

*Loch Kemp Storage - EIA Report*

*Appendix 20.1: Socio-economic Baseline*

*November 2023*

**ash**  

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## Appendix 20.1: Socio-economic Baseline

### 20.1 Socio-economic Baseline

#### Population

- 20.1.1 THC area has a population of over 238,100 residents and witnessed an increase of 2.3 % over the period 2011 to 2021 – compared to 3.4 % increase at the Scottish level and an 5.9 % rise at the national (Great Britain) level. The area has witnessed a slower population increase than the Scottish and Great Britain (GB) increases.

**Table 20.1a: Population, 2021**

Population Type	Highland	Scotland	Great Britain
	(Numbers)	(Numbers)	(Numbers)
All People	238,100	5,479,900	65,121,700
Males	116,700	2,672,600	31,874,600
Females	121,300	2,807,300	33,247,100

Source: ONS Population Estimates 2020

- 20.1.2 In terms of population projections to 2043, as supplied by the National Records of Scotland<sup>1</sup>, population across the Highlands is forecast to decrease by 1.0 %, compared to a predicted 2.5 % growth nationally.
- 20.1.3 In terms of population projections, the Highlands is expected to see a rise of 79 % increase in the number of people aged over 75 years in the period to 2043, compared to 71 % nationally.
- 20.1.4 In terms of the working age population, 60.8 % of the regional population is of working age, compared to 63.8 % and 62.9 % at the Scottish and GB levels respectively. This indicates that the area has a lower proportion of people of working age, which can be seen to be an economic challenge in terms of securing future economic prosperity.

**Table 20.2a: Population Aged 16-64, 2021**

Population Type	Highland	Highland	Scotland	Great Britain
	(Numbers)	(%)	(%)	(%)
All People Aged 16-64	144,700	60.8	63.8	62.9
Males Aged 16-64	71,500	61.3	64.4	63.3
Females Aged 16-64	73,200	60.3	63.2	62.6

Source: ONS Population Estimates 2020

<sup>1</sup> National Records of Scotland (2020), Population Projections for Scottish Areas (2018-based)

### Economic Activity

- 20.1.5 Table 20.3a below highlights that the Highlands has a lower proportion of working age people who are economically active, when compared to the Scottish and GB levels. The regional area also has a higher proportion of self-employed people than recorded nationally and at the GB level.

**Table 20.3a: Employment and Unemployment, 2022**

Employment Type	Highland	Highland	Scotland	Great Britain
	(Numbers)	(%)	(%)	(%)
Economically Active	111,600	74.3	77.1	78.5
In Employment	107,700	71.5	74.4	75.6
Employees	90,100	60.8	66.5	66.0
Self Employed	17,600	10.7	7.6	9.3
Unemployed (Model-Based)	3,100	2.8	3.4	3.6

Source: ONS Annual Population Survey, 2022

- 20.1.6 This suggests that the region has fewer people of working age, and those who are of working age are less economically active than recorded nationally and at the GB level. This is an economic challenge and one which the Proposed Development can support. A more detailed assessment of unemployment is set out later in this section.

### Economic Inactivity

- 20.1.7 Corollary to lower economic activity rates the Highlands has a higher rate of economic inactivity, as shown below.

**Table 20.4a: Economic Inactivity, 2022**

Unemployment Status	Highland	Highland	Scotland	Great Britain
	(Numbers)	(%)	(%)	(%)
Total	36,300	25.7	22.9	21.5
Student	N/A	N/A	22.6	26.3
Looking After Family / Home	N/A	N/A	16.7	19.8
Temporary Sick	N/A	N/A	3.1	2.2
Long-Term Sick	9,900	27.3	32.1	25.8
Discouraged	N/A	N/A	N/A	0.3
Retired	10,900	30.1	14.7	13.8
Other	N/A	N/A	10.4	11.7
Wants a Job	8,100	22.3	20.2	18.1
Does Not Want a Job	28,200	77.7	79.8	81.9

Source: ONS Annual Population Survey, 2022

- 20.1.8 It is worth noting that of those economically inactive, the region has a higher proportion of people who 'want a job' (22.3 %) compared to the GB (18.1 %) level. This suggests there is more of a desire

to find work in the Highlands than recorded nationally. Also, it is apparent that there are also a lot more retired people in the Highlands (30.1 %) compared to the Scottish (14.7 %) and GB (13.8 %) levels.

### Workless Households

- 20.1.9 In terms of worklessness, there are more households in the region, compared to the Scottish and GB levels, that are workless households.

