Remote Scotland

Spiralling Towards Unviability?

THE HIGHER COSTS AND COMPOUNDING DISADVANTAGES THAT FACE THOSE IN THE REMOTE HIGHLANDS

The EU provided hundreds of millions to the Highlands which has not been replaced

Rural people harmed by centralisation of services to Inverness and outside the Highlands

The renewables boom has provided minimal funding and jobs to the Highlands

A severe demographic crisis looms over rural and remote Scotland

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The EU provided hundreds of millions to the Highlands which has not been replaced

A week before becoming Prime Minister in 2019, Boris Johnson promised that not a penny of EU funding to rural areas would be lost as a result of Brexit. That promise has been broken. Scotland received only £212 million through the UK Shared Prosperity Fund between 2022-2025, a 60% shortfall. This was money that funded skills, infrastructure and community projects across the region. The Conservative Government failed to uphold this promise, but this UK Government must recognise the damage and take the only path to fix it - greater alignment and closer ties with a customs union and single market.

The renewables boom has provided minimal funding or jobs to the Highlands

Energy policy is substantially reserved to Westminster, yet for two decades successive UK Governments have failed to legislate for guaranteed community benefit from renewable development. Instead, the Highlands have been left to rely on voluntary "guidance": the Scottish Government's recommended rate for onshore wind was £5,000 per MW in 2014, rising only recently to only £6,000 - and even this is not mandatory. Pumped storage, an energy source set to expand rapidly in the region, is excluded from these arrangements altogether. The result is a region generating a disproportionate share of the UK's clean power while capturing a fraction of the benefit.

Rural people harmed by centralisation of services to Inverness and outside the Highlands

Scottish councils have been squeezed by tightening funding and rising statutory duties, and rural areas are absorbing the consequences. Rural schools cannot offer the breadth of subjects available in towns and cities. Care home capacity has shrunk even as demand has grown. Capital investment is repeatedly directed to populated centres, bypassing rural areas that need it most. Meanwhile, the cost of living and the distance to reach essential services in the Highlands bear no relation to the funding formulas designed for urban Scotland.

A severe demographic crisis looms over rural Scotland

Primary and secondary school rolls are collapsing. Limited STEM teaching and a lack of technical skills training through UHI mean young people leave to find opportunity elsewhere, often permanently. This is a bitter irony: the renewables sector is creating well-paid jobs on the Highlands' doorstep, but the qualifications needed to fill them are not available locally, so those jobs go to people from outside the region. At the other end of the age spectrum, the population aged 75+ has already increased by 71%, with too few people left to provide the care they will need.

Introduction

"Will there become a time when living and rearing a family in remote Scotland becomes unviable?"

Angus MacDonald
MP for Inverness, Skye and West Ross-shire

The rural Highlands and Islands are one of the most remarkable places in the world to live. An area with its distinct culture, music, language and traditions and a region so beautiful that huge numbers of visitors come from all over the world. But for too long, the people who call it home have faced a set of compounding disadvantages that those in cities do not encounter.

The cost of living here is simply higher: food, fuel, energy, travel, and basic services all carry a premium that accumulates, quietly and relentlessly across a lifetime. At the same time, incomes are lower, and job opportunities and economic prospects consistently fall behind the national average, leaving households caught between rising costs and insufficient means to meet them. And our demographic situation is worsening. Young people are leaving, not because they want to, but because the conditions that would allow them to stay aren't there. Communities are ageing, schools and care homes are closing, and the population trends point toward managed decline.

The EU provided hundreds of millions to Scotland before Brexit, with an emphasis on remote and disadvantaged areas. At the time the Prime Minister undertook to replace this, but this hasn't happened under either Conservative or Labour Governments.

Ministers from both Westminster and Holyrood need to acknowledge that the Highlands and Islands needs to be put into 'special measures', with a cross department working group, under a newly-appointed Minister for the Highlands and Islands, to focus on the many and inter-related challenges that uniquely impact remote Scotland.

