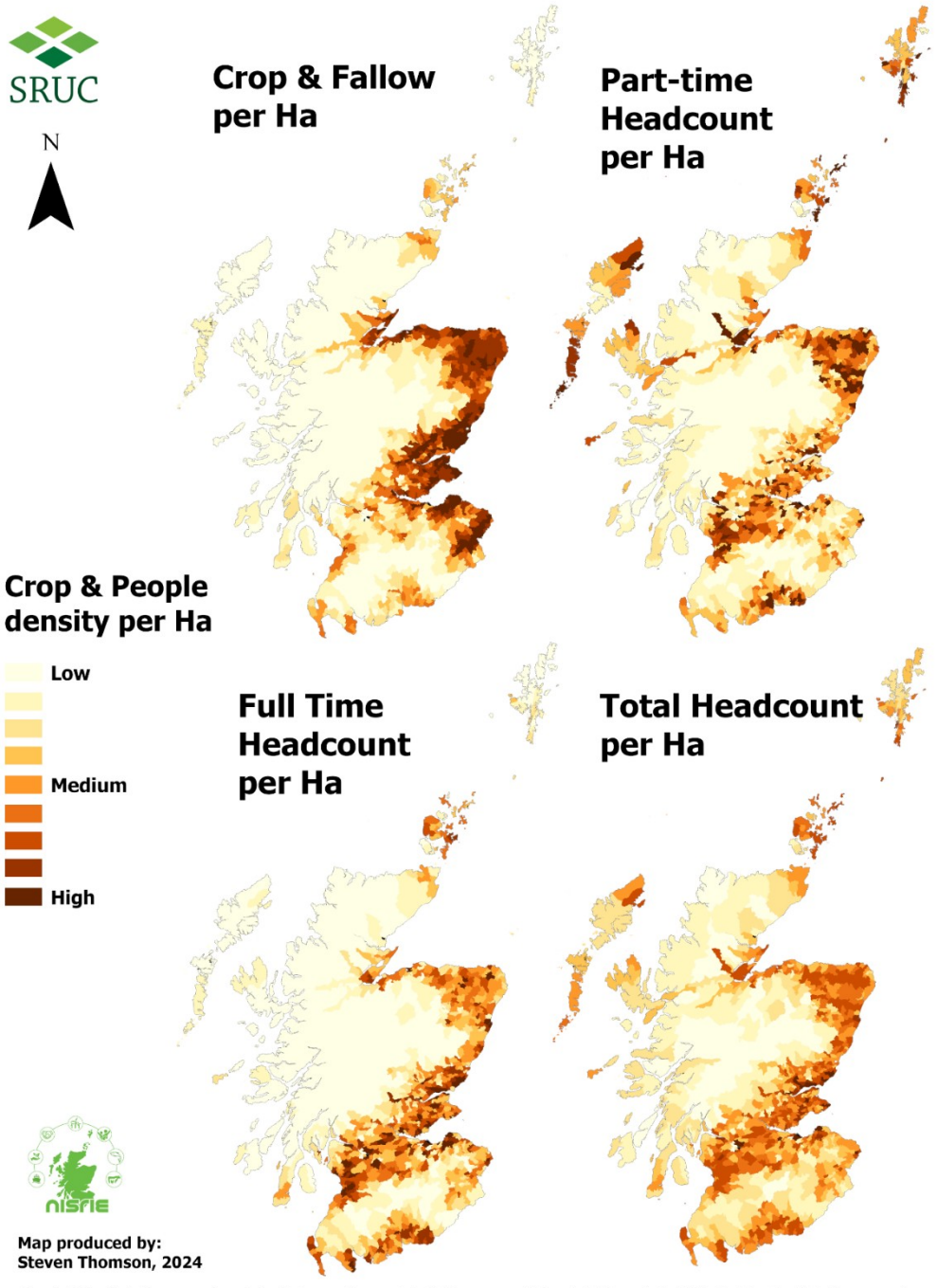
[347] For context, the Scottish Government utilise a suckler cow as one livestock unit and a sheep as 0.15 livestock units , meaning 0.05 livestock units per hectare equates to 1 cow per 20 hectares, or 1 sheep per three hectares (a hectare is 10,000 square metres, or equivalent to 100 metres * 100 metres)
[348] Land Capability for Agriculture (LCA) - James Hutton Institute

Map 22 Sheep, cattle, poultry and pigs per hectare (ha) of total agricultural land, 2023



Map 23 shows the relative density of crops (and fallow) per hectare of agricultural land, demonstrating the importance of the east coast for Scotland's cropping output. The relative density of part-time people engaged in agriculture reflects the main productive agriculture areas (e.g. along the east coast, the central belt, the South of Scotland and Caithness and Orkney), as well as areas close to urban areas where part-time, smaller, holdings are often a feature, as well as the crofting regions (e.g. Shetland, Eileanan an Iar, and Skye). The full-time workforce density, again, reflects where cropping and cattle densities are the highest, but noting the relatively high degree of self-reported full-time activity in parts of the Eileanan an Iar.

Map 23 Crop and workforce density (area of crops or workforce per hectare, ha), 2023



8.6 Agricultural Support Schemes

A number of support schemes are available for the agriculture sector. Most of these are area-based support payments, and many have differential payment rates based on various eligibility criteria, or are based on the uptake of specific (targeted) measures. The various schemes listed here include:

- **Basic Payment Scheme (BPS) –** a non-competitive 'direct' area-based support payment differentiated by three agronomic regions, where Region 1 is land dominated by grassland and cropping land, Region 2 and Region 3 are dominated by poorer quality rough grazing with the later having historically lower stocking densities.
- **Greening –** a non-competitive 'direct' support payment with (some) environmental requirements (e.g. Ecological Focus Areas for arable land) differentiated payment rates based on the BPS regions.

2023 BPS & Greening rates		
Region	**BPS**	**Greening**
1	£147.64	£75.92
2	£32.51	£12.85
3	£9.46	£4.30

- **Young Farmer Payment (YFP) –** a non-competitive 'direct' uplift payment available to young farmers that meet age and length of time in the business criteria. The payment is an uplift of 25% of the average per hectare value of their entitlements, capped at 90 hectares.
- **Less Favoured Area Support Scheme (LFASS) –** a non-competitive area based support payment for areas disadvantaged by peripherality / fragility, or biophysical constraint. The payments are differentiated by historic stocking capability and there is a cattle multiplier to reflect the environmental benefits cattle grazing can bring and to help maintain cattle production in the face of challenging profitability.
- **Scottish Suckler Beef Support Scheme (SSBSS) –** a non-competitive 'direct' coupled support payment for calves that have 75% beef genetics (i.e. not from a dairy cow). The support is to help maintain beef production as a vulnerable sector. Payment rates are differentiated by islands and mainland, with the former receiving higher rates reflecting higher production costs.
- **Scottish Upland Sheep Support Scheme (SUSSS)** – a non-competitive 'direct' coupled support scheme for retained ewe hoggs (a female lamb overwintered – destined for breeding). The payment is only available to businesses dominated by Region 3 basic payments
- **Agri-Environment Climate Scheme (AECS) –** a targeted and competitive environmental support scheme, based on a wide range of priority actions. Some capital support is available, but payments are largely area-based.
- **Forestry Grant Scheme (FGS) –** targeted and competitive forestry establishment grant scheme, that includes ongoing annual area-based maintenance payments post establishment.

8.7 Distribution of Agricultural Support Payments

Table 37 shows the proportion of the main agricultural support schemes in 2023, by RPID agricultural regions. The amount of 'direct' support available to land is largely based on its productive capability, with better quality land (cropping and grassland) receiving higher levels of support compared to poorer quality rough grazing. This reflects historic objectives of supporting food production and economic activity, and the main output of Scottish agriculture is linked to those better-quality lands. The more intensively farmed areas come

with high capital costs (land, buildings and machinery) and labour costs in comparison to more extensive upland agriculture, where land values and rentals have historically also been lower. However, it is worth noting that the intervention logic of agricultural support is evolving from the historic Common Agricultural Policy (CAP) context, with greater emphasis on the delivery of a wide range of ecosystem services alongside more traditional objectives of supporting agri-food production and rural communities and economies.

The relative distributions in Table 37 largely reflect the support distributions since the last major CAP reform in 2014 which led to the redistribution of support away from the most intensive livestock production regions (e.g. the North East and Dumfries and Galloway). Some key points from 2023 include:

- **North East Scotland** accounted for 20% of BPS and Greening support, as well as 18% of SSBSS support. The area only had 10% LFASS support, reflecting that part of the region is classed as non-LFA. The area had 13.2% of AECS support and only 8% of FGS support. The low proportion of SUSS reflects the low amount of Region 3 BPS land in the region.
- **Highland** only had 10% of the BPS and Greening support (reflecting higher proportions of region 2 and region 3 land). In contrast, the region received 19% of LFASS support and 40% of the SUSS payments for Region 3 dominated sheep producers. 19% of the AECS support and 17% of the FGS support were allocated to the region.
- While **Orkney** only received 3% of BPS support, it received 9% of the SSBSS support and 8.4% of the AECS payments. This reflects the dominance of beef production in the region but also the relative importance of the region for supporting the maintenance of priority habitats and species.
- **Eileanan an Iar** received 6.3% of the AECS support payments, and 5.8% of the SUSS payments, but only 1% of the BPS and Greening support. This reflects the importance of the region for supporting the maintenance of priority habitats and species.
- **Dumfries and Galloway** only received 6% of AECS support, but received 9% of FGS, 13% of BPS, Greening and LFASS, but 17% of the SSBSS support – reflecting the region's importance for beef production.

Photo: Islands – Machair cropping (potatoes) on Berneray (W Fraser)

Table 37 Main agricultural support payments by scheme and agricultural region (scheme proportions and amounts), 2023

RPID Region	BPS	GREENING	YFP	LFASS	SSBSS	SUSSS	FGS	AECS	Total
Argyll & Bute	4.1%	3.9%	6.1%	11.7%	5.0%	12.6%	9.8%	9.5%	**5.5%**
Ayrshire	6.3%	6.4%	8.9%	5.4%	6.8%	3.8%	3.0%	3.3%	**6.0%**
Clyde Valley	5.6%	5.7%	5.5%	5.1%	6.3%	2.6%	10.3%	3.6%	**5.7%**
Dumfries & Galloway	13.1%	13.1%	13.2%	13.2%	16.8%	1.1%	9.2%	5.9%	**12.8%**
East Central	3.2%	3.2%	3.7%	2.7%	2.6%	5.2%	4.4%	1.6%	**3.1%**
Eileanan an Iar	1.1%	1.1%	4.1%	3.0%	0.8%	5.8%	0.0%	6.3%	**1.5%**
Fife	4.2%	4.3%	3.3%	0.5%	2.9%	0.0%	0.5%	3.5%	**3.5%**
Highland	10.5%	10.3%	12.1%	19.4%	10.4%	40.5%	17.4%	19.2%	**12.4%**
Lothian	4.6%	4.6%	4.1%	1.8%	3.2%	0.9%	3.0%	3.9%	**4.0%**
NE Scotland	19.7%	20.0%	10.3%	10.3%	18.0%	5.9%	8.5%	13.2%	**17.7%**
Orkney	2.8%	2.9%	5.0%	6.5%	8.9%	0.8%	0.0%	8.4%	**3.7%**
Scottish Borders	11.0%	11.0%	7.2%	9.5%	10.2%	3.1%	14.4%	10.8%	**10.8%**
Shetland	1.6%	1.5%	5.2%	4.0%	0.6%	2.6%	0.1%	1.7%	**1.7%**
Tayside	12.1%	12.1%	10.0%	7.0%	7.5%	15.2%	16.5%	9.0%	**11.3%**
Scotland	**£278.6m**	**£139.8m**	**£0.6m**	**£64.0m**	**£40.0m**	**£7.1m**	**£28.2m**	**£18.8m**	**£577.5m**

RPID Region	BPS	GREENING	YFP	LFASS	SSBSS	SUSSS	FGS	AECS	Total
Argyll & Bute	£11.5m	£5.5m	£0.0m	£7.5m	£2.0m	£0.9m	£2.8m	£1.8m	**£32.0m**
Ayrshire	£17.7m	£8.9m	£0.1m	£3.5m	£2.7m	£0.3m	£0.9m	£0.6m	**£34.6m**
Clyde Valley	£15.7m	£7.9m	£0.0m	£3.2m	£2.5m	£0.2m	£2.9m	£0.7m	**£33.2m**
Dumfries & Galloway	£36.5m	£18.3m	£0.1m	£8.4m	£6.7m	£0.1m	£2.6m	£1.1m	**£73.9m**
East Central	£8.8m	£4.4m	£0.0m	£1.7m	£1.0m	£0.4m	£1.2m	£0.3m	**£18.0m**
Eileanan an Iar	£3.1m	£1.5m	£0.0m	£1.9m	£0.3m	£0.4m	£0.0m	£1.2m	**£8.5m**
Fife	£11.7m	£6.0m	£0.0m	£0.3m	£1.2m	£0.0m	£0.2m	£0.7m	**£20.0m**
Highland	£29.3m	£14.4m	£0.1m	£12.4m	£4.2m	£2.9m	£4.9m	£3.6m	**£71.6m**
Lothian	£12.7m	£6.5m	£0.0m	£1.2m	£1.3m	£0.1m	£0.8m	£0.7m	**£23.2m**
NE Scotland	£54.8m	£28.0m	£0.1m	£6.6m	£7.2m	£0.4m	£2.4m	£2.5m	**£102.0m**
Orkney	£7.9m	£4.0m	£0.0m	£4.2m	£3.6m	£0.1m	£0.0m	£1.6m	**£21.3m**
Scottish Borders	£30.6m	£15.4m	£0.0m	£6.1m	£4.1m	£0.2m	£4.1m	£2.0m	**£62.5m**
Shetland	£4.5m	£2.1m	£0.0m	£2.6m	£0.2m	£0.2m	£0.0m	£0.3m	**£10.0m**
Tayside	£33.6m	£16.9m	£0.1m	£4.5m	£3.0m	£1.1m	£4.7m	£1.7m	**£65.5m**
Scotland	**£278.6m**	**£139.8m**	**£0.6m**	**£64.0m**	**£40.0m**	**£7.1m**	**£28.2m**	**£18.8m**	**£577.5m**

Within the EU's latest (2022) CAP, there are new compulsory requirements to redistribute 10% of total direct support onto the first 'x' hectares – so-called 'front-loading'. This, and the opportunity for Member States to introduce a 'light-touch' small farmer scheme[349] were introduced in recognition of the higher compliance costs per unit of support received faced by small producers, alongside their relatively low capability to deliver environmental improvements, and their importance for the delivery of social objectives sought through the CAP.

