HIGHLANDS AND ISLANDS AREA PROFILES 2020
SHETLAND

SHETLAND: DEMOGRAPHICS AND LABOUR MARKET

PEOPLE
SHETLAND

Population density of
16 PEOPLE PER SQ.KM
versus 12 regionally and 70 nationally

4.9%
of Highlands and Islands population

Population of
22,920
down 1.4% since 2011 compared to an increase of 0.5% regionally and 3.1% nationally

POPULATION PROJECTED TO DECLINE BY 6%
between 2018 and 2043

OLDER AGE PROFILE THAN NATIONALLY BUT YOUNGER THAN REGIONALLY

DEPENDENCY RATIO: 63.3 VERSUS **65.5** REGIONALLY AND **56.2** NATIONALLY
(number of people aged 0-15 and 65+ per 100 people of working age):

Population by age (banded)

	Aged 0-15	Aged 16-24	Aged 25-44	Aged 45-64	Aged 65-74	Aged 75+
Shetland	18%	9%	24%	29%	11%	9%
Highlands and Islands	16%	9%	22%	30%	13%	10%
Scotland	17%	11%	26%	27%	11%	9%

LABOUR MARKET
SHETLAND
September 2020

Employment rate:
72.8%
VERSUS **77.5%**
regionally and 73.8% nationally

Economic activity rate:
74.9%
VERSUS **79.4%**
regionally and 76.5% nationally

Self-employment rate:
9.3%*
Compared to 11.6% regionally and 8.4% nationally

NOTES:
NRS Mid-year population estimates 2019
Population projections – NRS 2018 based sub-national population projections.
Employment, economic activity and self-employment – APS 12 months to September 2020, rates based on those aged 16-64.
*Note: estimated self-employment rate for Shetland is flagged as unreliable due to small sample size
For the purposes of this report, 'regionally' refers to the Highlands and Islands

SHETLAND: UNEMPLOYMENT

December 2019 to December 2020

455

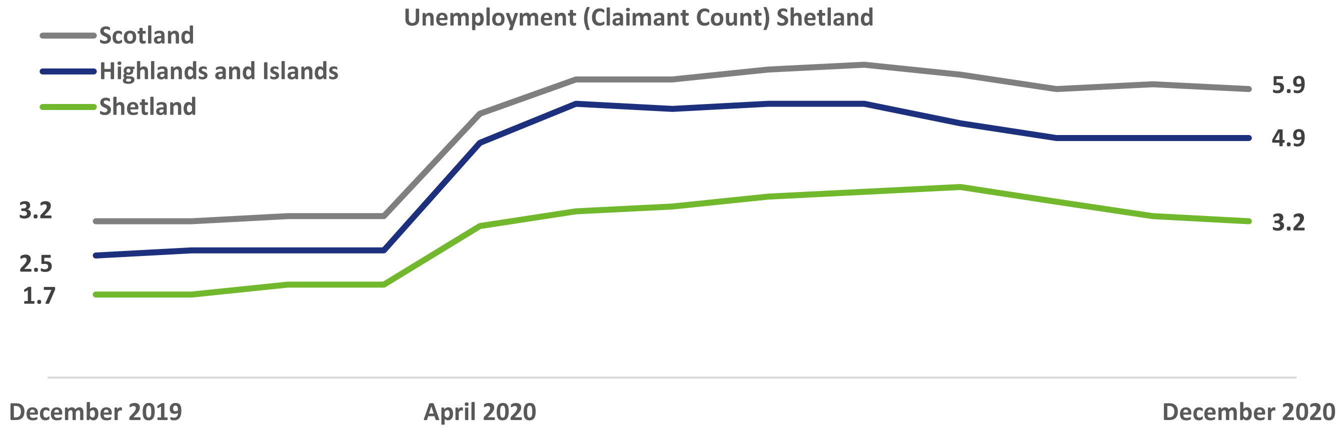
PEOPLE UNEMPLOYED
SHETLAND
rate of **3.2%** up from **1.7%**

The unemployment rate in Shetland increased by 1.5 percentage points, lower than the growth across the region (up 2.4 percentage points) and nationally (up 2.7 percentage points). The unemployment rate remains below the Highlands and Islands and national rates.

