

Shetland Partnership Plan Development Process

Session 3 | Wednesday 2nd September 2026 | Mareel, Lerwick

About This Session

Session 3 of the Shetland Partnership Plan development process took place on Wednesday 2nd September 2026 at Mareel, Lerwick. The Session was also open to online attendees. In total, 56 people attended in person and 11 joined online, representing 38 organisations; another strong turnout. Participants were drawn from across Shetland's statutory organisations, Community Councils, Community Development Organisations and third sector bodies. Representation was from across the islands.

The theme of the Session was **Shetland's Population and Economy**, the second of the thematic Sessions in the process.

What Happened on the Day

The Session was structured across five parts.

It opened with a short introduction from the **Session Chair, Gary Robinson**, setting out the purpose of the next Partnership Plan and the timescale it covers, 2028 to 2043, and reminding participants that the seven children at the heart of the process, Olivia, George, Freya, Harry, Carrie, Lewis and Lottie, will be around 22 years old by the end of that period. This was followed by a summary from Emma Perring of the main themes to come out of Session 2 on inequalities, and how those themes connect to the day's discussion.

The main input was an evidence presentation from **Katrina Wiseman, Area Manager for Orkney and Shetland, Highlands and Islands Enterprise**. It drew on the two detailed evidence papers prepared ahead of the Session, on Shetland's Economy and Shetland's Population, and took the two subjects together rather than separately. The presentation covered Shetland's economic performance, the labour market and skills position, the key sectors the economy relies on, the changing shape of the population, the structural barriers that affect population resilience, and the scale of the major project pipeline now emerging.

Participants were then split into seven breakout groups (six in-person, and one online) for the first round of structured discussion. Groups were asked what had surprised, concerned or encouraged them about the evidence, what it means for their own organisation or community, what they see as the biggest risks and challenges for Shetland, and what happens if nothing changes. Each group fed back a single headline point in a short plenary.

After the break, **Neil Grant, Director of Development Services at Shetland Islands Council**, introduced three hypothetical scenarios for what Shetland's population and economy could look like in 2040: "incremental decline", "mixed bag" and "thriving and resilient". Each group was allocated one of the seven children, and used the scenarios to consider what each future would mean for that child and their family, and what it would mean in the context of Shetland's inequalities. Groups then moved on to identify two or three priorities Shetland needs to progress to support economic and demographic sustainability.

The Session closed with feedback from each group on their priorities, before closing remarks from Gary Robinson.



What the Evidence Told Us

On the whole, Shetland's story is a positive one. In 2025 it had the highest employment rate in Scotland, at 84.4% against 74.7% nationally, and the lowest unemployment rate, at 1.9%. It ranks fourth of Scotland's local authorities for GDP and GVP relative to Shetland's population size, and median household income, at £41,007, is close to the Scottish figure of £41,593.

Those figures have to be read alongside the cost of living. It costs 20% to 65% more to reach an acceptable standard of living in Shetland than for an equivalent UK household, so an income that looks reasonable nationally does not go as far here. As Session 2 showed, 20% of debt cases handled by Citizens Advice Shetland involved someone in full-time work.

This performance is also being carried by a workforce that is getting smaller. Shetland's population was 22,710 in 2025 and has looked broadly stable since the early 1980s, but over the last 20 years it grew by only 2.1%, against 8.5% for Scotland and 9.2% for Orkney. With birth rates falling, that stability now depends on attracting new residents and families, and on young folk staying or returning.

The change in the shape of the population is more concerning than the change in overall numbers. Shetland has seen the sixth largest fall in under-16s of any Scottish local authority, at 16.3% between 2005 and 2025, and the fifth largest rise in over-65s, while the working-age share has fallen from 64.4% to 59.7%. The population is projected to hold roughly steady to 2047, but around one in three people by then will be over 65, and there are geographical variations across the isles.

The labour market is already feeling this. The 2024 Shetland Skills Survey identified skills shortages as a material economic risk: 69% of employers had a hard-to-fill vacancy, 91% cited a lack of skilled applicants and almost half struggled to retain staff, with tourism and hospitality, construction and engineering, and health and social care under most pressure.