Table 39 shows the relative distribution of support payments made from key schemes, by the amounts received by farmers and crofters. In this table, the amount received by percentile recipients are given, where for example, p5 represents the 5th percentile observation, meaning 5% of recipients received less than this amount and 95% received more. Some key points for 2023 include:

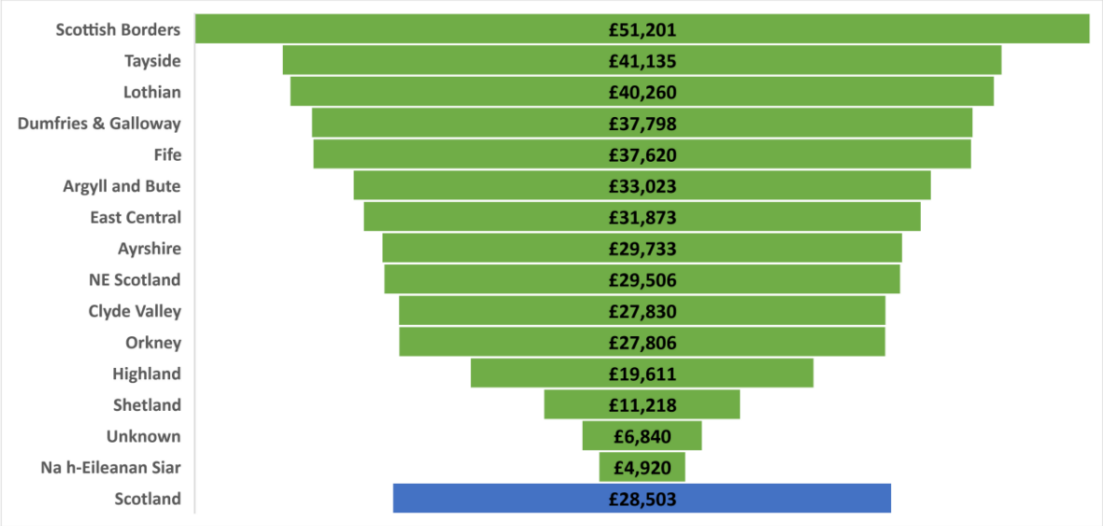
- 5% of businesses (BRNs are Business Reference Numbers) received less than £584 BPS, with 10% receiving less than £894. The median (50th percentile) was only £8,440 compared to the mean (average) £16,029 that was skewed by the largest payments made. 10% of businesses received more than £39,140, with 5% receiving more than £55,465 and 1% more than £104,403.

[349] See Thomson and Moxey concept notes on these: Concept Note: Scope for Redistributive Support in Scotland - SRUC, Scotland's Rural College and Concept_Note_Scope_for_an_elective_small_recipent_scheme.pdf

- For LFASS 25% of businesses received less than £616.

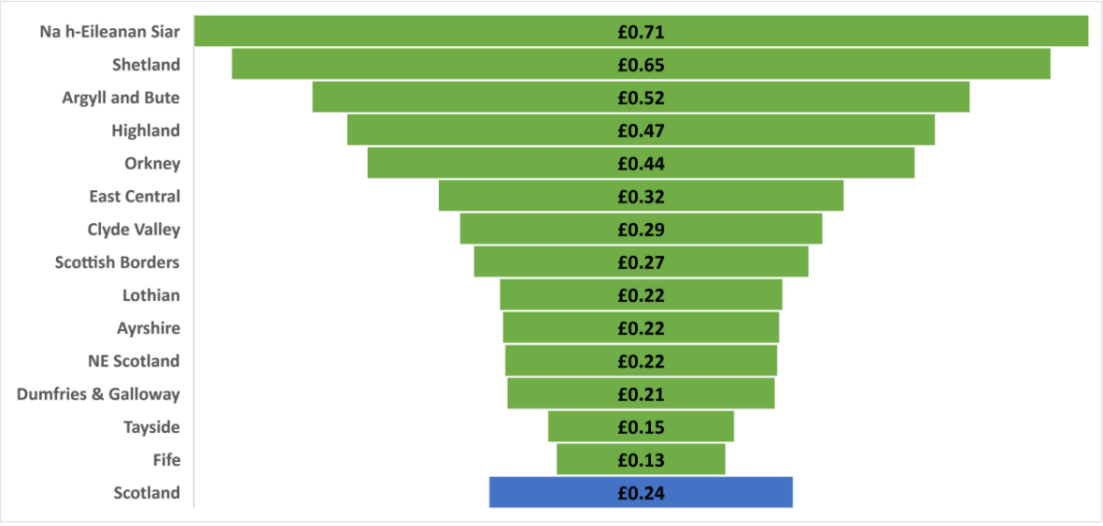
Undoubtedly, the distribution of support payments is heavily skewed to the largest businesses. However, it is often forgotten that some regions and agricultural sectors, whilst receiving small amounts or low payment rates per hectare, actually receive relatively high levels of support per unit of output (measured by agricultural standard outputs). These effects were reported by Thomson and Moxey (2022)[350] and are shown in Figure 47 and Figure 48.

Figure 47 Average direct support payments by agricultural region, 2019



Source: Thomson and Moxey (2022)

Figure 48 Direct payments per £1 of total standard output (including activities not in receipt of support) by agricultural region, 2019



Source: Thomson and Moxey (2022)

[350] Thomson and Moxey (2022) Estimation of sectoral CAP payment 'envelopes' and distribution of agri-environment and forestry support 2019

Table 38 Number of support recipients and distribution of scheme payments by support amount percentile, by scheme, 2023

Scheme	BRNs	Percentile (p) / mean									
		p1	p5	p10	p25	Median	Mean	p75	p90	p95	p99
BPS	17,384	£254	£584	£894	£2,407	**£8,440**	**£16,029**	£21,046	£39,140	£55,465	£104,403
Greening	17,401	£117	£289	£443	£1,190	**£4,247**	**£8,036**	£10,621	£19,514	£27,585	£51,293
LFASS	10,670	£385	£385	£385	£616	**£2,144**	**£5,998**	£6,530	£14,797	£22,660	£46,196
SSBSSI	1,160	£151	£302	£454	£907	**£2,420**	**£5,090**	£6,806	£13,158	£19,133	£31,307
SSBSSM	5,240	£105	£315	£631	£1,682	**£4,204**	**£6,511**	£8,513	£14,504	£20,180	£37,837
SUSSS	1,126	£123	£246	£368	£675	**£1,719**	**£6,293**	£7,980	£18,538	£27,255	£49,108
YFP	574	£36	£105	£135	£261	**£621**	**£1,113**	£1,766	£3,223	£3,322	£3,322
AECS	1,899	£142	£858	£1,537	£3,010	**£6,255**	**£9,877**	£11,915	£23,070	£33,868	£51,996
FGS	1,051	£196	£395	£666	£1,782	**£5,544**	**£26,836**	£16,682	£52,689	£104,789	£390,420
Total	**18,263**	**£385**	**£1,039**	**£1,603**	**£4,228**	**£14,967**	**£31,620**	**£39,567**	**£77,680**	**£111,310**	**£222,660**

Table 39 Number of support recipients and distribution of total payments by support amount percentile, by RPID region, 2023

RPID region	BRNs	Percentile (p) / mean									
		p1	p5	p10	p25	Median	Mean	p75	p90	p95	p99
Eileanan an Iar	1,406	£385	£639	£932	£1,685	**£3,127**	**£6,018**	£6,338	£12,945	£20,955	£45,319
Shetland	784	£385	£759	£1,169	£2,300	**£5,553**	**£12,768**	£14,345	£31,735	£52,255	£102,691
Highland	3,121	£385	£751	£1,160	£2,459	**£7,009**	**£22,956**	£22,285	£62,386	£97,488	£211,303
NE Scotland	3,203	£671	£1,222	£2,005	£5,815	**£16,870**	**£31,831**	£37,804	£72,141	£107,556	£229,946
Argyll & Bute	841	£385	£966	£1,545	£4,618	**£17,116**	**£37,995**	£46,970	£86,207	£128,443	£298,979
Orkney	676	£686	£1,276	£1,970	£5,662	**£18,106**	**£31,542**	£44,199	£75,643	£107,009	£184,778
Clyde Valley	1,067	£595	£1,498	£2,547	£6,928	**£18,660**	**£31,108**	£39,020	£66,342	£88,884	£183,437
East Central	536	£526	£1,392	£2,590	£7,490	**£18,955**	**£33,560**	£42,744	£77,435	£99,321	£221,475
Ayrshire	1,131	£551	£1,543	£2,630	£7,740	**£21,636**	**£30,549**	£37,856	£66,605	£93,747	£188,632
Dumfries & Galloway	1,859	£751	£1,460	£2,495	£8,554	**£25,881**	**£39,748**	£50,955	£88,897	£120,283	£242,198
Fife	521	£715	£1,437	£3,286	£10,095	**£26,022**	**£38,401**	£54,434	£85,578	£110,431	£194,534
Tayside	1,434	£748	£1,397	£2,683	£9,106	**£26,360**	**£45,663**	£56,455	£104,669	£142,305	£285,677
Lothian	517	£736	£1,105	£2,569	£10,007	**£30,630**	**£44,958**	£56,922	£99,542	£133,181	£253,429
Scottish Borders	1,108	£712	£1,679	£2,361	£10,856	**£38,505**	**£56,417**	£75,092	£126,678	£162,287	£293,348
Scotland	**18,263**	**£385**	**£1,039**	**£1,603**	**£4,228**	**£14,967**	**£31,620**	**£39,567**	**£77,680**	**£111,310**	**£222,660**

8.8 Supported Activity on Common Grazings

8.8.1 Crofting

Crofting is a unique system of land tenure found only in the Highlands and Islands of Scotland, governed by the **'Crofting Acts'**[351]. Crofts are small land holdings that generally have an associated right to graze on the common grazing within their 'township'. Reflecting the part time nature of crofting activity, and the requirement for "occupational pluralism", Shucksmith (2008)[352] noted that "*crofting is not solely agriculture, and it has long been recognised that future crofting prosperity also depends on non-agricultural activities*".

The environmental contribution of crofting (see Rennie, 1993[353]) and particularly common grazings are noted as being "*significant in terms of species, habitats and landscapes*" with high proportions of terrestrial environmental designations and peatland reserves (Shucksmith, 2008). Moreover, when the social, cultural and economic role that crofting plays in many fragile communities is also recognised, it means that crofting can potentially play a pivotal role as the Scottish Government seeks to restore nature and move to a net zero wellbeing economy.

According to the **Crofting Commission's Register of Crofts**, there are 21,673 crofts in Scotland with around 14,890 crofters and some 33,000 people living in crofting households[354]. In 2025, the **Crofting Register**[355] contained details of 10,874 crofts and 335 common grazings despite recommendations from Shucksmith (2008) on the importance of an accurate register to improve transparency and monitor absenteeism and activity. In 2025, the **Crofting Commission**[356] signalled intent to increase assessment of "*compliance with crofting duties and ensure that crofters are actively managing their land*."

The Scottish Government has introduced the **Crofting and Scottish Land Court Bill**[357] that "will support the sustainability of crofting, make crofting regulation less onerous for active crofters and the Crofting Commission, and allow crofters to innovate, diversify and adapt to help meet future climate and environmental challenges."[358] The Bill has set out legislative proposals to "simplify crofting law" that would introduce changes to the enforcement of crofters' duties, the powers of the Crofting Commission, common grazing committees (including giving more powers to take forward environmental initiatives), and the Crofting Register.

Reflecting on the agricultural support administrative data of the Scottish Government, Jones (2018)[359] highlighted a "*significant number of crofts where there is prima facie evidence of non-cultivation and, in some cases, neglect. There are blank spaces in all*

[351] For useful context to crofting see the Crofting: national development plan - gov.scot and Jones (2018)
[352] Shucksmith, M. (2009) Committee of Inquiry on Crofting - Final Report Committee of Inquiry on Crofting: Final Report
[353] Rennie, F. W. (1993) An Introduction to Rural Development
[354] See Crofting Commission FAQs: https://www.crofting.scotland.gov.uk/faq
[355] See Crofting Register
[356] News | Crofting Commission
[357] Crofting and Scottish Land Court Bill | Scottish Parliament Website
[358] Scottish Government (2024) Programme for Government 2024-25: Serving Scotland. Available at: https://www.gov.scot/publications/programme-government-2024-25-serving-scotland/pages/3/
[359] Jones (2018) Support for Crofting: A report prepared for the Crofting Commission. Available at: CC-Support-for-Crofting-FULL-REPORT.pdf

crofting areas." He suggested that where there was no registered activity, the two main causes related to challenging agricultural environments, and "*crofting suburbia*".

8.8.2 Common Grazings

Whilst parts of many common grazings have been agriculturally improved by fencing, draining and reseeding over the last 60 years, and areas 'apportioned' to shareholders[360], much of Scotland's common grazings is poor quality moor and hill area, with limited agricultural capability.

Considering the social value of common grazings Jones (2011[361]) assessed the number of businesses submitting application forms (Single Application Form, or SAF) within an agricultural parish to the total number of households in that locality. His assessment demonstrated the importance of crofting and common grazing activity to the social and housing structure of these areas (although no link to the number of second and vacant households was made - when considered, that may provide an even more compelling picture of the social importance of crofting in some areas).