YOUTH UNEMPLOYMENT ROSE
from **2.8%** to **6.3%**

Youth unemployment was 100 in December 2020, an unemployment rate of 6.3%. This was below the Highlands and Islands (7.8%) and national (8.3%) rates, but higher than the overall rate in Shetland, suggesting barriers for young people wishing to enter the labour market.

Male unemployment: 3.9% up from 2.4%
Female unemployment: 2.6% up from 1.0%



600

EMPLOYMENTS FURLOUGHED IN SHETLAND as at end December 2020

5% of eligible employments, lower than the regional and national rates (both 11%).

The number of employments furloughed is estimated to have increased from 500 (4% of eligible employments) at the end of November 2020.

300

workers in Shetland have claimed the third **SELF-EMPLOYMENT INCOME SUPPORT SCHEME** grant.

Take-up of the third SEISS grant in Shetland was 37%, lower than the level across the Highlands and Islands (45%) and nationally (54%).

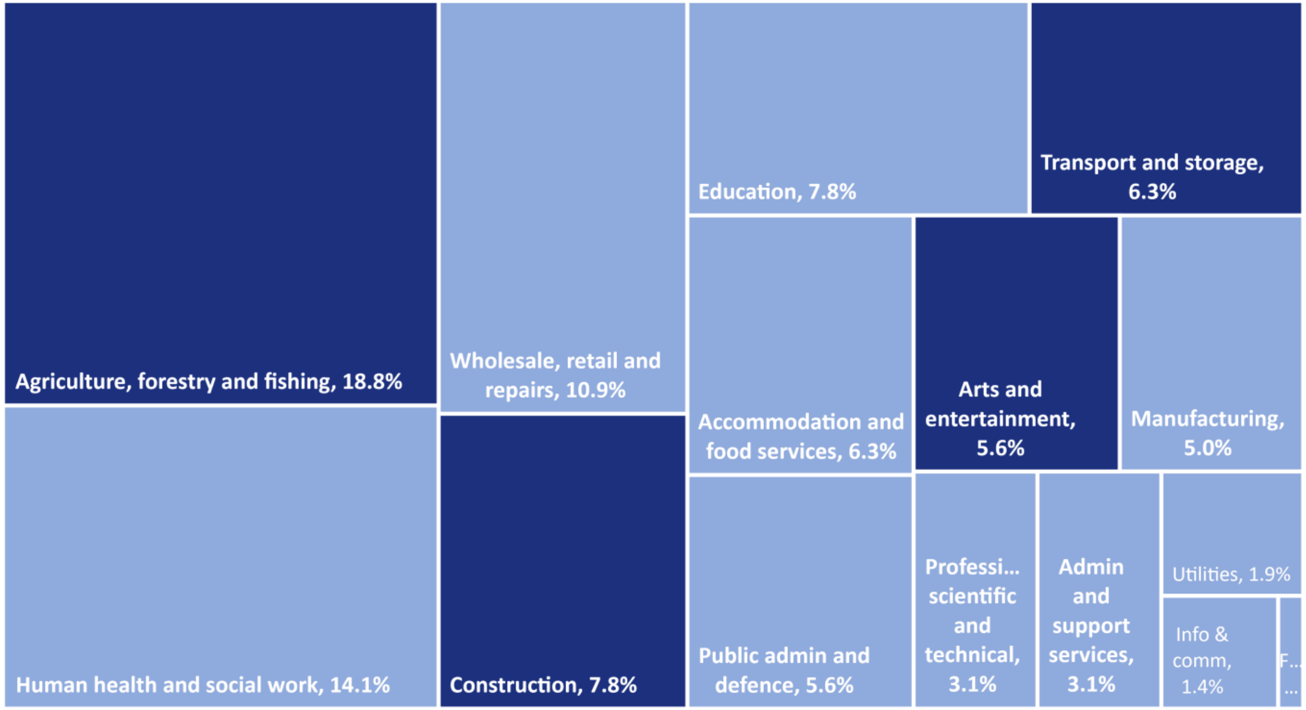
NOTES:
Unemployment based on claimant count. Note that enhancements to Universal Credit as part of the UK government's response to the coronavirus mean that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently, changes in the Claimant Count may not be due wholly to changes in the number of people who are unemployed.