**Table 20.5a: Workless Households, 2021**

Workless Households	Highland	Scotland	Great Britain
Number Of Workless Households	12,100	329,200	2,866,800
Percentage Of Households That Are Workless	19.7	18.6	14.0
Number Of Children in Workless Households	N/A	102,400	1,249,200
Percentage Of Children Who Are in Households That Are Workless	N/A	12.0	10.2

Source: ONS Annual Population Survey, 2021

### Claimant Count Unemployment

- 20.1.10 The latest claimant count unemployment rate highlights that the region has a lower rate than the Scottish rate. The unemployment rate is also below the GB average.

**Table 20.6a: Claimant Count by Sex, May 2023**

Population Type	Highland (Numbers)	Highland (%)	Scotland (%)	Great Britain (%)
All People	3,395	2.3	3.2	3.7
Males	1,960	2.7	3.9	4.3
Females	1,435	2.0	2.5	3.1

Source: ONS Claimant Count, May 2023

- 20.1.11 At all spatial levels, unemployment has been falling for around 24 months, since March 2021, when regional unemployment peaked at 5.4 %, Scottish unemployment at 6.1 % and GB unemployment at 6.4 %. It has been falling as the economy recovers from the Covid-19 pandemic.
- 20.1.12 In terms of unemployment by age range, the regional position is better than the Scottish situations across all age ranges. It also outperforms the GB position in all age groups except those aged 16 – 17 years old.

**Table 20.7a: Claimant Count by Age, October 2022**

Age Range	Highland (Numbers)	Highland (%)	Scotland (%)	Great Britain (%)
Aged 16+	3,395	2.3	3.2	3.7

Aged 16 To 17	25	0.5	0.5	0.2
Aged 18 To 24	560	3.4	4.3	4.8
Aged 18 To 21	340	3.7	4.6	4.9
Aged 25 To 49	1,895	2.8	3.7	4.2
Aged 50+	910	1.7	2.2	2.7

Source: ONS Claimant Count, October 2022

- 20.1.13 In terms of benefit claimants by type, the area has a lower rate of job seeker allowance claimants and lone parent claimants. However, it has a slightly higher proportion of disabled and bereaved claimants. It should be noted that this dataset has been discontinued and is based on figures from 2016.

**Table 20.8a: Economic Activity, 2016**

Benefit Claimants	Highland	Highland	Scotland	Great Britain
	(Numbers)	(%)	(%)	(%)
Total Claimants	15,040	10.4	13.0	11.0
Job Seekers	1,110	0.8	1.4	1.1
ESA And Incapacity Benefits	8,740	6.0	7.8	6.1
Lone Parents	920	0.6	0.9	1.0
Carers	2,250	1.6	1.7	1.7
Others On Income Related Benefits	220	0.2	0.2	0.2
Disabled	1,430	1.0	0.9	0.8
Bereaved	370	0.3	0.2	0.2
Main Out-Of-Work Benefits	10,990	7.6	10.2	8.4

Source: DWP Benefit Claimants – Working Age Client Group, 2016

- 20.1.14 Overall, in terms of ‘main out of work benefits’ the Highlands has a lower proportion of claimants than recorded at the Scottish and GB levels.

#### Employment by Occupation

- 20.1.15 Table 20.9a highlights the type of employment at the Highlands, Scottish and GB levels. It indicates that the region has a higher proportion of skilled trade; caring, leisure and service; process plant and machine operatives; and elementary occupations than the Scottish and GB levels.

**Table 20.9a: Employment by Occupation, 2021 - 2022**

Occupation Type	Highland	Highland	Scotland	Great Britain
	(Numbers)	(%)	(%)	(%)
Soc 2020 Major Group 1-3	43,000	40.0	49.0	51.6
1 Managers, Directors And Senior Officials	9,400	8.8	7.9	10.4
2 Professional Occupations	18,900	17.5	25.9	26.2
3 Associate Professional Occupations	14,700	13.7	14.9	14.8

Soc 2020 Major Group 4-5	21,600	20.0	18.2	18.8
4 Administrative & Secretarial Occupations	10,300	9.6	9.3	10.0
5 Skilled Trades Occupations	11,200	10.4	8.8	8.7
Soc 2020 Major Group 6-7	23,100	21.5	16.6	14.5
6 Caring, Leisure And Other Service Occupations	12,500	11.6	8.9	8.0
7 Sales And Customer Service Occupations	10,600	9.8	7.7	6.4
Soc 2020 Major Group 8-9	20,000	18.5	16.1	15.1
8 Process Plant & Machine Operatives	N/A	N/A	5.6	5.6
9 Elementary Occupations	13,300	12.4	10.5	9.5

Source: ONS Population Survey, 2022

20.1.16 Regionally there are fewer people employed in professional, associate professional, technical, sales and customer service occupations.