Thomson et al. (2024)[362] did, however, use the Scottish Government's Land Parcel Information System (LPIS) data and Single Application Form (SAF) data to assess the extent of common grazings in receipt of agricultural support payments in Shetland, Orkney and the Eileanan an Iar. Whilst Jones (2011) did not have access to details of common grazing shares, there was an overestimation of the total area of common grazings that were fully utilised. Thomson et al. (2024) further used the Scottish Government's data on common grazing shares allocated to agricultural holdings and supported businesses (identified by their Business Reference Number – BRN) to estimate the proportion of common grazing area that was being used to activate agricultural support payments – payments that underpin most economic activity on these commons.

Extending Thomson et al.'s (2024) common grazing analytical framework to the whole of Scotland provides an overview of (a) the extent of RPID defined common grazings; (b) the footprint of RPID defined common grazing shareholders within the support framework in 2022; (c) the extent to which shareholder land parcels are utilised (including through seasonal lets); (d) the footprint of supported businesses claiming common grazing activity; and (e) the amount of support and livestock-associated with businesses claiming common grazing activity.

As common grazings are a shared resource, the shares (or stocking rights) held by individual crofts must be identified to establish the extent of land, and livestock associated with support payments activated on common grazings. These shareholders are identified by a unique county parish holding number (CPH) and unique business reference number (BRNs) if they are part of the Scottish Government's Integrated Administration and Control System (IACS).

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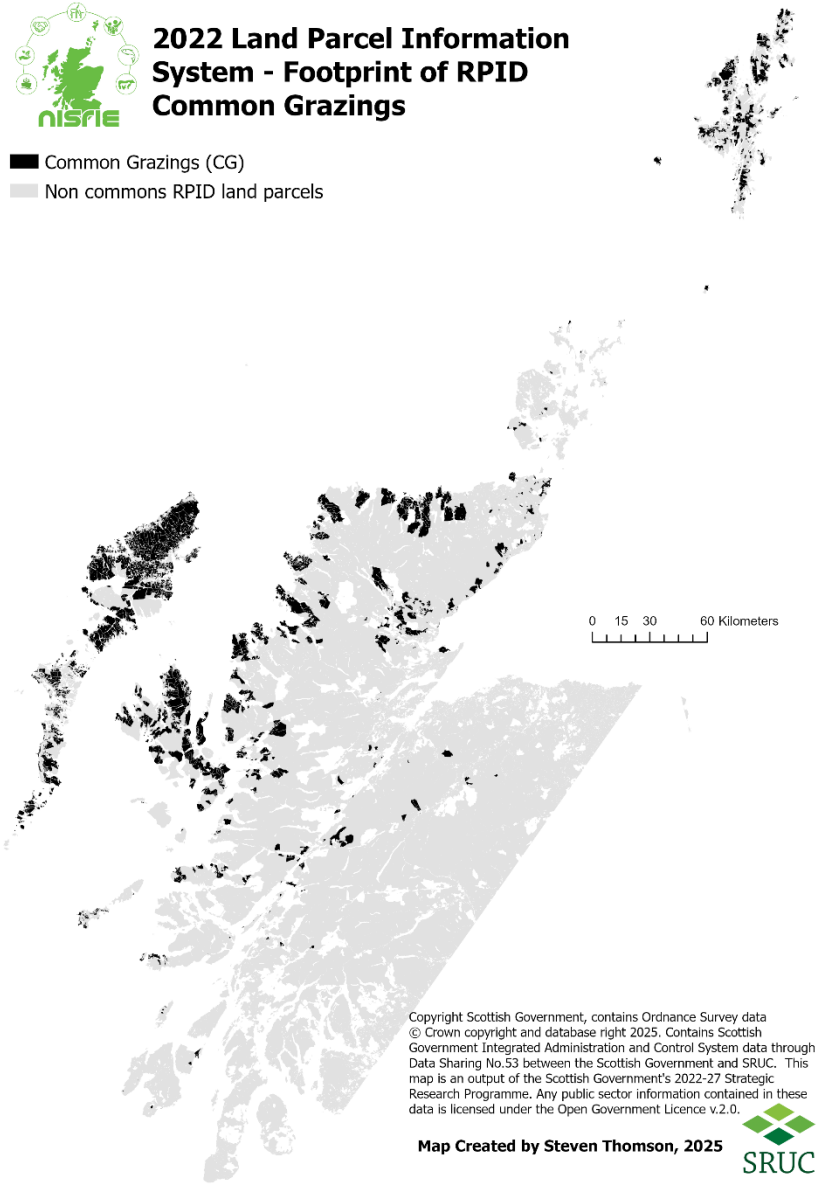
[360] The Crofting Commission describe an apportionment as an "area of the common grazings that is allocated to a shareholder (or sometimes to a township) and is fenced off or enclosed from the remainder of the grazings for their own exclusive use". See https://www.crofting.scotland.gov.uk/apportionment

[361] Jones, G. (2011)) Trends in Common Grazing: first steps towards an integrated needs-based strategy. Available at: https://www.efncp.org/download/Trends-in-Common-Grazing3.pdf

[362] Thomson, et al (2024). Rural & Agricultural Development: Maximising the potential in the islands of Orkney, Shetland and Outer Hebrides. Scotland's Rural College (SRUC). Available at https://doi.org/10.58073/SRUC.26125552.v1

Map 24 Map of common grazings defined in RPID data, 2022



The Scottish Government's Rural Payments and Inspections Division (RPID) administers the Land Parcel Information System (LPIS) that forms the basis of the agricultural support payment system. Whilst crofting is regulated by the Crofting Commission[363], to administer agricultural support payments RPID developed an approach to defining shares in both regulated and unregulated common grazings. This Integrated Administration and Control System (IACS) approach required spatial details of any common grazing boundaries where agricultural support was to be paid, as well as the details of the shareholders and the shares they were entitled to (within a common grazing, individual crofters are entitled to graze livestock on the common, up to the extent of their allocated share-holding - 'x' cows, and/or 'y' sheep, known as their souming). Further, RPID also collects annual details of those claiming support on common grazings (including through the lease of seasonal shares). By claiming support on these common grazings, the crofter must be able to meet the minimum agricultural activity requirements associated with the payment.

Map 24 shows the geographical extent of the common grazings that RPID have land parcel mapping for. These common grazings are mostly located in Eileanan an Iar, Skye, the Shetland Islands, and in Wester Ross, Sutherland, Caithness and Easter Ross.

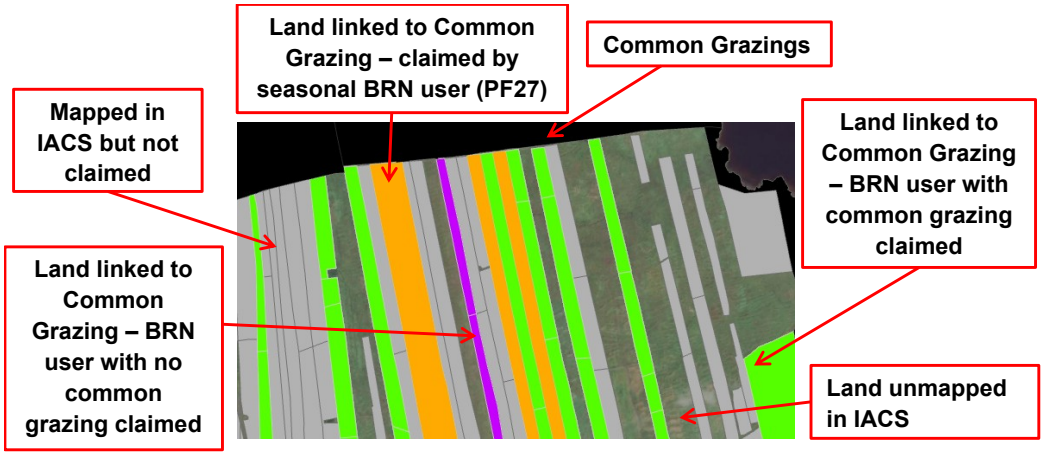
Using the RPID IACS and associated payment data, it was possible to assess the land associated with common grazing shareholders. Figure 49 shows the various types of common-grazing use categories allocated to each land parcel:

- **Black parcels** are common grazings.
- **Uncoloured areas** are not mapped within the IACS and therefore have not been associated with a support claim at least since the current regime started in 2015.

[363] See Crofting Commission FAQs: https://www.crofting.scotland.gov.uk/faq

- The **grey parcels** are mapped in the IACS but are not used to claim agricultural support.
- **Purple parcels** are claimed in a Single Application Form (SAF) by a business (BRN) with shares in a common grazing, but they do not claim support on the common grazing (i.e. they may not meet the activity criteria for Basic Payment Scheme or Less Favoured Area Support Scheme [LFASS] claims).
- The **green parcels** are claimed in a SAF by a business (BRN) with shares in a common grazing, who also claim support using their common grazing share.
- **Orange parcels** are associated with a business (BRN) that claims seasonally rented shares in the common grazing. Most of these businesses also claim their own shares, so are also in the same category as orange parcels.

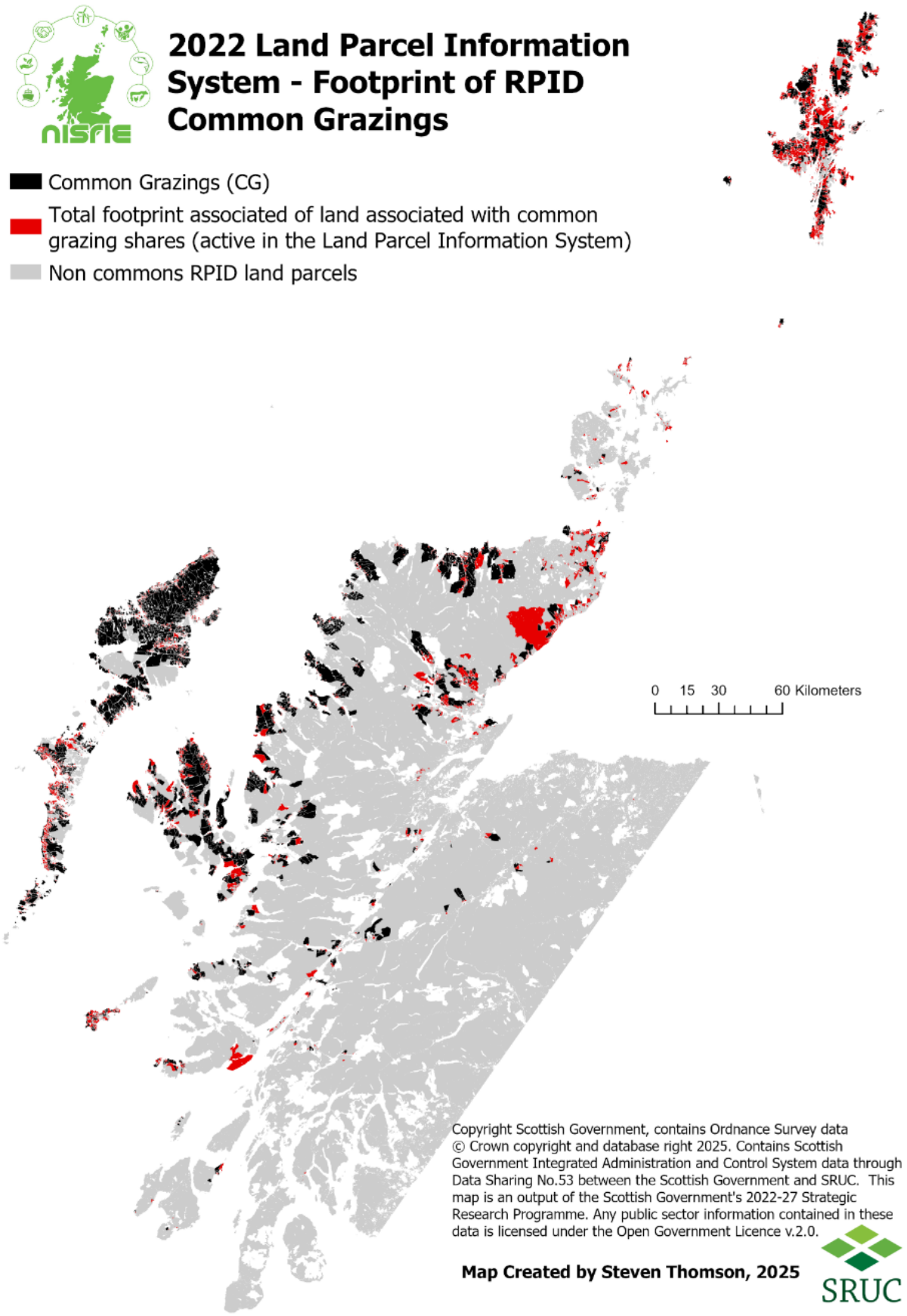
Figure 49 Illustrative example of land parcels and associated common grazing use, 2022



Combining these associated common grazing categories permitted the creation of a footprint of land parcels associated with common grazing shares included in RPID's IACS. Map 25 shows the footprint (red) of common grazing shareholders and users in 2022, along with the area of common grazings (black), noting that maps detailing the different criteria described in Figure 49 are also available. Reflecting the relative density of the common grazing footprint, Map 25 shows the relative density of BPS and Greening claimants in 2022 by RPID area offices. For example, 92% of the businesses that claimed support in 2022 also declared that they had access to common grazing shares.

Photo: Islands – Common grazings on Uist (S Thomson)

Map 25 Footprint of holdings and businesses associated (shareholders and users) with common grazings in RPID data, 2022



8.8.3 Support Payments and Common Grazings

Table 40 shows that RPID data accounted for 950 common grazings (that extend to over 503k hectares) of which 465k hectares were potentially eligible for Basic Payment Scheme (BPS) support in 2022. Whilst there were 10,754 associated businesses (BRNs) with common grazing shares, this included a significant number that have not applied for agricultural support since at least 2015. This shareholder database extended to 17.7k unique croft businesses, noting that an individual business can control multiple croft holdings.