Youth unemployment refers to people unemployed aged 18-24.

UK Government Coronavirus Job Retention Scheme are provisional figures for 31 December 2020. Self-employment Income Support Scheme statistics – claims for the third grant of SEISS to 31 December 2020

SHETLAND: EMPLOYMENT

Employment by sector (%): Shetland



F – Finance, insurance and real estate (0.3%).
The Treemap represents total employment in the area, with the size of box for each sector relative to its share of employment in the area.
Dark blue shading indicates sectors with a greater share of employment than nationally.

The top 3 employment sectors in Shetland:

agriculture, forestry and fishing (18.8%), human health and social work (14.1%) and wholesale and retail (10.9%). Together they account for around 7,000 jobs across the area.

In Shetland:

5,700 people are employed in the sectors most exposed to the economic effects of COVID-19[2]

36% of total employment – lower than the average regionally (41%) and nationally (38%)

The sectors in Scotland hardest hit to date by COVID-19 and still facing significant restrictions include accommodation and food services and arts, entertainment and recreation. These sectors have the lowest shares of businesses currently trading and higher than average rates of staff on furlough[3].

Shetland is less reliant on accommodation and food services (6.3%) than regionally (11.8%) and nationally (8.2%)

The areas share of employment in arts, entertainment and recreation (5.6%) is higher than the proportion regionally (4.1%) and nationally (4.4%)

In Shetland[4]:

85.4% of private sector registered businesses are micro (0-9 employees)
compared to 86.4% regionally and 87.1% nationally

SMEs account for a higher share of private sector employment (79.3%)
than regionally (67.6%) and nationally (50.6%)

There is evidence to suggest SMEs are at a greater financial risk from COVID-19 than larger private organisations or public bodies[5]. The dominance of micro businesses and higher share of employment in SMEs indicates a greater impact of COVID-19 on Shetland than across the region and Scotland overall.

At the same time, these businesses are the ones that are most flexible and potentially able to respond to the challenge.

NOTES:

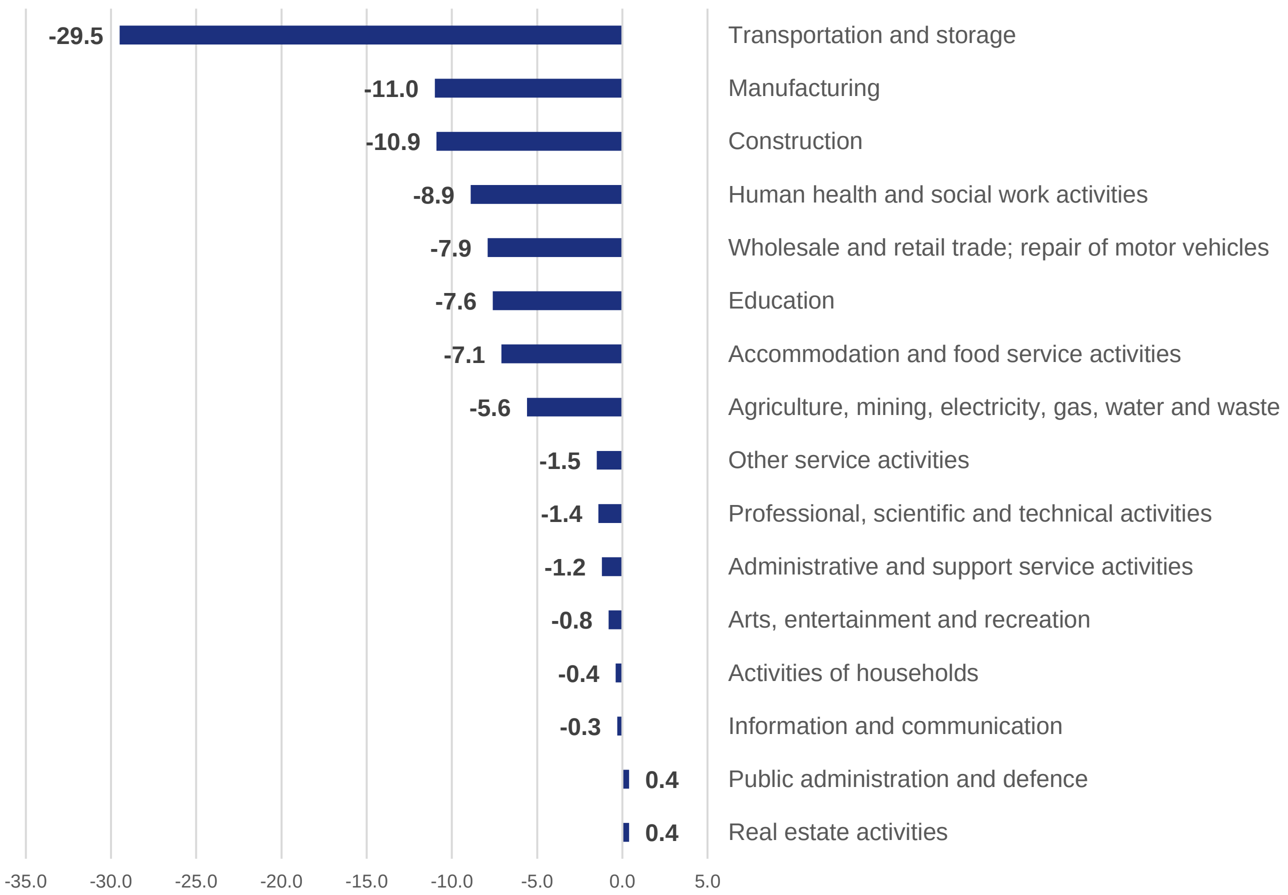
1. Employment data: BRES 2019. Based on employment. Total employment in Shetland is 16,000
2. Scottish Government analysis of sectors most exposed to COVID-19 – June monthly economic brief equivalent analysis based on BRES 2019
3. Scottish Government BICS weighted Scotland estimates
4. Number of businesses and employment by size of business: IDBR 2019 - analysis is based on private sector (VAT and/or PAYE) registered enterprises only so may undercount small businesses not reaching these thresholds
5. The Impact of Covid-19 on Scottish Small and Medium-Sized Enterprises, 25 June 2020, Fraser of Allander

SHETLAND: GVA IMPACTS

GVA in Shetland is estimated to fall by 12.2% in 2020 to £674m

compared to a decline of 10.7% nationally and 11.7% regionally under this method*

Est. change in output (GVA, £m) by sector, 2019 to 2020, Shetland



SHETLAND GVA ESTIMATED TO DECLINE BY £93m IN 2020

Across Shetland, transport and storage (down £29.5m), manufacturing (down £11.0m), and construction (down £10.9m) are expected to see the largest declines in absolute terms

Some of the sectors expected to be hardest hit have a greater concentration of employment in Shetland

Construction (1.6) and transport and storage (1.5) each have a location quotient above 1, signifying a higher concentration of employment across these sectors in Shetland than nationally

There is a considerable degree of uncertainty, especially in relation to further waves of COVID-19 and associated restrictions and how these may impact disproportionately on certain sectors.

NOTES:
*Latest published data on GVA by local authority is for 2018. An adjustment has been made to this to estimate 2019 GVA. The decline between 2019 and 2020 is based on ekosgen modelling of the reduction in GVA at Scottish level by sector and projected onto the business base for each sub-region and sector. Trends for January – May 2020 are assumed to be replicated for the remaining 7 months of the year.

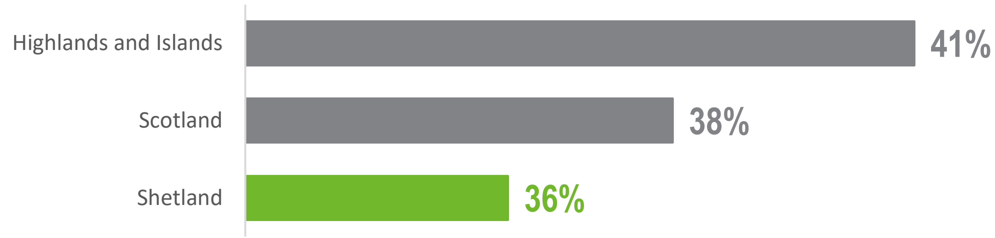
Sources: Scottish Government (2020) GDP Monthly Estimate, Scotland: May 2020; ONS (2019) Regional gross domestic product local authorities, 2018 data; ONS (2019) Regional gross domestic product all NUTS level regions