Around this sit structural barriers that reinforce one another: housing availability and affordability, the quality of employment and career progression, transport and digital connectivity, access to services, and the cost of island living and of doing business from a remote location.

The economy also leans on a small number of sectors. The top six industries account for 66.7% of all employment, seafood is by far the largest contributor to economic output, and Shetland Islands Council and NHS Shetland together employ around 30% of the working-age population. A downturn in any one, or sustained pressure on public spending, would be felt widely and quickly.

Energy transition is the biggest single variable. There are 18 strategic energy projects in a pipeline of more than 25 large-scale projects across energy, space, seafood and infrastructure. Peak demand for supply chain construction jobs is estimated at up to 1,490 around 2030, with a forecast 396 permanent operations and maintenance jobs longer term. However, this is set against the uncertain future of Sullom Voe Terminal and the Shetland Gas Plant beyond the mid-2030s. Most new projects have not reached final investment decision, so neither the timing nor scale of the benefit is guaranteed.



Reflections on the Evidence Base

Population

Participants broadly agreed that the evidence reflected challenges that are already being experienced across Shetland. There was a strong sense that demographic change is no longer a future risk but a current reality, characterised by an ageing population, a shrinking working age population, recruitment difficulties and increasing pressure on services. Many felt that doing nothing is not an option.

Participants repeatedly highlighted the interconnected nature of population and economic sustainability. A sustainable economy requires a sustainable population, while population growth and retention depend upon housing, employment opportunities, services and quality of life. Concerns were raised about declining school rolls, an increasing dependency ratio and the long-term sustainability of communities.

A consistent theme was the need to retain and attract young people and families while also creating conditions that encourage return migration. Participants recognised that people leave and return to Shetland at different stages of life, but concerns were raised that current conditions may discourage returners, notably the high cost of living, alongside transport and housing constraints.

Participants from remote and island communities highlighted that demographic change is often more acute in the outer isles. In some communities, participants described the loss of families creating immediate risks to schools, childcare provision, community support to emergency services and wider community sustainability.

Economy

Participants were generally positive about the economic opportunities emerging in sectors such as renewable energy, construction, space, tourism and associated supply chains. However, there was also concern about whether Shetland has the workforce, housing and infrastructure required to realise these opportunities.

Many questioned whether projected growth would automatically benefit local people or reduce inequalities. There was a strong desire to ensure that future developments deliver long term benefits for Shetland's communities and economy, rather than simply extracting value from the islands.

Participants stressed the importance of economic diversification and avoiding over reliance on any single sector. Concerns were raised that rapid growth in some industries could increase competition for labour and place additional pressures on sectors already experiencing workforce shortages, including health and social care, education, tourism, fishing and aquaculture.

Housing

Housing emerged as the strongest and most consistent theme across all discussions. Participants repeatedly described housing as the primary issue linking demographic and economic sustainability. Housing shortages affect workforce attraction and retention, population growth, return migration, service delivery and community sustainability.



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Concerns included affordability, availability, construction costs, material costs and the suitability of current housing provision. Particular concerns were raised regarding housing needs in rural and island communities, where housing shortages can prevent key workers and families from moving to or remaining in communities.

Energy

Participants recognised the significant opportunities associated with renewable energy but questioned whether Shetland is currently securing sufficient local benefit from its natural resources. There was frustration that locally generated energy does not always translate into lower costs for local households and businesses.

Fuel poverty and energy affordability were recurring concerns. Participants highlighted the potential benefits of lower energy costs, improved insulation, district heating schemes and exploration of Shetland specific energy pricing arrangements. Lower household energy costs were seen as helping reduce poverty, improve health outcomes and increase disposable income.

Transport and Digital Connectivity

Transport was consistently identified as a critical enabler of economic participation, access to services and quality of life. Concerns included the high cost of travel to and from Shetland, affordability of internal transport, and the importance of maintaining connectivity between communities.

Participants from remote areas emphasised that transport and connectivity can determine whether communities remain viable. Fixed links, improved ferry services and improved digital connectivity were viewed as potentially transformative for some communities. Concerns were also raised about areas that continue to experience poor broadband and digital infrastructure.