Across all Rural Payments and Inspections Directorate (RPID) common grazings, only 1% was allocated to Region 1 (£223.56 BPS and Greening per hectare in 2023), with 24% allocated to Region 2 (£45.36 per hectare combined) and 75% to Region 3 (£13.76 per hectare combined). This reveals the low agronomic value of most of these common grazings, attracting the lowest levels of area-based support – despite these commons having social and cultural significance.

The distribution of BPS regions across common grazings is not constant, reflecting the type of grazing land and grazing densities that were historically utilised on the common grazings. For example, in the Benbecula RPID area office, nearly 8% of the common grazing area was allocated to Region 1, with 34% in Region 2 and 58% Region 3. In contrast, in the Golspie catchment, 93% of the area was allocated to BPS region 3, with the remainder in Region 2, whereas in Lerwick (Shetland), 68% of the common grazings were allocated to BPS Region 2, with the remainder Region 3.

Table 40 Total interests in RPID defined common grazings, including crofts currently not associated with support payments - total BRNs, unique croft addresses and potential area of common grazings and eligible for BPS support, by RPID area office, 2022

RPID Area	Common Grazings	BRNs	Croft Addresses	Gross Area	Eligible BPS Ha	*Region 1 BPS*	*Region 2 BPS*	*Region 3 BPS*
Benbecula	117	1,695	2,459	35,436	34,744	*8%*	*33%*	*59%*
Golspie	96	732	1,252	54,400	49,270	*0%*	*7%*	*93%*
Inverness	139	915	1,532	81,964	75,000	*0%*	*13%*	*87%*
Kirkwall	18	91	128	1,947	1,912	*1%*	*48%*	*51%*
Lerwick	112	1,363	2,586	52,141	49,776	*0%*	*68%*	*32%*
Oban	82	473	688	13,953	12,923	*4%*	*33%*	*63%*
Portree	155	1,336	2,231	74,802	70,433	*0%*	*39%*	*60%*
Stornoway	154	3,450	5,589	141,157	125,282	*0%*	*11%*	*89%*
Thurso	77	699	1,204	47,811	46,600	*0%*	*14%*	*86%*
Scotland	**950**	**10,754**	**17,669**	**503,610**	**465,942**	***1%***	***24%***	***75%***

Data: Scottish Government Integrated Administration and Control System

As a rule, businesses that claim support payments from the Scottish Government must declare land that they have access to, even if they are not claiming agricultural support on it. However, over time, the use of common grazings appears to have fallen, particularly as some active crofters withdraw from the communal common grazings ethos through apportionment[364] of their share of the common grazings, which provides sole rights over their apportioned land (from an administration perspective RPID create a new land parcel for apportionments that excludes them from RPID-defined common grazings). Further

[364] Apportionment | Crofting Commission

reasons for lower levels of activity may relate to a range of factors including, for example: (a) the 2005 decoupling of agricultural support (in particular sheep 'headage' payments); (b) challenges for ageing crofters or crofters with full-time jobs to engage in communal activities associated with common grazings (e.g. sheep gatherings, fank work, sheep-shearings); and (c) non-rearing of livestock on the croft. These changes do, however, mean that a critical mass of fit and willing workers managing common grazings can be lost in some areas.

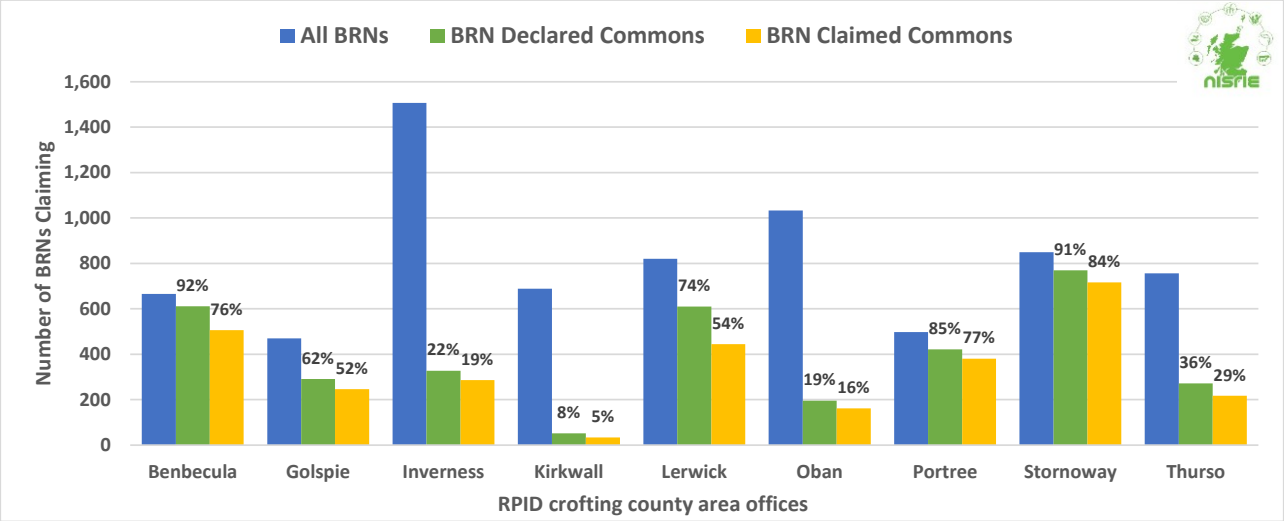
Whilst the shareholder may not have claimed support for their common grazing shares, this data still provides novel insights into the proportion of common grazing shareholders (defined by RPID as currently supported through agricultural support payments, or where their records have been maintained despite no longer claiming support[365]). The data suggests that only 45% of croft businesses (BRNs) with common grazing shares submitted a Single Application Form (SAF) in 2022. This ranged from 32% in Stornoway, where the majority of the land was in Region 3, to 61% in Lerwick (Shetland), where the majority of common grazings were in Region 2 (associated with higher support rates).

Figure 50 shows the total number of businesses claiming BPS and Greening support payments in 2022, by RPID area office, alongside the number (and proportion) that declared common grazing shares, as well as those that claimed shares for BPS support. For example, in the area covered by RPID's Benbecula office, 92% of the businesses (BRNs) claiming agricultural support declared that they had access to common grazings, and 76% of businesses claiming support claimed that they were actively using the common grazing by claiming BPS on their shares. In Shetland (Lerwick), whilst 74% of total support claimants in 2022 declared they had access to common grazings, only 54% of total claimants claimed BPS support from their activities on the common grazings. In contrast, in areas where crofting is less dominant (i.e., Inverness, Kirkwall, Thurso and Oban) the proportion of businesses declaring access to, and claiming support on common grazings was much smaller.

Photo: Very Remote Rural Mainland – Great Glen farmland, Lochaber (S Thomson)

[365] Note that a business can submit a Single Application Form (SAF), but need not claim support.

Figure 50 Total number of businesses (BRNs) claiming BPS and Greening support, with proportion declaring commons and proportion claiming commons, by RPID area office, 2022



Data: Scottish Government Integrated Administration and Control System

Figure 51 Proportion of businesses declaring common grazings that also claim BPS support on common grazings, 2022[366]

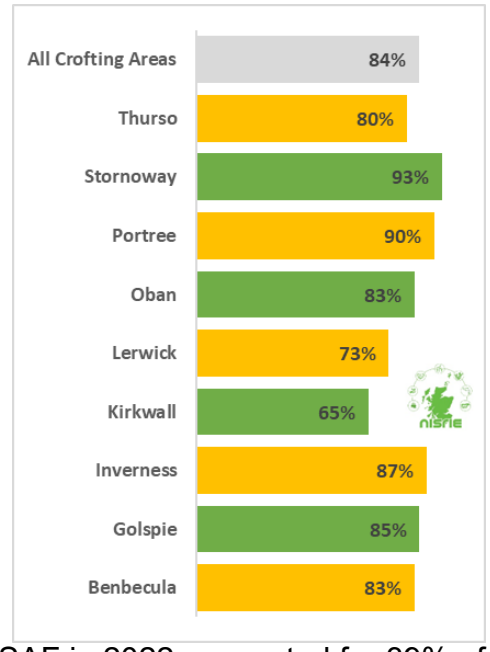


Figure 51 shows the data in Figure 50 in a different way to highlight the difference between the number of businesses declaring common grazing access, but not claiming BPS on them (i.e. likely due to lack of actual grazing use of the common). Coupled with a large proportion of shareholders not claiming support, this represents a loss of potential government support flowing to these fragile areas. The data shows that in 2022, 84% of the businesses declaring common grazings in their SAF also claimed BPS support on common grazings. However, that ranged from 93% of those declaring common grazings in Stornoway to 65% in Kirkwall (where there are only a few common grazings and relatively few businesses with shares on those commons).

According to RPID data, businesses that submitted a SAF in 2022 accounted for 39% of unique croft addresses and 48% of the livestock grazing shares. Interestingly, businesses with common grazing shares that submitted SAF forms only accounted for 49% of total common grazing BPS shares (ranging from 62% of Region 1 shares to 47% of Region 3 shares). It should be noted that not all common grazing shareholders that submit SAFs claim support payments on the commons (i.e. they may not meet the minimum activity rules). Further, RPID permitted the arrangement for a

[366] Data: Scottish Government Integrated Administration and Control System

crofter's common grazing shares to be claimed by another business using the PF27 form[367].

Anecdotal evidence from agricultural consultants suggests that these seasonal common grazing shares often come with a rental income to the shareholder (meaning spillover effects of support payments beyond those claiming agricultural support on the common grazings). Where SAFs are not submitted by shareholders, it does not necessarily indicate agricultural inactivity on those crofts; rather, those businesses may opt to sit outwith the support system for numerous reasons that include no, or limited, agricultural activity (e.g. if support payments are not attractive enough to cover compliance costs).

To link the mapped footprint (Map 25), the details of SAF submissions and payments made in 2022 were also scrutinised to better understand relative levels of activity on, and support flowing to, common grazings across Scotland. Table 41 (and Table 42 for proportions) shows that in 2022:

- There were 2,964 businesses (15% of Scottish BPS claimants) that claimed common grazing land in the SAF in 2022. This ranged from 711 in Stornoway (84% of all businesses claiming BPS support in the area) to only 34 in Kirkwall (5% of total BPS claimants in Orkney).
- Within those 2,964 businesses were 939 that had seasonal claims (PF27) for BPS – meaning they had arrangements with other common grazing share holders to claim some, or all, of their common grazing shares. Not all of the businesses claiming seasonal shares on commons had a personal allocation of common grazing shares. Those with seasonal claims on the commons accounted for only 5% of total Scottish BPS claimants, but accounted for, for example, 39% of all BPS claimants in the Stornoway area and 29% in the Portree area (see Table 42).
- Common grazings were used to claim 275k hectares of BPS (out of 465k total BPS eligible hectares on commons) and the total BPS footprint of the businesses claiming common grazings extended to 475k hectares (i.e. they also claim significant areas of non-common land). The common grazings accounted for 7% of Scotland's claimed BPS area, ranging from 80% of all BPS claims in the Stornoway area to only 1% of the claimed BPS area in Orkney (Kirkwall) where crofting only has a small footprint.
- Businesses are required to declare the number of livestock in various categories when they complete their SAF. Those claiming BPS support on common grazings accounted for 15k suckler cows, 274k ewes and gimmers and 68k hoggs, representing 4%, 10% and 8% of total livestock declared in all Scottish SAFs, respectively. However, those claiming BPS on commons generally were important for maintaining agricultural activity in their local region. For example, those claiming common grazing BPS support accounted for 95% of the suckler cows, 85% of the ewes and gimmers and 86% of the ewe hoggs declared in the Benbecula area. Similarly, in Stornoway, the businesses claiming BPS support on commons accounted for 87% of the suckler cows, 94% of the ewes and gimmers and 97% of the ewe hoggs declared in the local area.

[367] From 2025 a PF27 is not required to be submitted with the Single Application Form. However, proof of permission of the official shareholder to use their shares must be available on request.

These data provide a novel lens on the relative importance of agricultural activity associated with businesses claiming BPS support on commons in different areas within the crofting counties. This activity remains essential to ensure a continued flow of agricultural support to these areas that can help maintain the socio-economic and cultural activities associated with crofting and common grazings. However, the data also reveals that a significant proportion of common grazing shares that are eligible for BPS are unclaimed annually – reducing the potential flow of support to these areas, and putting pressure on the 'critical' mass of people required to manage these land areas.

Table 41 Total BRNs with common grazing interests, including seasonal shareholder number, common grazing area claimed for BPS, total area claimed for BPS, and declared suckler cows and sheep, by RPID area office, 2022

RPID Area Office	BRNs claiming use of common gazing in SAF						
	Common Grazing claim BNS	Seasonal Common Grazing BRNs	Common Grazing BPS Claimed Ha	Total BPS Ha Claimed	Suckler Cows	Ewes and Gimmers	Hoggs
Benbecula	499	120	20,164	35,668	1,914	15,239	3,728
Golspie	245	46	29,630	43,666	1,325	19,436	5,977
Inverness	278	91	41,555	70,236	1,719	30,003	7,494
Kirkwall	34	-	881	4,327	1,377	4,030	777
Lerwick	443	112	34,972	77,563	1,037	89,382	23,601
Oban	161	58	7,223	24,163	1,866	13,147	2,916
Portree	380	142	51,663	73,253	1,999	43,297	7,982
Stornoway	711	330	62,264	73,046	528	30,657	8,636
Thurso	212	37	27,022	72,645	3,237	28,973	6,656
Scotland	**2,964**	**939**	**275,411**	**474,696**	**15,006**	**274,260**	**67,790**

Table 42 Proportion BRNs, seasonal common grazing BRNs, proportion of land claimed for BPS under common grazings and livestock declared, by RPID area, 2022

RPID Area Office	CG Claimants % area BRNs	CG Seasonal claimants % area BRNs	Common Grazing Claimed as % BPS Claimed	Total area BPS Claimed by BRNs with Common Claims	Suckler Cows	Ewes and Gimmers	Hoggs
Benbecula	75%	18%	45%	79%	95%	85%	86%
Golspie	52%	10%	23%	34%	49%	37%	39%
Inverness	18%	6%	8%	14%	8%	18%	12%
Kirkwall	5%	-	1%	6%	6%	8%	6%
Lerwick	54%	14%	32%	71%	66%	70%	71%
Oban	16%	6%	2%	8%	11%	7%	8%
Portree	76%	29%	52%	74%	77%	83%	84%
Stornoway	84%	39%	8%	94%	87%	94%	97%
Thurso	28%	5%	16%	43%	20%	34%	29%
Scotland	**15%**	**5%**	**7%**	**12%**	**4%**	**10%**	**8%**

Table 43 reveals the relative importance of those using seasonal shares to claim BPS on common grazings. Across Scotland, these 939 businesses that used seasonal common grazing shares to claim BPS in 2022 accounted for:

- 32% of all businesses claiming BPS on common grazings (ranging from 18% in Thurso to 47% in Stornoway).
- 46% of the total BPS footprint associated with common grazing claims (i.e. common and non-common land used to claim BPS), ranging from 27% in Golspie to 63% in Stornoway.