SHETLAND: VULNERABILITY INDICES

EMPLOYMENT EXPOSURE:

Measures share of jobs in most exposed sectors (manufacturing, construction, retail and wholesale, accommodation and food services, arts, entertainment and recreation)

% of jobs in sectors most exposed to COVID-19



The share of jobs in sectors most exposed to COVID-19 is lower in Shetland than regionally and nationally

JOBS AT RISK:

Analysis based on estimated share of jobs furloughed by sector in April 2020

Local Authority	Jobs at Risk (%)	Scotland Rank
Argyll and Bute	32%	1
Highland	29%	3
Orkney	28%	4
Moray	27%	10
Shetland	**27%**	**13**
Na h-Eileanan an Iar	26%	18

Shetland is ranked 13th out of Scotland's 32 local authorities for jobs at risk

BREXIT VULNERABILITY:

Identifies areas of Scotland that are expected to be most vulnerable to Brexit based on access to services, share of working age population, income deprivation, population change, workers in Brexit sensitive industries, EC Payments (CAP and ESF/ERDF) and EU worker migration

COVID-19 is compounding vulnerability already presented by Brexit, which affects rural areas disproportionately. Shetland is ranked 2nd out of Scotland's 32 local authorities in terms of Brexit vulnerability.

In Shetland, 50% of communities at datazone level are within the 20% most vulnerable communities to Brexit in Scotland, higher than the proportion regionally (43%)

COVID-19 COMMUNITY VULNERABILITY:

Measure is based on available demographic, social and clinical indicators to show the vulnerability of a geographical area to health and care systems and socio-economic impacts.

Shetland is ranked 30th out of Scotland's 32 local authorities in terms of combined community vulnerability score

3% of the population of Shetland live in datazones within the 20% most vulnerable in Scotland, lower than the proportion regionally (14%)

NOTES:

Scottish Government analysis of sectors most exposed to COVID-19 – June monthly economic brief and equivalent analysis from BRES 2019
Jobs at risk – Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) analysis of the Business Impact of Coronavirus Survey, 27th April 2020
Brexit Vulnerability Index – Scottish Government .
ScotPHO COVID-19 Community Vulnerability Index Based on demographic, social and clinical indicators relevant either directly to COVID-19 or to socio-economic factors that are likely to modify the impacts of the pandemic and efforts to delay it. Rank is the overall Combined Vulnerability Score rank, and the percentage is the (weighted) population in datazones in the lowest 20% quintile combined vulnerability

SHETLAND: SUMMARY

Shetland experienced population decline between 2011 and 2019 and it is projected to decline further by 2043. It has a younger age profile than regionally, but older than nationally, with a **dependency ratio of 63.3**

Claimant count **unemployment rose to 3.9% in August 2020**. While the unemployment rate remains lower than the regional and national level, the number of people that are unemployed or employed and on low income and/or low hours has still increased significantly since March 2020. Across Scotland, unemployment is expected to rise further as the furlough scheme ends.

Shetland is likely to be harder hit than the Scotland average, though less so than elsewhere in the region, as a result of:

- Expected **GVA decrease of -£93m in 2020**, a decline of 12.2% compared to 11.7% regionally and 10.7% nationally
- A **lower share of employment in the five sectors[2] most exposed to COVID-19** overall compared regionally and nationally (36% compared to 41% and 38% respectively).
- Its **high share of micro-businesses and higher than average employment in SMEs** (79.3%) than regionally (67.6%) and nationally (50.6%)
- Some specific **challenges arising from the COVID-19 related fall in oil and gas demand**
- Its **existing vulnerability to Brexit** (ranked 2 of 32 Scottish local authorities with 50% of communities at datazone level within the 20% most vulnerable communities to Brexit in Scotland)

NOTES:

1. Accommodation and food services, Construction, Manufacturing, Wholesale, retail and repairs, arts entertainment and recreation