Childcare

Childcare was identified as a critical enabler of population and economic sustainability, particularly in rural and remote communities. In some remote areas, gaps in childcare were seen as a direct factor in families leaving, while changes in local provision could have significant consequences for both household employment and community sustainability.

Other Interacting Factors

Several additional themes emerged consistently:

- The importance of joined up planning across housing, economy, workforce, education, transport and health.
- Concerns about workforce shortages in both existing and emerging sectors.
- The need to support people through workforce transitions.
- The role of community resilience, volunteering and social enterprise.
- Concerns about volunteer fatigue and over reliance on a small number of individuals.
- The importance of communicating both challenges and opportunities more effectively.
- A perception that many residents do not fully appreciate the scale of the demographic and economic challenges facing Shetland and the impact this and will have on delivery of services.



Exploring the Scenarios

Incremental Decline was viewed overwhelmingly negatively, with many participants expressing concern that elements of this scenario are already being experienced in parts of Shetland. Participants anticipated continued population decline, outward migration of young people and families, growing workforce shortages, increasing pressure on health and social care services, and a gradual erosion of community resilience. There were concerns that declining population and workforce numbers would reduce the resources available to support communities, while increasing demand from an ageing population would place additional pressure on already stretched services. Participants highlighted potential consequences including rising living costs, worsening affordability, greater reliance on unpaid carers and informal support networks, increased social isolation, and widening inequalities. Several participants from remote and island communities felt that this scenario was not a future possibility but a current reality, citing recent losses of schools, childcare provision, healthcare services and other essential infrastructure, and warning that once a community reaches a tipping point, decline can accelerate rapidly.

Mixed Bag was widely viewed as the most realistic representation of Shetland's current trajectory. Participants felt that while this scenario offered some positive developments, including potential growth in emerging industries, modest housing improvements and some inward migration, it would be unlikely to address the underlying demographic challenges facing the islands. Many saw it as largely representing a continuation of current trends, where opportunities exist but are not sufficient to reverse population ageing, workforce shortages or inequalities. There was concern that benefits would not be experienced equally across Shetland, with some communities, sectors and households doing well while others continue to struggle. Participants felt that housing shortages, recruitment difficulties and affordability pressures would remain significant issues, and that uncertainty about the long term future could still encourage some individuals and families to leave. Several participants noted that a mixed outcome risks creating or reinforcing a two speed Shetland, where some areas prosper while more remote communities continue to experience population loss and declining services.

Thriving and Resilient was consistently identified as the most desirable future, offering the greatest confidence in Shetland's long term sustainability. Participants associated this scenario with a stronger and more diverse economy, improved housing availability, better public services, stronger communities, and greater opportunities for young people and families. They felt it would increase Shetland's ability to attract and retain working age households, support workforce sustainability and provide greater confidence in the future. There was optimism that future generations could benefit from emerging economic opportunities in a way similar to previous generations during periods of major economic change, provided Shetland is proactive in preparing its workforce and infrastructure. Participants highlighted benefits such as lower energy costs, improved housing quality, stronger support for carers and older people, increased community resilience and improved quality of life. However, there was also recognition that achieving this future would require deliberate action and that economic growth alone would not be enough. Participants stressed the need to ensure that opportunities and investment are distributed fairly across Shetland, including remote and island communities, so that prosperity is shared and existing inequalities are not simply replicated in a more prosperous economy.



Implications for Inequalities in Shetland

Participants consistently highlighted that inequalities in Shetland extend beyond traditional measures of deprivation. Key concerns included: hidden poverty and in work poverty; fuel poverty; geographic inequalities; housing affordability; transport poverty; lack of childcare; service access inequalities; gender inequalities; the experiences of disabled people, carers and older people; alongside disparities between communities with differing levels of community capacity and resources.

There was a strong view that economic growth alone will not reduce inequality. Participants emphasised the importance of access to employment, transport, housing, training, childcare and services will influence who benefits from future opportunities.

Geographic inequalities were a recurring concern. Participants from remote communities highlighted the risk that some areas prosper while others continue to decline. They also noted that competitive funding processes can unintentionally widen inequalities between communities.

Key Priorities for Shetland

Sustainable Population

- Retain and attract young people, families and working age residents.
- Support return migration.
- Improve demographic balance.
- Sustain remote and island communities alongside mainland communities.