- 26% of the total area of commons used to claim support (ranging from 13% in Golspie to 38% in Stornoway).
- 37% of the suckler cows, 41% of the ewes and gimmers and 42% of the ewe hoggs associated with all businesses claiming BPS support on common grazings. This ranged from 64% of suckler cows, 66% of ewes and gimmers and 67% of ewe hoggs in Stornoway, to 16%, 24% and 23% respectively in Thurso.

Table 43 Proportion of BRNs with common grazing claims, total BPS area claimed (footprint) by those claiming commons, proportion of common BPS seasonally claimed, and proportion of livestock declared, by businesses claiming seasonal common shares, by RPID area, 2022

RPID Area Office	Seasonal common BPS claimants as % of total claims by businesses using commons for BPS					
	BRNs claiming BPS on commons	Total BPS Ha claimed (footprint)	Common Grazing Ha Claimed	Suckler Cows	Ewes and Gimmers	Hoggs
Benbecula	25%	44%	26%	50%	45%	46%
Golspie	19%	27%	13%	18%	30%	35%
Inverness	34%	42%	27%	47%	41%	46%
Kirkwall	-	-	-	-	-	-
Lerwick	26%	41%	24%	47%	39%	40%
Oban	37%	47%	30%	53%	28%	29%
Portree	37%	50%	27%	58%	49%	42%
Stornoway	47%	63%	38%	64%	66%	67%
Thurso	18%	32%	14%	16%	24%	23%
Total Common Claimants	**32%**	**46%**	**26%**	**37%**	**41%**	**42%**

The amount of land claimed, as well as the number of livestock, and engagement with agri-environment climate schemes, determines the total amount of agricultural support flowing to the businesses claiming BPS on common grazings. Whilst businesses that claimed agricultural support on commons grazings in 2022 accounted for 15% of Scotland's BPS claimants (BRNs) and 12% of the BPS claimed area, they only accounted for 4% of the suckler cows and 15% of ewes and gimmers. Table 44 also shows that these businesses received 6% of total agricultural support payments in 2022, although the relative proportion flowing to these businesses varied by scheme. For example:

- 5% of Scottish BPS (and 4% of associated greening) payments went to these businesses, reflecting the dominance of poorer quality land in these areas and the dominance of low-value BPS Region 3 BPS land and lower-value BPS Region 2 land, compared to the dominance of higher value BPS Region 1 land in other areas.
- 9% of the Agri-Environment Climate Scheme (AECS) support went to these businesses (noting that many common grazing committees do not claim BPS support, meaning their AECS payments would not be included here – although where common grazing 'sheep-stock clubs' claim BPS support, their AECS support will be included).
- 12% of Less Favoured Area Support Scheme (LFASS) went to these businesses, which, despite being an area-based scheme similar to BPS it has different 'activity' rules. The use of historic livestock data means that some businesses significantly benefit by extending the hectares claimed for LFASS.

- 19% of Scottish Suckler Beef Support Scheme on Islands (SSBSSI) was claimed by these businesses, noting that Orkney suckler farms dominated the SSBSSI scheme payments.

Table 44 Agricultural support payments associated with businesses claiming common grazings, 2022

Measure		BRNs with Common Grazing Claims	% Scotland
Activity by those claiming BPS on common grazings	BRN	2,995	15%
	BPS footprint	**474,696**	12%
	Suckler Cows	15,047	4%
	Ewes & Gimmers	275,028	10%
	Ewe Hoggs	67,934	8%
Associated payments to businesses claiming BPS on common grazings	AECS	£1,347,949	9%
	BPS	£12,829,564	5%
	Greening	£6,090,999	4%
	LFASS	£7,938,567	12%
	SSBSSI	£1,099,578	19%
	SSBSSM	£604,004	2%
	SUSSS	£1,794,489	26%
	YFP	£64,557	9%
	Total Payments	**£31,931,555**	**6%**

8.8.4 Environmental importance of common grazing

Using NatureScot's 30*30 designation map[368] the common grazings defined in RPID administrative data accounted for 9% of Scotland's 30*30 area. 26% of the RPID-defined common grazings were under 30*30 designations, ranging from 7% of the area of commons in RPID's Inverness region, to 58% in the Kirkwall (Orkney) area.

Table 45 Area of RPID defined common grazings under NatureScot 30*30 designations, 2022

RPID Regions - Common Grazing	30*30 Ha	% of common under 30*30
Benbecula	4,967	15%
Golspie	9,653	18%
Inverness	5,956	7%
Kirkwall	1,137	58%
Lerwick	10,783	21%
Oban	2,626	19%
Portree	17,786	23%
Stornoway	54,535	39%
Thurso	23,234	49%
Total Common Grazings	**130,676 (9%)**	**26%**

Using the RPID common grazing footprint, along with the published carbon and peatland map[369], Table 47 shows the proportion of RPID-defined common grazings that are under different peatland classes. Class 1 and Class 2 peatlands are nationally important carbon-rich soils, deep peat and priority peatland habitats (with high or potentially high conservation value). Across all RPID-defined commons:

[368] This includes all terrestrial protected area sites that contribute toward Scotland's commitment to protect or conserve 30% of land by 2030. This includes SSSIs, SACs, SPAs, Ramsars, and NNRs. 30 x 30 Protected Areas | NatureScot Spatial Data Hub

[369] Carbon and peatland 2016 map | Scotland's soils

- 44% of the total common area was under Class 1 peatland in 2022 (ranging from 12% on commons in the Oban area, to 60% and 61% in Stornoway and Thurso areas). These common grazings also accounted for 22% of Scotland's class 1 peatland.
- 29% of the common area was under Class 2 peatland in 2022 (ranging from 0% in Oban to 55% in Golspie). The common grazings accounted 17% of Scotland's Class 2 peatland.

8.9 Agricultural Multipliers – ripple effects in the economy

The preceding sections on agriculture describe how the industry has changed in the last quarter of a century. This is important, as the decline in relative activity in many regions has affected the structure of local economies and communities, in particular the relative number of agricultural families (and importantly children) and their local wage spend, but also in supply chains (e.g. local abattoirs, markets, vets, feed merchants, machinery dealers and mechanics, etc). Agriculture still plays an important role in wider agri-food supply chains, that is often under-acknowledged in narratives about the sector. It essentially forms a 'lynch-pin' for many sectors from the purchase of 'upstream' inputs and services, to the provision of raw materials for 'downstream' processors, retailers and consumers.

> *"The contribution of agriculture in rural economies has changed in the last 30 to 40 years, yet there remains a paucity of evidence on the economic impacts stemming from agricultural activity through its upstream and downstream multipliers - often due to data limitations. This leads to the agricultural sector often being considered separately from other economic activity in rural areas, meaning its potential role in driving structural change in rural economies is still relatively unknown".*
>
> Thomson et al. (2024)[370]

Thomson et al. (2024)[371] used the 2014 Scottish Government and UK Government input-output tables alongside other data to disaggregate the economic multipliers for the different agricultural sub-sectors in Scotland. They note that the agricultural multipliers are weaker in Scotland compared to the UK, due to lost added value activities in Scotland (considered 'exports' from the Scottish economy). For example, there is lost economic opportunity as a result of sheep, cattle and pigs being moved to England and Wales for finishing and slaughter, barley being sold to malting companies in England (to often return as an added value ingredient for Scotland's brewing and distilling sector), seed potatoes grown in Scotland being the source for a large proportion of English and Welsh potatoes grown for processing or consumption, etc. The importance of some of these cross-border

[370] Thomson et al (2024) Evaluating the significance of agri-supply chains in rural economies: Inter-industry dependency insights from disaggregating UK Input-Output tables. A report to Defra. https://ruralexchange.scot/businesses/agri-supply-chain-linkages/

[371] Thomson et al (2022) Evaluating the significance of agri-supply chains in rural economies: Inter-industry dependency insights from disaggregating UK Input-Output tables. A report to Defra first published 2024

interactions has also been noted in economic studies of the Scottish malt barley[372], sheep[373] and potato[374] and red meat sectors[375], as well as England's red meat sector[376].

Type I backward multipliers show how an increase in final demand for e.g. cereals, leads to increased demand for production inputs (e.g. seed, tractors, agronomy advice, fertilisers), as well as a chain reaction into other sectors, as wider economic activity is stimulated by increased demand. In contrast, Type II forward multipliers reveal how an increase in the output of one sector (e.g. potatoes) leads to increased economic activity in other sectors (e.g. agriculture, food manufacturing, hospitality) and to final consumption demand (including the ripple effects as money flows through the economy).

For example, if the demand for sheep meat were to increase by £10 million there would be an estimated £14.52 million impact (backward multiplier of 1.452) in the agriculture and immediate supply chain sectors (with £0.452 in associated supply chain sectors), with an additional £0.46 million in wider economic benefits as farmers and others spend earnings and wages on goods and services in the wider economy (Type II multiplier). The income multiplier suggests, for example, that for every £1 million in additional earnings made from the potato sector, an additional £1.495 million (multiplier of 2.495) in earnings would be generated indirectly along the potato supply chain. The employment multipliers suggest that, for example, for every direct job created in the cereals sector, a further 0.354 (multiplier of 1.354) new indirect jobs would be generated in the rest of the Scottish economy through supply chains.

Table 46 Estimated economic multipliers by Scottish sub-sector (2014)

Agricultural Sector	Type I Output Multiplier		Type II Output Multiplier	Type I Income Multiplier	Type I Employment Multiplier
	Backward	Forward			
Cereals	1.415	1.591	1.421	2.897	1.458
Potato	1.415	1.270	1.422	2.495	1.319
Horticulture	1.417	1.276	1.424	1.735	1.158
Cattle	1.454	1.507	1.482	2.056	1.244
Sheep	1.452	1.425	1.498	2.794	1.391
Pigs	1.452	1.447	1.458	1.041	1.010
Poultry	1.465	1.426	1.478	1.262	1.071
Dairy	1.453	1.663	1.476	1.463	1.130
Plant propagation	1.415	1.330	1.431	2.046	7.814
Support activities to agriculture and post-harvest crop activities	1.415	1.756	1.431	2.077	1.344
Products of forestry, logging, related services and hunting	1.790	1.927	1.812	1.974	1.611

Source: Thomson et al 2024

[372] Bell, J. (2010) The Scotch whisky sector and grain supply and demand in Scotland. A Special Economic Study for the Scottish Government - Unpublished
[373] Sheep and lamb processing: assessment - gov.scot
[374] https://ruralexchange.scot/blog/novel-insights-on-the-economic-contribution-of-the-potato-sector-29/
[375] QMS_Red_Meat_Economics_Report_Landscape_A4_2023_s10.pdf
[376] The economic impact of the English red meat sector | AHDB

Table 47 Proportion of Common Grazings under different Peatland Classes – by RPID area office, 2022

Peatland Class	Benbecula	Golspie	Inverness	Kirkwall	Lerwick	Oban	Portree	Stornoway	Thurso	All Commons	Commons % Scotland
Mineral soil - Peatland habitats are not typically found on such soils (Class 0)	12%	4%	15%	11%	14%	15%	18%	2%	4%	**9%**	**1%**
Class 1 - Nationally important carbon-rich soils, deep peat and priority peatland habitat. Areas likely to be of high conservation value	**44%**	**25%**	**15%**	**29%**	**55%**	**12%**	**48%**	**60%**	**61%**	**44%**	**22%**
Class 2 - Nationally important carbon-rich soils, deep peat and priority peatland habitat. Areas of potentially high conservation value and restoration potential	**12%**	**55%**	**52%**	**0%**	**0%**	**29%**	**15%**	**29%**	**29%**	**29%**	**17%**
Class 3 - Dominant vegetation cover is not priority peatland habitat but is associated with wet and acidic type. Occasional peatland habitats can be found. Most soils are carbon-rich soils, with some areas of deep peat	27%	1%	2%	6%	5%	5%	6%	3%	2%	**5%**	**8%**
Class 4 - Area unlikely to be associated with peatland habitats or wet and acidic type. Area unlikely to include carbon-rich soils	0%	1%	5%	49%	8%	4%	2%	1%	0%	**3%**	**2%**
Class 5 - Soil information takes precedence over vegetation data. No peatland habitat recorded. May also include areas of bare soil. Soils are carbon-rich and deep peat.	4%	14%	11%	4%	17%	34%	8%	3%	4%	**9%**	**4%**
All Commons	**33,431**	**54,368**	**81,856**	**1,946**	**51,679**	**13,899**	**77,472**	**140,298**	**47,773**	**502,722**	**6%**

8.10 Conclusions

Agriculture remains a cornerstone of rural and island economies in Scotland, but the sector is undergoing significant change. Long-term declines in livestock numbers, workforce shifts, and evolving policy priorities are reshaping the landscape—particularly in crofting and upland areas.