#### Jobs

20.1.17 The region has a lower proportion of full-time jobs and more part-time jobs than the Scottish and GB levels.

20.1.18 In terms of industry of employment, the Highlands have higher rates of water supply related posts, construction jobs, wholesale and retail trade, accommodation and food service occupations, education, health and social work jobs and arts, entertainment and recreation posts.

20.1.19 The construction sector is well represented at the Highlands level, suggesting the local area is well positioned to benefit from aspects of the Proposed Development, as shown in Table 20.10a below.

**Table 20.10a: Employee Jobs, 2021**

Employment Type	Highland	Highland	Scotland	Great Britain
	(Numbers)	(%)	(%)	(%)
Total Employee Jobs	109,000			
Full-Time	69,000	63.3	66.4	68.1
Part-Time	39,000	35.8	33.6	31.9
<b>Employee Jobs by Industry</b>				
B: Mining and Quarrying	400	0.4	1.0	0.1
C: Manufacturing	6,000	5.5	7.1	7.6
D: Electricity, Gas, Steam and Air Conditioning Supply	1,250	1.1	0.7	0.4
E: Water Supply; Sewerage, Waste Management and Remediation Activities	2,000	1.8	0.8	0.7
F: Construction	8,000	7.3	6.1	4.9
G: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	17,000	15.6	14.4	14.4
H: Transportation and Storage	4,500	4.1	4.2	5.1
I: Accommodation and Food Service Activities	12,000	11.0	7.6	7.5
J: Information and Communication	2,250	2.1	3.1	4.5
K: Financial and Insurance Activities	800	0.7	3.1	3.6
L: Real Estate Activities	1,500	1.4	1.5	1.8

Employment Type	Highland	Highland	Scotland	Great Britain
	(Numbers)	(%)	(%)	(%)
M: Professional, Scientific and Technical Activities	5,000	4.6	6.5	8.9
N: Administrative and Support Service Activities	6,000	5.5	8.0	8.9
O: Public Administration and Defence; Compulsory Social Security	6,000	5.5	6.6	4.6
P: Education	9,000	8.3	8.7	8.8
Q: Human Health and Social Work Activities	19,000	17.4	15.9	13.7
R: Arts, Entertainment and Recreation	3,500	3.2	2.5	2.3
S: Other Service Activities	2,000	1.8	1.8	1.9

Source: ONS Annual Population Survey, 2021

- 20.1.20 The region has a lower proportion of mining and quarrying roles, manufacturing employment, Information Technology and Communications (ITC) roles, financial service posts, professional services, administrative, public administrative related jobs and education posts. The manufacturing sector is underrepresented which may affect the region's ability to benefit from the Proposed Development.

#### Businesses

- 20.1.21 In terms of the business base, the Highlands has a higher proportion of micro enterprise and smaller business units (in terms of employment numbers) than witnessed at the national (Scottish) level. The incidence of larger businesses is lower in the regional level than recorded nationally as shown in Table 20.11a.

**Table 20.11a: Business Counts, 2022**

Business Type	Highland	Highland	Scotland	Scotland
	(Numbers)	(%)	(Numbers)	(%)
<b>Enterprises</b>				
Micro (0 To 9)	9,590	88.8	152,470	87.8
Small (10 To 49)	1,060	9.8	17,775	10.2
Medium (50 To 249)	130	1.2	2,730	1.6
Large (250+)	25	0.2	675	0.4
Total	10,805	-	173,655	-
<b>Local Units</b>				
Micro (0 To 9)	11,345	83.1	177,455	81.2
Small (10 To 49)	1,960	14.4	33,375	15.3
Medium (50 To 249)	315	2.3	6,580	3.0
Large (250+)	25	0.3	1,060	0.5
Total	13,645	-	218,470	-

Source: Inter Departmental Business Register, 2022

### Qualifications

- 20.1.22 In terms of education attainment levels, the region has a lower proportion of higher qualified residents and also has a lower proportion of residents with no qualifications than recorded at the Scottish level as show in Table 20.12a. The region does have a higher proportion of people with mid-level qualifications.

**Table 20.12a: Qualifications, 2021**

Qualification Type	Highland	Highland	Scotland	Great Britain
	(Numbers)	(%)	(%)	(%)
<b>Individual levels</b>				
NVQ4 and Above	63,500	44.8	50.0	43.6
NVQ3 and Above	88,100	62.3	64.8	61.5
NVQ2 and Above	118,600	83.8	79.6	78.1
NVQ1 and Above	129,100	91.2	86.4	87.5
Other Qualifications	N/A	N/A	5.8	5.9
No Qualifications	7,600	5.4	7.8	6.6

Source: ONS Annual Population Survey, 2021

### Earnings

- 20.1.23 In terms of weekly wages pay, the region has higher rates than those achieved at the Scottish and GB levels as presented in Table 20.13a. However, the hourly rates are mainly below the Scottish and GB levels.