Sustainable Economy

- Diversify the economy.
- Retain more economic value locally.
- Maximise benefits from energy and emerging industries.
- Support entrepreneurship, social enterprise and community wealth building.
- Avoid over reliance on a small number of sectors or employers.

Skills and Workforce

- Develop skills for future industries.
- Expand apprenticeships.
- Improve vocational pathways.
- Invest in retraining and lifelong learning.
- Align education and workforce planning.
- Prepare people for changing technology and AI, in order to embrace the opportunities.
- Strengthen succession planning.

Reducing Inequalities

- Improve access to opportunities.
- Address fuel poverty and cost of living pressures.
- Support carers, vulnerable households and older people.
- Ensure future benefits are shared fairly across communities.



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How these are linked to these areas, which will be discussed in future Sessions:

Housing: increased availability of supply, including land, with a broader mix of tenures, improved affordability, improved stock, and addressing workforce housing requirements.

Transport: improve affordability and reliability, strengthen internal and external connectivity and explore long term transport solutions including fixed links where appropriate.

Digital Connectivity: improved connectivity and resilience for Shetland, prioritising rural and island locations experiencing weaker infrastructure.

Childcare: affordable, accessible provision for under-2s, nursery and wraparound care in enabling parents to work, retain employment and remain in their communities.

Community: strengthen community resilience, support community leadership and development capacity, reduce volunteer burnout, and encourage participation and social connection.

Levers of Change for Shetland

Participants identified several areas where Shetland can actively influence outcomes:

- Stronger collaboration across public, private, community and education sectors.
- More integrated planning across housing, workforce, education, health and economic development, particularly in Shetland's more remote areas – to address current workforce challenges and plan for a sustainable future
- To prepare Shetland's young people to live good quality lives in Shetland, as adults, including:
 - Greater investment in skills, apprenticeships and workforce development.
 - Stronger links between schools, training providers and employers.
 - Better communication of opportunities, challenges and future workforce needs.
- Supporting the community to understand the demographic and economic challenges Shetland faces, through clear and open communication, the implications to service delivery, to better understand the need for change.
- Community wealth building and securing greater local benefit from energy developments.
- Community led development and local empowerment.
- Flexible and innovative approaches to housing.
- Improved transport, digital connectivity and childcare.
- Better use of technology and innovation.
- Support for entrepreneurship and business growth.
- More responsive and timely decision making.
- Advocacy for policies that better reflect island circumstances.
- Strong leadership that builds confidence, supports informed debate and develops a shared vision for Shetland's future.

A recurring message throughout the discussions was that Shetland still has significant strengths, opportunities and resilience. However, participants consistently felt that achieving a thriving and resilient future will require deliberate action, long term thinking, effective collaboration and trust, and a willingness to address interconnected challenges in population, housing, workforce, infrastructure and community sustainability together, rather than in isolation. The importance of involving communities in shaping decision and future change, as a key partner alongside the public, private and third sectors.



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The following organisations were represented at this Session:

Brae Rural Energy Hub
Bressay Community Council
Bressay Developments Ltd
Delting Community Council
Fair Isle Development Company
Fetlar Community Association
Fetlar Community Council
Gulberwick, Quarff & Cunningsburgh Community Council
Gulberwick, Quarff & Cunningsburgh Development
Highlands and Islands Enterprise
Hjaltland Housing Association
Integrated Joint Board
Lerwick Community Council
NHS Shetland
Northmavine Community Council
Northmavine Community Development Company
Police Scotland
Sandness & Walls Community Council
Sandsting and Aithsting Community Council
Sandwick Community Council
Sandwick Social & Economic Development
Scalloway Community Council
Scalloway Community Development Company
Scottish Environment Protection Agency
Scottish Government
Shetland Arts
Shetland Charitable Trust
Shetland Community Benefit Fund
Shetland Net Zero Energy Forum
Shetland Islands Council
Skills Development Scotland
Tingwall, Whiteness & Weisdale Community Council
University of the Highlands and Islands (Shetland)
Visit Scotland
Voluntary Action Shetland
Whalsay Krik Development Company
Unst Community Council
Unst Partnership