There has been a considerable change in agricultural activity in the last 30 years, particularly in the cattle and sheep sectors. Changes in support and market returns, as well as the age distribution of the sector, saw a 34% decline in breeding ewes and a 19% reduction in cattle across Scotland – noting significant variation in the direction and magnitude of change at local and regional levels. The steepest declines have been in upland, island, and crofting regions (e.g. Eileanan an Iar: -62% breeding ewes).

The changes in production intensity also had an impact on the total number of full-time and part-time people involved in the sector. These changes may be felt in local communities and economies where agriculture remains an important sector for activity, employment, and population, particularly where local economic and employment multipliers are strong.

The Scottish Government continues to support Scottish agriculture using a different approach to England, Wales and Northern Ireland. The Scottish schemes still largely mirror those in the EU, but have not evolved to the same extent to account for, for example, redistribution of direct support that accounts for higher unit compliance and production costs faced by small holders. The Scottish Government has also signalled its intent to continue supporting active farming activities, but has recently introduced increased environmental conditionality to some schemes.

The Scottish Government Rural Payments and Inspections Directorate (RPID) holds significant data on common grazings and the individual shareholder details of these common grazings. However, limitations in the data mean that it is impossible to establish a full picture of crofting from the RPID data, as those actively crofting on their apportioned common grazings are excluded from this analysis, as are any crofters using the common grazings that are not claiming support payments.

Using official data, there are 950 mapped common grazings covering 503,000 ha, mostly in Region 3. However, a significant proportion (55%) of common grazing shareholders do not currently claim support payments which may signal some agricultural inactivity, but may also signal that the compliance costs relative to returns are too high, or there may be a preference to simply croft without support.

Nonetheless, businesses claiming support on common grazings remain an important source of agricultural activity in ma[377]ny crofting counties. This activity is, however, largely underpinned by 940 businesses that also have 'seasonal' arrangements that let them claim other people's shares of the common grazing for support purposes.

These common grazings are ecologically significant, accounting for 26% of Scotland's 30*30 designated sites, as well as 22% of Scotland's class 1 peatland, 17% of Scotland's

[377] Machair is a unique type of coastal grassland found mainly along the north and west coasts of Scotland and Ireland, particularly in the Hebrides. It forms on low-lying plains behind sand dunes where windblown shell sand mixes with peat and other soils, creating a fertile, lime-rich environment. This combination supports a distinctive ecosystem with species-rich wildflower meadows, traditional crofting agriculture, and important habitats for birds like corncrakes and waders. See Machair | The Wildlife Trusts

Class 2 peatlands, and are home to internationally important habitats such as machair. This stresses the relative importance of these common grazings from an environmental perspective.

Different support rates (acknowledging that those dominated by Region 3 can also apply for coupled support for sheep through the Scottish Upland Sheep Support Scheme, SUSSS) may have had the unintended consequence of encouraging different levels of common grazing activity. Many eligible areas are unclaimed, reducing income flows and risking agricultural land abandonment. Data gaps persist on crofting activity and population-agriculture links.

As the Scottish Government increasingly seeks alternative outcomes from agricultural land (including peatland restoration, nature recovery, and communities)[378], it may be that normalising payment rates based on active land use (e.g. permanent grassland, cropping, rough grazing) in these common grazings would be more equitable.

Support payments are heavily skewed towards the largest (area-based) businesses, although a large number of small crofts and farms are supported. The current distribution of support is a legacy of supporting food production and farm incomes in sectors which historically had low levels of profitability, and there were risks of agricultural land abandonment (the data suggests that this still occurred in some areas).

The Scottish Government has set out its own priorities for agriculture, with objectives that include nature recovery, climate change and rural communities that will necessitate some redistribution of the declining real-term budget. However, this is a complex task, and the evidence suggests that some producers are already receiving very high support levels per unit of output compared to more intensive producers (particularly where there has been destocking, but maintenance of land-based supports).

As the Scottish Government is in the relatively early stages of agricultural policy reforms there remains a significant opportunity to:

- Maintain and adapt support for active farming/crofting, especially in fragile and crofting areas.
- Simplify access to support for common grazings and small producers that better reflect their relative compliance costs and administrative burdens.
- Fully recognise the social, cultural, and ecological value of active crofting and active common grazing management in future policy design.
- Reconsider how to encourage active land use in rough grazing and common grazing areas that reflect the wide range of outcomes these areas can deliver (peatland restoration and maintenance, nature recovery, deer control, livestock grazing).
- Improve data collection on crofting, land use, and agricultural employment to form the basis of monitoring and evaluating agricultural and land use policy evolution.
- Ensure environmental schemes reflect the realities of remote and low-productivity areas.

[378] Agricultural Reform Route Map

9 Report Conclusions

The purpose of this 2025 Rural and Islands Insights Report is to provide new data insights, evidence and analysis on Scotland's rural and island communities, focusing on demographic change, poverty and inequality, transport and connectivity, housing energy efficiency, care provision for children and older people, digital infrastructure, and agricultural transformation.

This report presents a comprehensive picture of Scotland's rural and island communities, exploring the interplay between a range of important issues and using a wide range of official and proprietary data sources, together with original analysis, to highlight the persistent, long-standing challenges and emerging opportunities that are shaping these areas in complex ways. This report highlights persistent inequalities in access to services, infrastructure, and economic opportunities, compounded by demographic shifts, climate pressures, and digital divides. Despite these challenges, **rural and island areas remain vital to Scotland's identity, economy, and ecological stewardship.**

At a time of shifting political priorities and evolving economic, social and environmental pressures and opportunities, the findings provide crucial insights for policymakers, local authorities, and community leaders tasked with ensuring a sustainable and inclusive future for rural Scotland. **Responding to these challenges and opportunities requires coordinated, place-based and inclusive policy responses.**

This report is published during an important period, as policy for rural and island Scotland evolves. As a result of the Agriculture and Rural Communities (Scotland) Act 2024 the Scottish Government will prepare a Rural Support Plan, which will set out the Government's priorities and funding mechanisms. Early December 2025 saw the publication of the new draft **National Islands Plan (2025**) and the Scottish Government will publish a **Rural Delivery Plan**. The insights from this report are also critical in informing Island Communities Impact Assessments which are required under the Islands (Scotland) Act 2018 and in supporting the (voluntary) use of the **Rural Assessment Toolkit**, launched internally within Scottish Government in April 2025, to help ensure a 'rural lens' is put on policies from the start of their development. In particular, this report offers fresh insights into the **diversity of rural and island Scotland**, showing **how key issues interact and evolve at local levels over time**.

The evidence presented in this report highlights the need for these plans and related policies to be backed by **targeted investment, cross-portfolio integration, and genuine community engagement**. Without these, there is the possibility that rural and island Scotland will remain at risk of lagging in national development trajectories. Further, as Scotland decarbonises its economy, these rural and island plans, and use of accompanying tools such as the **Rural Assessment Toolkit** and **Island Communities Impact Assessments**, **should play a vital role in highlighting 'just transition' issues that are specific to rural and island locations.**

Across all themes, the report emphasises **the need for integrated, community-led planning. Local voices must shape decisions on infrastructure, services, and land use.** Policies need to be flexible enough to reflect the diversity of Scotland's rural and island places, and funding models must account for the higher costs of delivering services

in these areas. Without targeted action, there is a risk of further depopulation, service decline, agricultural land abandonment, and widening inequalities.

A central theme is the **need for urgent investment in infrastructure,** particularly in transport and digital connectivity. Scotland's ferry fleet is ageing, with many vessels over 25 years old and only 8% meeting low-emission standards. Delays in vessel replacement and seasonal pressures are straining lifeline services.

Similarly, broadband and mobile coverage remain significantly lower in island and remote rural areas. These gaps have serious implications. For businesses, **poor connectivity undermines competitiveness, reduces access to online markets, and deters new investment**. For households, **digital exclusion limits access to essential services such as health care, benefits, and education**—services that are increasingly being delivered online. For communities, the lack of reliable, affordable connectivity **contributes to ongoing inequalities**, particularly where transport barriers make digital services even more critical. While government programmes like R100 and the 4G Infill project have made progress, the digital divide persists. The combination of **digital exclusion, centralisation of services, and poor transport links** heighten the risks of marginalisation, particularly for those reliant on public benefits or care.

The report draws attention to the pressing challenge of rural poverty and inequality. Living costs are estimated to be 14-37% higher in remote areas, depending on locality and household structure, and **fuel poverty remains widespread** due to inefficient housing and limited energy options. The Scottish Government acknowledge the challenges in making some homes more energy efficient in rural and island contexts and proposes capping any costs associated with meeting any future minimum energy performance threshold in the private rented sector based on a new Heat Retention Rating. Along with tailored support, communication and local engagement on any future changes to energy performance standards of domestic housing will be important, to avoid any unintended consequences in already fragile local housing markets, particularly where a limited affordable rental housing supply is already a feature of the national housing emergency. **Affordable, energy-efficient housing is critical both for repopulation and for meeting climate commitments**, but progress has been slow and uneven. A just transition to net zero must account for these spatial disparities and avoid unintended consequences for vulnerable communities.

Child poverty is particularly concerning, with one in five rural children living in relative poverty and restricted access to affordable childcare, placing additional strain on families. **Childcare and elderly care access are critical issues**. Rural and island areas have fewer registered childcare places, higher reliance on informal care, and greater affordability challenges. These shortages **limit parental participation in the workforce** through employment and **may contribute to the out-migration** of young people, including families with young children. Without more accessible and affordable provision, rural areas risk further depopulation and economic fragility. Similarly, care home provision is declining in remote areas, with rising costs and workforce shortages threatening service sustainability. Whilst more older adults receive care at home these days, travel time and cost, and the dispersed nature of many rural and island communities create additional barriers for future health care models in these localities. Older adults in these areas are more likely to work past 65, reflecting both economic necessity and community ties.

Agriculture remains a cornerstone of some rural economies but is in transition. **Livestock numbers and active workforce participation have declined**, especially in crofting and upland areas, with impacts on remote and fragile communities. The agriculture sector faces acute challenges of **an ageing workforce and limited entry routes for younger farmers**. While new support models aim to reward environmental outcomes, **small producers and common grazings may face barriers to participation**. Small producers and crofters likely need **simplified access to support** that recognises their higher relative compliance and administrative costs. Given the extent and ecological importance of common grazings and upland rough grazing areas, **greater policy recognition of the broader services these areas bring beyond food production is needed** if important agricultural and environmental management is to deliver all that Scotland expects from these areas.

From 2025, all farms receiving support have to complete Whole Farm Plans, with payments increasingly linked to sustainability and biodiversity outcomes. While this aligns with climate goals, Environmental Non-Governmental Organisations and the Just Transition Commission have suggested that there is a **risk of reinforcing inequalities if larger businesses continue to capture the bulk of payments, leaving smallholders and crofters behind**. At the same time, agricultural activity generates strong ripple effects, supporting local supply chains, jobs, and services that are especially important in fragile areas.

In conclusion, **Scotland's rural and island communities face compounding challenges that, if left unaddressed, risk undermining national objectives around economic resilience, environmental sustainability, and social inclusion**. The evidence highlights several urgent needs:

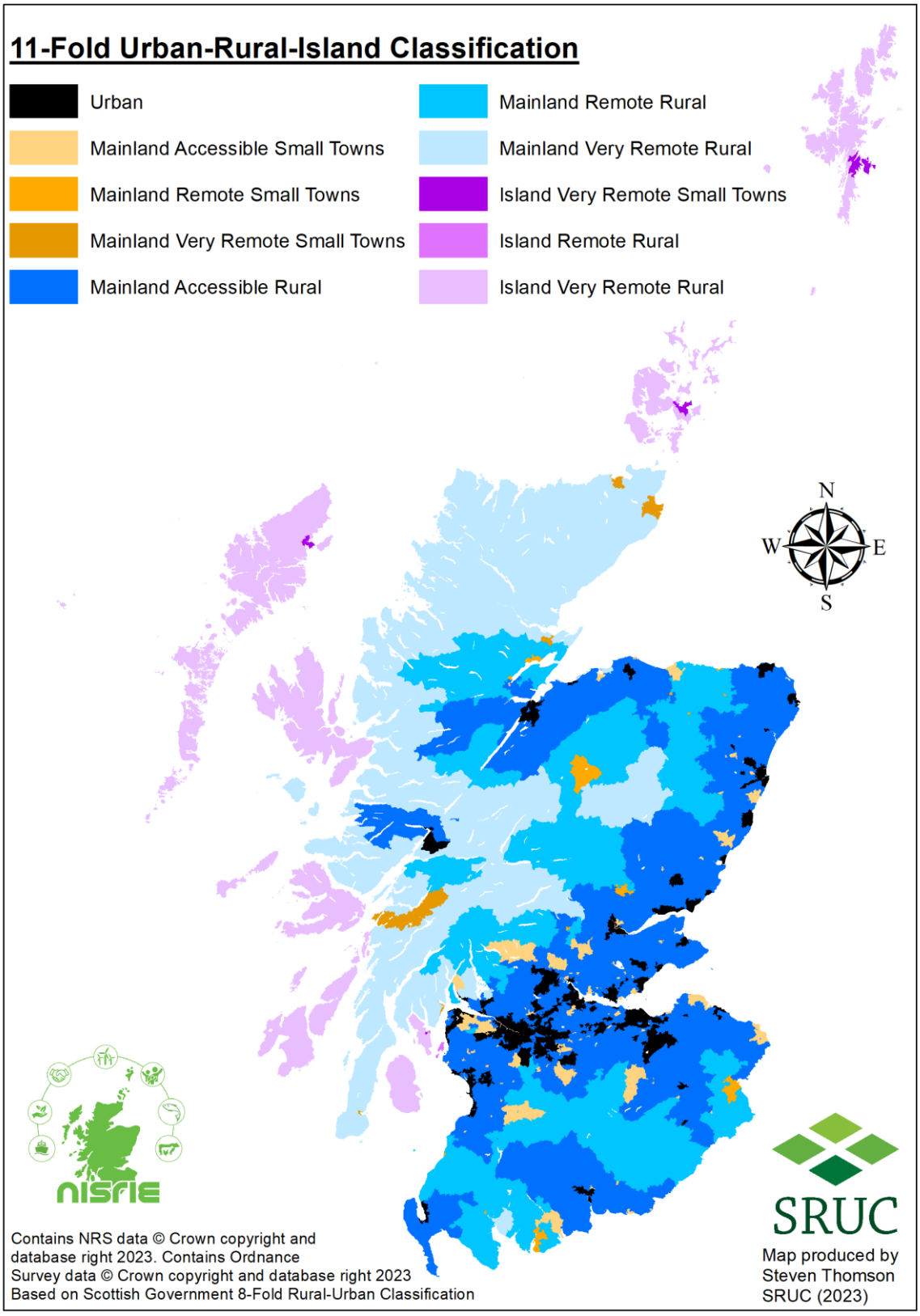
- targeted investment in transport and housing infrastructure;
- accelerated and tailored action on decarbonisation;
- recognition of the rural premium in anti-poverty strategies;
- expanded and equitable access to childcare and care for older people;
- agricultural reforms that support active land use, recognising the unique challenges faced by smaller producers and safeguarding crofting traditions.