Key statistics from across the report:

The percentage of people aged 75+ in the Highlands increased by 71.9% between 2001 and 2023

Between 2014 and 2024 the number of care homes for older people fell by 18% in the Highlands

Fibre coverage in Skye stands at just 13%, compared to 83% across Scotland and 89% across the UK

More than 1 in 5 children in the Highland area live in relative poverty

Out of 165 primary schools in the Highlands, only 35 are forecast to gain pupils in the next 10 years

Fuel poverty affects 33% of Highland households

Households in Lochalsh and Skye pay an estimated £1,000 more per year on energy than the Scottish average

Scotland received only £212 million through the UK Shared Prosperity Fund between 2022-2025, a 60% shortfall

Scotland's Rural Voice Survey (2025) found that:

- **70% of residents in remote rural areas feel they do not have a meaningful voice in decisions affecting them**
- **79% of residents in remote rural areas feel that politicians do not understand the needs of rural communities**
- **80% of rural residents agree that there has been a lack of investment in infrastructure, such as housing, roads and public transport in rural Scotland, while only one in seven (15%) agree that public services are meeting the needs of rural communities in Scotland.**
- **The survey described rural poverty as "both persistent and under-recognised," with communities experiencing the compounding effects of service withdrawal, housing pressure, and economic narrowing simultaneously**
- **Those in the Highlands and Islands were more likely than rural residents in other regions to feel that rural communities lack a meaningful voice in decision-making and that policymakers do not understand their needs and situation.**

Risk Level and Key Indicators

Issue	Status	Trend
Loss of EU Structural Funds	🔴 Critical	Worsening
Health Services	🟠 Serious	Worsening
Education & Schools	🟠 Serious	Worsening
Work and Economy	🟠 Serious	Worsening
Housing	🔴 Critical	Worsening
Energy & Fuel Poverty	🔴 Critical	Worsening
Food Security	🟠 Serious	Worsening
Transport	🔴 Critical	Slowly Improving
Digital Connectivity	🟠 Serious	Slowly Improving
Social Care	🔴 Critical	Worsening

With thanks and credit to the Scottish Human Rights Commission (2024) for the inspiration of the 'traffic light' system

Widespread Fears over the Cost of Living in Scotland

- **For the first time, the cost of living has overtaken healthcare and the NHS as the single biggest concern for Scots for the first time in nearly three years.**
- **Almost one in two Scots (47%) now rank the cost of living and inflation among the top issues facing the country.**
- **54% say they have cut back on leisure activities, while 52% of Scots have reduced non-essential spending.**
- **More than two in five Scots (41%) say they have dipped into savings to cope with rising costs.**

Understanding Scotland Economy Tracker, The David Hume Institute & the Diffley Partnership

Loss of European Funding

🔴 Critical

Key facts

- Between 2000 and 2018, the Highlands and Islands benefitted from EU Structural Funds (ERDF and ESF) and support for Agriculture and Fisheries of more than €1.2bn. Together with national funding, this delivered **a package of strategic, transformational and community level projects totalling over €2.5bn** (Convention of the Highlands and Islands, Scottish Government, 2018).
- At the Scotland-wide level, the UK Government allocated £212 million to Scotland over three years through the UK Shared Prosperity Fund, against an EU-equivalent value of around £549 million - a **shortfall of £337 million, or a 60% drop. For the Highlands, the UKSPF budget for 2022–25 was just £9.4 million.**

The withdrawal of European Union funding since the 2016 referendum was a significant blow to the Highlands and Islands. **Boris Johnson**, one of the primary architects of the Brexit vote, promised in July 2019 that as Prime Minister, **"I can assure you under my leadership, no rural area will be left behind, and I have pledged that more funds will be made available to address imbalances that affect rural communities" (Countryside Alliance, 2019).** The unique needs of the Highlands and Islands was recognised by the decision for it to retain separate regional programmes until the 2014-2020 period, in recognition of its status as a 'Transition region' facing specific challenges associated with peripherality, rurality, sparsity of population and with numerous island communities.

However, since this ended, the region has been dealing with an enormous gap in funding. As highlighted above, replacement UK Government funding has been unable to match the previous amounts from the EU. Meanwhile, major Scottish infrastructure investment over the past 25 years - the Forth Crossing, Aberdeen bypass, Edinburgh trams, M8 and A9 upgrades, the Borders Railway - have been concentrated overwhelmingly in the Central Belt. The North and West Highlands are conspicuously absent.