**Table 20.13a: Earnings by Place of Residence, 2022**

Employee Type	Highland	Scotland	Great Britain
	(£)	(£)	(£)
<b>Gross weekly pay</b>			
Full-Time Workers	664.3	640.3	642.2
Male Full-Time Workers	678.3	675.1	687.2
Female Full-Time Workers	626.3	604.7	584.5
<b>Hourly pay – excluding overtime</b>			
Full-Time Workers	16.39	16.59	16.37
Male Full-Time Workers	16.10	16.91	16.97
Female Full-Time Workers	16.63	16.29	15.49

Source: ONS Annual Survey of Hours and Earnings, 2022

### Scottish Index of Multiple Deprivation

- 20.1.24 The Scottish Index of Multiple Deprivation (SIMD) ranks all of the 6,976 data zones across Scotland<sup>2</sup>. The data zones are ranked from 1 (most deprived data zone) to 6,976 (least deprived).
- 20.1.25 The ranking is based on a number of indicators across seven categories: income, employment, health, education, skills and training, housing, geographic access and crime. Data zones ranked between 1 and 1,185 are the most deprived 15 % of data zones and those ranked between 1 and 1395 are the most deprived 20 %.
- 20.1.26 THC has 21 data zones (from a total of 312 Highland data zones) designated within the most deprived 20 % in Scotland, this is an increase from SIMD 2012 when the local authority had 17 wards designated within the most deprived 20 % in Scotland. Although the Highlands cannot be deemed to be an area of deprivation, there remain pockets of deprivation, largely in and around Inverness, Fort William, Wick and Dingwall and this position has worsened over the period from 2012 to 2016.
- 20.1.27 A review of the SIMD in 2020<sup>3</sup>, highlights that THC was one of only six local authorities to witness a further increase in deprivation, and this continues to be a worrying trend for the Highlands. There are wards in Inverness which are in the most deprived 10 % in Scotland.

### Local Baseline

- 20.1.28 A headline overview of the local economy, which is defined as the Inner Moray Firth area.
- 20.1.29 A review of Highlands and Islands Enterprise's Economic Profile for the Inner Moray Firth<sup>4</sup> has been completed and the following summary of the local area is presented below:
- Total population was 158,253 in 2020, an increase of 2.9 % from 2011;
  - Population density (20 people per sq. km) is higher than that for the Highlands and Islands;
  - (12 people per sq. km) but lower than the Scottish average (70 people per sq. km);
  - The Inner Moray Firth has a younger age profile than the Highlands and Islands but older than Scotland;
  - An Economic Activity rate (81.6 %) in line with the Highlands and Islands (80.9 %) but higher than Scotland (79.4 %);
  - A percentage of self-employed (10.6 %) above the Scottish average Scotland (8.4 %) but lower than the Highlands and Islands (11.6 %); and
  - An employment rate (80.2 %) above the Highlands and Islands (77.5 %) and higher than Scotland (77.5 %).
- 20.1.30 The Inner Moray Firth experienced population growth between 2011 and 2020. While the population is projected to decline by 2043, there is variation across the area. It has a younger age

<sup>2</sup> Scottish Government (2016), Scottish Index of Multiple Deprivation

<sup>3</sup> Scottish Government (2020), Scottish Index of Multiple Deprivation

<sup>4</sup> HIE (2020), Inner Moray Firth Economic Profile

profile than the average regionally, although still a higher dependency ratio than nationally at 62.6 %, compared to 56.5 % nationally, in other words it has an older age demographic.

20.1.31 The Inner Moray Firth area will need to respond to the requirements of young people who have been disproportionately affected economically, given its younger age profile than the rest of the region.

- Inner Moray Firth is likely to be harder hit than the Scotland average, but fare better than more remote parts of the region given:
  - Expected GVA decrease of -£756 million across Highland in 2020, a decline of 11.7 %, in line with the regional average (11.7 %) but higher than the national level (10.7 %);
  - While the area has a higher share of employment in the five sectors most exposed to COVID-19 overall compared to regionally and nationally (43 % compared to 41 % and 38 % respectively), Inner Moray Firth has a more diverse sector employment base than other parts of the region, increasing its relative resilience;
  - Its existing vulnerability to Brexit (Highland is ranked 19<sup>th</sup> of 32 Scotland local authorities), although Inner Moray Firth is likely to be more resilient than more rural parts of Highland; and
  - 15 % of the population of Inner Moray Firth live in datazones within the 20 % most vulnerable in Scotland, in line with the proportion across Highland (15 %) and nationally (14 %).