Overall, this report calls for a renewed commitment to rural and island Scotland - one that balances economic development, environmental sustainability, and social justice. The report reemphasises the **importance of place-based, community-driven approaches**. Effective **policy must be rooted in local realities**, shaped by the voices of those living in rural and island Scotland, and supported by cross-government alignment that recognises the diversity and complexity of these regions. The latter will only be achieved by embedding rural and island perspectives across all levels of policy through use of Island Communities Impact Assessments and the Rural Assessment Toolkit.

The Rural Delivery Plan, Rural Assessment Toolkit, Rural Support Plan, new draft National Islands Plan and Island Communities Impact Assessments, potentially provide the frameworks for achieving these ambitions. Over the coming year, the SRUC research team will continue to undertake analysis to integrate new Scottish Census 2022 outputs on demography, migration, housing, education, labour markets, and health to ensure the most up-to-date data is used to generate new insights about Scotland's rural and island communities on an ongoing basis.

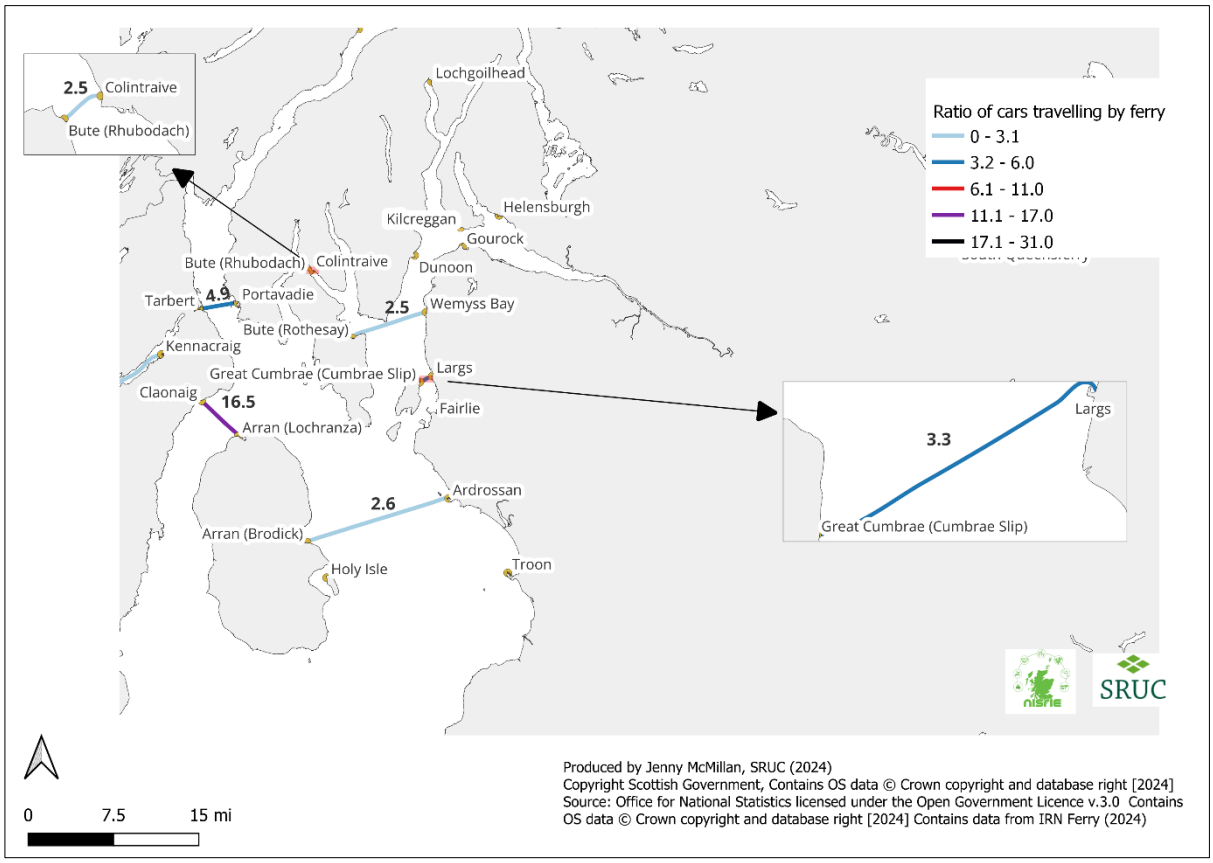
Annex 1 – NISRIE island-rural-urban classification

Map 26 NISRIE data zone urban-rural-island classification

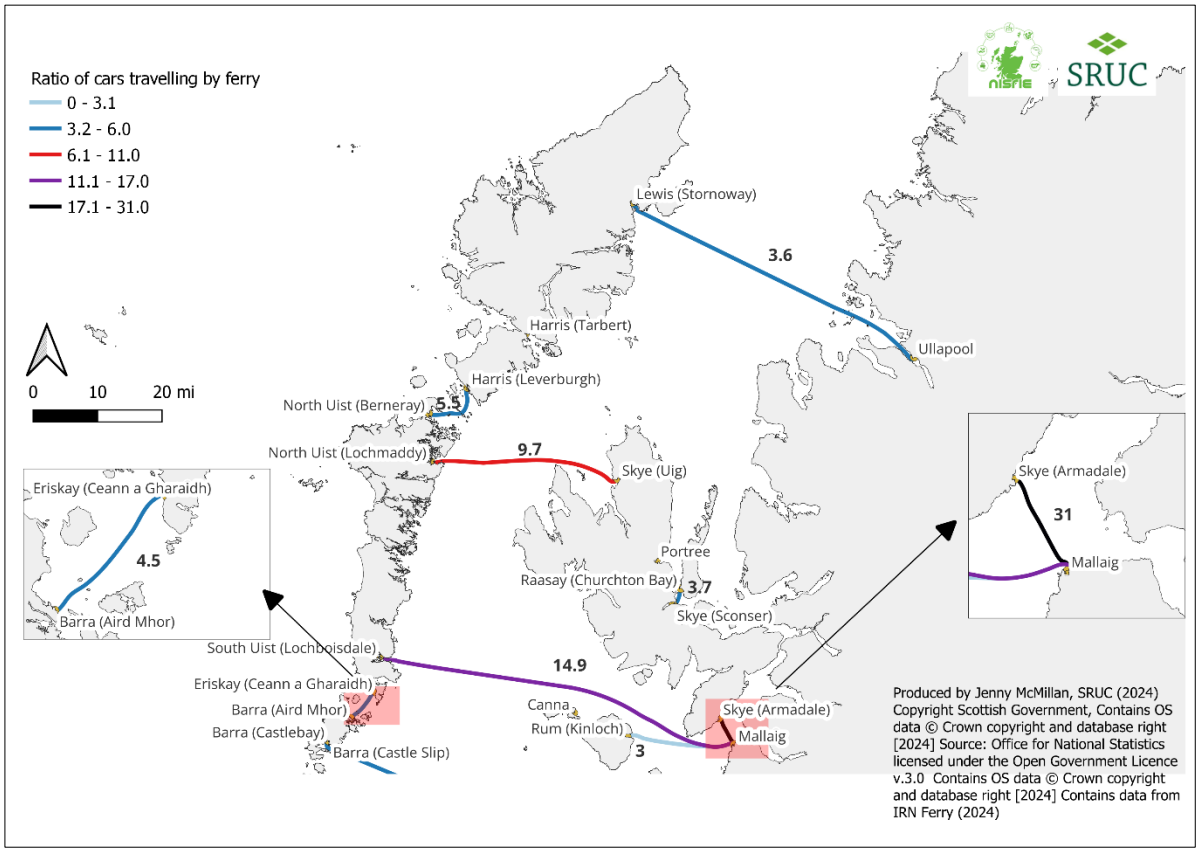


Annex 2 - Ferry Seasonality

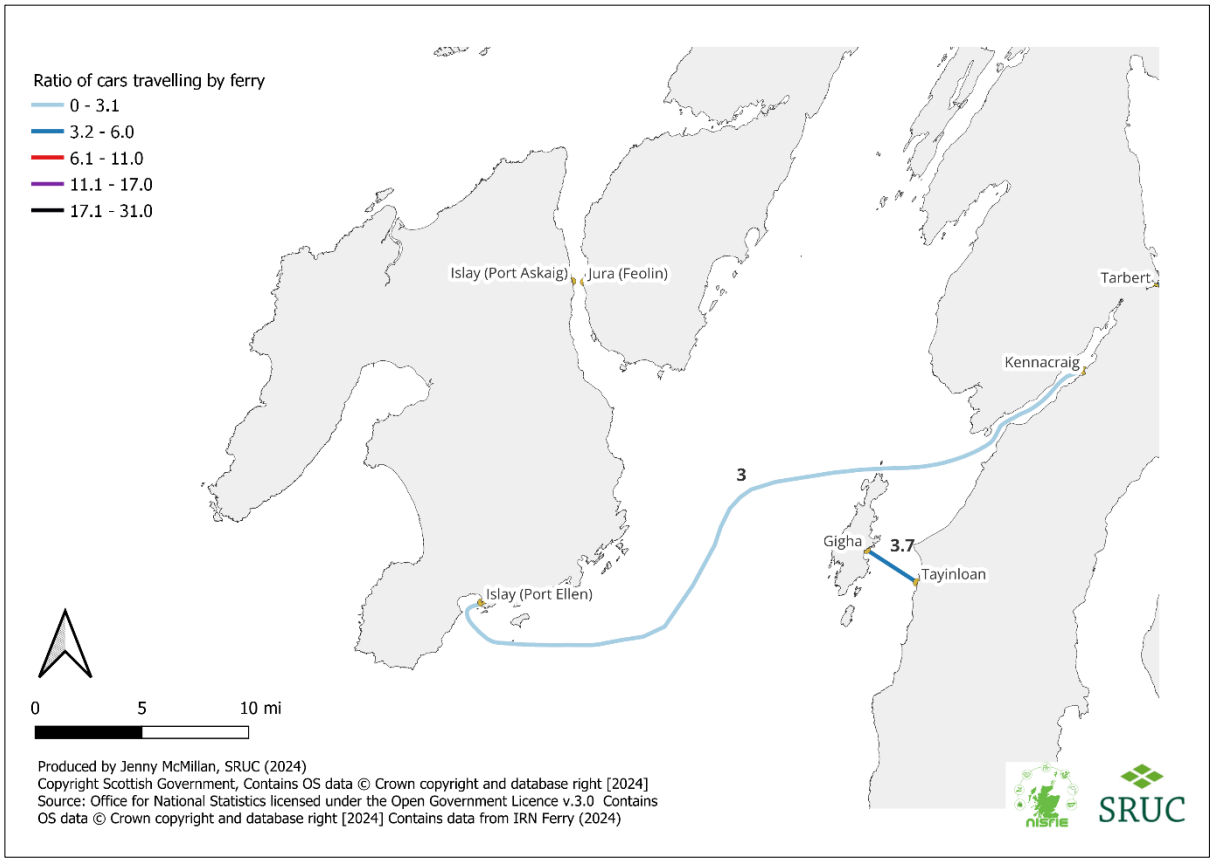
Map 27: Seasonality ratio of cars travelling by ferry route, Clyde islands region, 2023



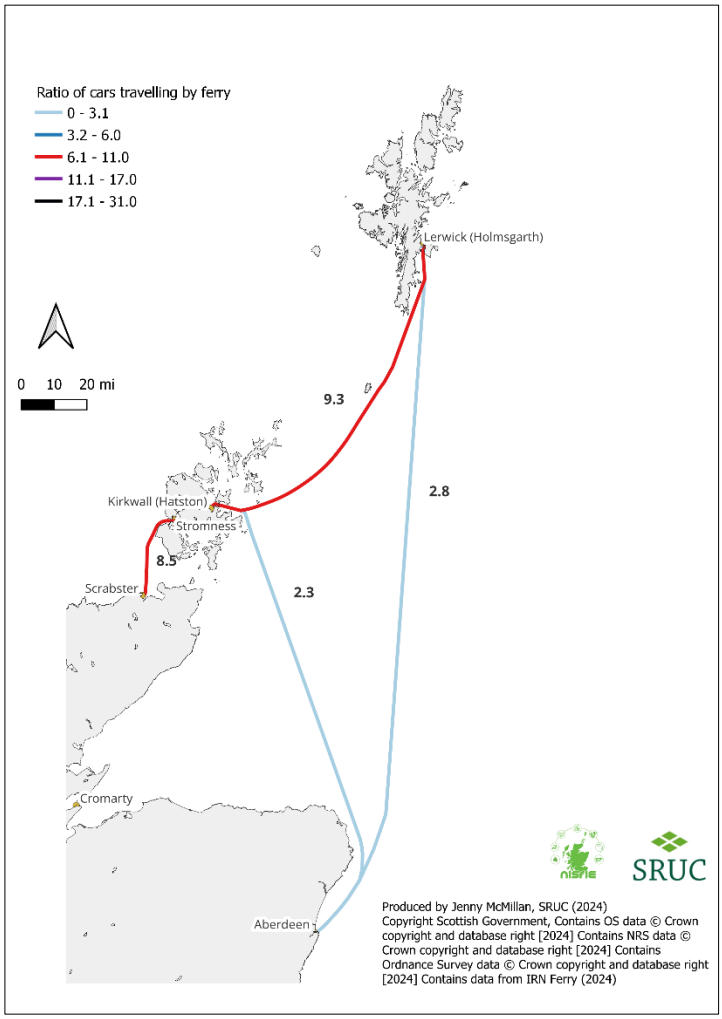
Map 28: Seasonality ratio of cars travelling by ferry route, Outer Hebrides, Skye, 2023



Map 29: Seasonality ratio of cars travelling by ferry route, Islay and Gigha, 2023



Map 30: Seasonality ratio of cars travelling by ferry route, Northern Isles, 2023



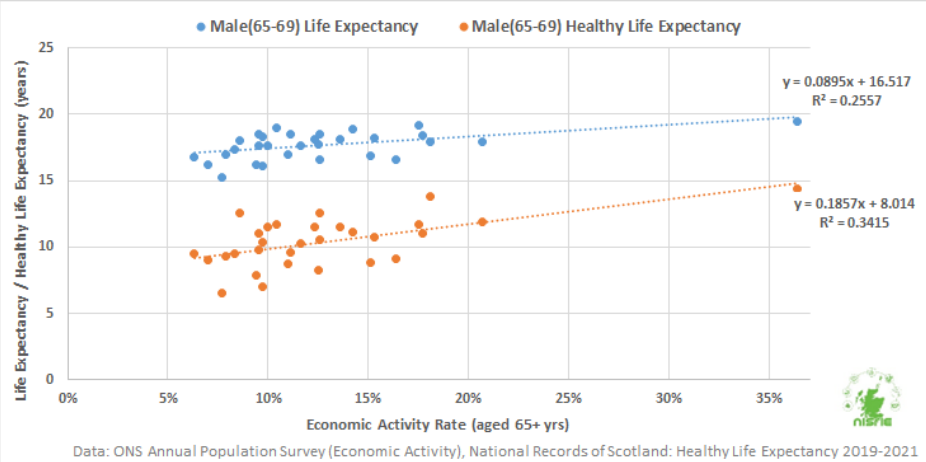
Annex 3 – Life Expectancy

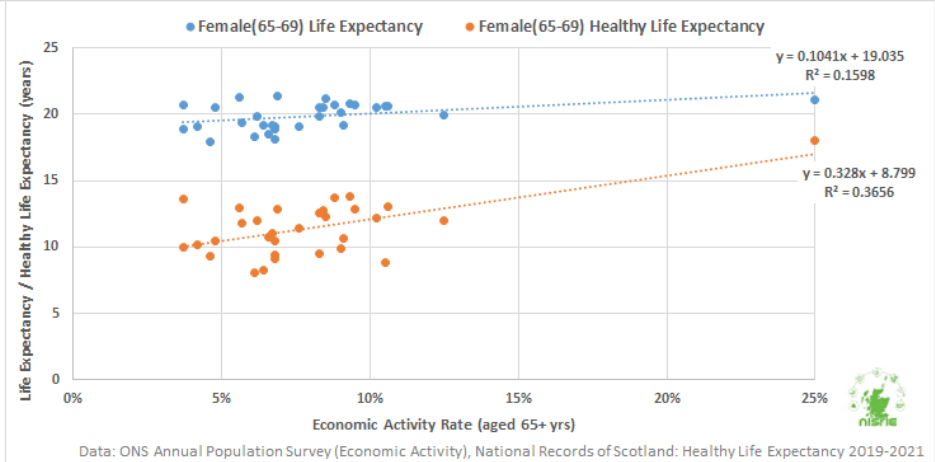
Table 48 Life expectancy, healthy life expectancy and proportion of life spent in good health by age group , sex and Scottish Government 6-fold urban-rural classification, 2019-2021

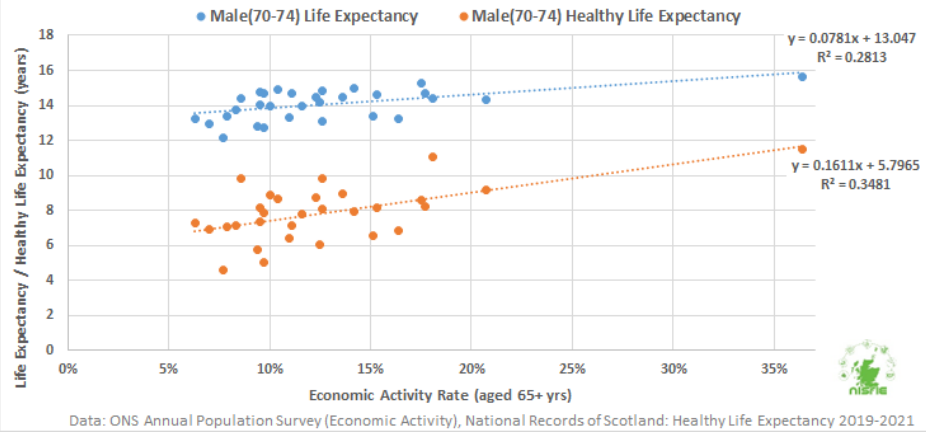
Urban Rural (2016)	Age group	Life Expectancy (years, +/- 95% confidence interval)		Healthy Life Expectancy (years, +/- 95% confidence interval)		Proportion of Life Spent in Good Health (%)	
		Female	Male	Female	Male	Female	Male
Remote rural	65 to 69	21.1 +/-0.2	19.1 +/-0.2	13.0 +/-1.2	11.7 +/-1.1	61.7%	61.6%
	70 to 74	16.9 +/-0.2	15.2 +/-0.2	9.8 +/-1.1	8.9 +/-1.1	58.1%	58.7%
	75 to 79	13.1 +/-0.2	11.8 +/-0.2	7.0 +/-1.2	6.5 +/-1.1	53.9%	55.0%
	80 to 84	9.5 +/-0.2	8.8 +/-0.2	4.7 +/-1.0	4.6 +/-1.1	49.0%	52.0%
	85 to 89	6.6 +/-0.2	6.3 +/-0.2	3.0 +/-0.9	3.1 +/-1.0	45.1%	48.9%
	90+	4.3 +/-0.2	4.5 +/-0.3	2.0 +/-0.8	2.3 +/-0.9	45.4%	51.1%
Remote small towns	65 to 69	19.8 +/-0.3	17.5 +/-0.3	12.5 +/-1.2	10.4 +/-1.1	63.1%	59.3%
	70 to 74	15.9 +/-0.2	13.9 +/-0.3	9.7 +/-1.2	7.8 +/-1.1	60.9%	56.3%
	75 to 79	12.2 +/-0.2	10.7 +/-0.2	7.1 +/-1.2	5.7 +/-1.1	58.4%	53.0%
	80 to 84	9.1 +/-0.2	7.8 +/-0.2	5.1 +/-1.1	3.9 +/-1.0	56.1%	49.3%
	85 to 89	6.4 +/-0.2	5.7 +/-0.2	3.5 +/-0.9	2.6 +/-0.9	54.5%	45.5%
	90+	4.3 +/-0.2	4.1 +/-0.3	2.3 +/-0.9	1.7 +/-0.8	54.7%	41.8%
Accessible rural	65 to 69	21.0 +/-0.2	18.6 +/-0.2	11.7 +/-0.9	10.9 +/-0.8	55.9%	58.6%
	70 to 74	16.9 +/-0.2	14.9 +/-0.2	8.8 +/-0.9	8.2 +/-0.8	52.0%	55.2%
	75 to 79	13.0 +/-0.2	11.3 +/-0.2	6.1 +/-0.9	5.8 +/-0.8	46.8%	51.5%
	80 to 84	9.6 +/-0.2	8.3 +/-0.2	4.0 +/-0.8	3.9 +/-0.8	41.3%	47.2%
	85 to 89	6.7 +/-0.2	5.8 +/-0.2	2.5 +/-0.7	2.5 +/-0.6	37.4%	42.5%
	90+	4.6 +/-0.2	4.1 +/-0.2	1.8 +/-0.6	1.5 +/-0.6	38.6%	37.4%
Accessible small towns	65 to 69	20.1 +/-0.2	17.9 +/-0.2	11.3 +/-1.0	10.2 +/-0.9	55.9%	57.3%
	70 to 74	16.2 +/-0.2	14.3 +/-0.2	8.6 +/-1.0	7.7 +/-0.9	52.9%	53.9%
	75 to 79	12.5 +/-0.2	10.9 +/-0.2	6.2 +/-1.0	5.5 +/-0.9	49.6%	50.2%
	80 to 84	9.2 +/-0.2	8.0 +/-0.2	4.2 +/-0.9	3.7 +/-0.8	46.0%	46.3%
	85 to 89	6.5 +/-0.2	5.6 +/-0.2	2.8 +/-0.8	2.4 +/-0.7	42.7%	42.6%
	90+	4.4 +/-0.2	3.8 +/-0.2	1.8 +/-0.7	1.5 +/-0.6	39.6%	39.3%
Other Urban Areas	65 to 69	19.2 +/-0.1	17.1 +/-0.1	10.0 +/-0.5	9.1 +/-0.5	52.3%	53.5%
	70 to 74	15.4 +/-0.1	13.6 +/-0.1	7.6 +/-0.5	6.8 +/-0.5	49.2%	50.5%
	75 to 79	11.8 +/-0.1	10.3 +/-0.1	5.4 +/-0.5	4.9 +/-0.5	45.9%	47.2%
	80 to 84	8.8 +/-0.1	7.7 +/-0.1	3.7 +/-0.4	3.4 +/-0.4	42.4%	43.6%
	85 to 89	6.2 +/-0.1	5.6 +/-0.1	2.4 +/-0.3	2.2 +/-0.4	38.9%	39.8%
	90+	4.3 +/-0.1	4.1 +/-0.1	1.5 +/-0.3	1.5 +/-0.3	35.4%	35.5%
Large Urban Areas	65 to 69	19.4 +/-0.1	16.7 +/-0.1	11.1 +/-0.7	8.9 +/-0.6	57.3%	53.1%
	70 to 74	15.5 +/-0.1	13.3 +/-0.1	8.5 +/-0.6	6.6 +/-0.6	54.6%	49.9%
	75 to 79	12.0 +/-0.1	10.2 +/-0.1	6.2 +/-0.6	4.7 +/-0.6	51.7%	46.2%
	80 to 84	8.9 +/-0.1	7.7 +/-0.1	4.4 +/-0.5	3.2 +/-0.6	48.8%	42.3%
	85 to 89	6.4 +/-0.1	5.6 +/-0.1	3.0 +/-0.5	2.1 +/-0.5	46.0%	38.0%
	90+	4.4 +/-0.1	4.1 +/-0.1	1.9 +/-0.4	1.4 +/-0.5	43.8%	34.1%

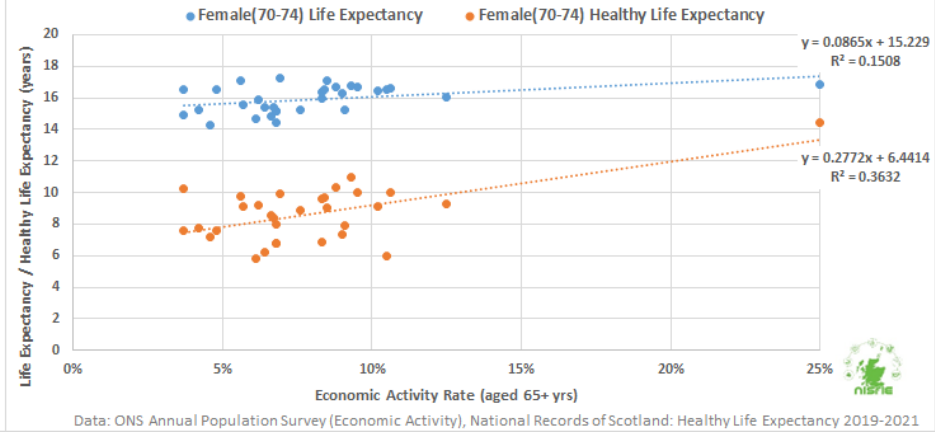
Data: Healthy Life Expectancy 2019-2021 - National Records of Scotland (NRS)

Figure 52 Plots and associated correlation coefficients of male and female economic activity rates and life expectancy / healthy life expectancy for 65-69 and 70-74 year age groups at local authority level (2024 economic activity data and 2019-2021 life expectancy data)









Associated Correlation Coefficients

Male	65+ Economic	65-69 Life Expectancy	65-69 Healthy Life	70-74 Life Expectancy	70-74 Healthy Life
65+ Economic Activity	1				
65-69 Life Expectancy	**0.507**	1			
65-69 Healthy Life Expectancy	**0.589**	**0.793**	1		
70-74 Life Expectancy	**0.532**	**0.995**	**0.805**	1	
70-74 Healthy Life Expectancy	**0.592**	**0.734**	**0.992**	**0.75**	1

Female	65+ Economic	65-69 Life Expectancy	65-69 Healthy Life	70-74 Life Expectancy	70-74 Healthy Life
65+ Economic Activity	1				
65-69 Life Expectancy	**0.393**	1			
65-69 Healthy Life Expectancy	**0.598**	**0.680**	1		
70-74 Life Expectancy	**0.372**	**0.992**	**0.660**	1	
70-74 Healthy Life Expectancy	**0.603**	**0.620**	**0.994**	**0.602**	1

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'Reimagined Policy Futures: Shaping sustainable, inclusive and just rural and island communities in Scotland

Our data, charts, maps and reports are available through our Rural Exchange
https://www.ruralexchange.scot/

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