The projects that EU funding made possible are well-known, including the following, drawn from the European Policies Research Centre's 2025 report, "What Has EU Policy Cohesion Ever Done for Us?": Kylesku bridge, the causeways linking Hebridean islands, the A830 to Mallaig, harbour and ferry infrastructure in Mallaig, Stornoway, and Ullapool.

Their report also highlighted the role that EU funds played in supporting the University of the Highlands and Islands (UHI), as the case study (right) shows.

The University of the Highlands & Islands (UHI) operates through a dispersed partnership of 13 independent colleges and research institutions, covering some of the most remote and isolated communities in Scotland. Since 1994, ESF and ERDF support for the university network has amounted to over £100 million, from successive Highlands & Islands programmes, contributing to total investment of over £300 million.

Outputs, results and impacts of UHI in the region included:

- Physical estates at 13 academic partners and learning centres in remote and peripheral locations.
- IT connectivity and high specification VC facilities (involving c. 200 VC studios and 14,000 VCs per annum in 2015, making UHI the foremost educational user of VC in the UK at that time.
- High quality online curriculum provision backed up by learner support and increased research capacity in key strengths such as marine science, environment, creative and cultural industries, health and wellbeing, and providing a springboard for participating in other funding streams.
- Higher number of learners accessing university-level education at more locations across the Highlands & Islands.
- Support for PhDs and building research capacity in the region in areas of competitive advantage, e.g. marine and environmental science, archaeology, life sciences, agronomy etc.
- Creating well paid jobs and providing business support.

In short, the EU funding enabled a university driving the regional economy and development, with increased student numbers – retaining young people who would otherwise leave – the so-called 'lost population' thereby addressing the demographic challenge and attracting people from other regions.

Case Study: The Western Isles Spinal Route

- The Western Isles spinal route - the chain of roads and causeways linking Barra, Vatersay, South Uist, Benbecula, North Uist, Berneray and Harris into a single connected corridor - stands as one of the clearest examples of what EU structural funding initiated, and what its withdrawal now threatens to leave permanently unfinished.
- Successive phases of the route were built with the direct support of European structural and regional development funds, alongside Scottish Government investment, starting to transform a collection of isolated island communities into a connected chain for the first time. This islands' road network - used daily for healthcare access, schooling, freight, and emergency services - still consists of disconnected fragments.
- The route remains incomplete. The final connection between Barra and South Uist, and North Uist and Harris, has not been funded since the EU funding streams that built the earlier phases ended. There is currently no equivalent funding mechanism positioned to finish what European investment started.

Solutions

- For the UK Government to put in place programmes that replace the EU growth funds and ensure programme allocations do not disadvantage rural and island areas.
- For the Scottish Government to continue investing in the Community-Led Local Development (CLLD) programme which is the Scottish replacement of LEADER. There are 20 Local Action Groups serving rural and island areas, which currently distribute about £9million per annum CLLD funding - while this is a fraction of the value of the EU funds, the return on investment from the CLLD model is significant.
- For the UK Government, Scottish Government, and CoSLA to review financial allocation formulas for rural and island places, including growth funding mentioned above, and how Scottish local authorities agree settlements. The formula used to distribute resource allocations across local authorities is heavily weighted towards metrics such as population numbers, school rolls and SIMD, with 'rurality' a specific consideration only in a limited proportion of decisions. The formula for allocation of UK growth funds is similarly weighted.

The ask: Ring-fenced capital funding to complete the Western Isles spinal route, and a long-term replacement mechanism for EU structural and regional development funding that reflects the true scale of what the Highlands and Islands previously received.

This is ultimately a question of **parity**. Communities in the Highlands and Islands were not asking for special treatment under EU funding arrangements - they were receiving funding commensurate with the genuine additional costs of delivering infrastructure and services across a remote, dispersed, and sparsely populated region. The withdrawal of that funding, without a mechanism of equivalent scale to replace it, has left the region disproportionately exposed at precisely the point when its infrastructure and demographic pressures are increasing.

Health Services

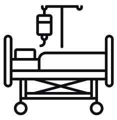
🟠 Serious, trending 🔴

Key facts

- NHS Highland is the largest health board in Scotland, covering an area of 12,500 square miles, serving a patient population of nearly 338,000 people. By area, it is larger than Belgium.
- Over 50% of the population live in areas classified among the most access-deprived in Scotland.
- In north Sutherland, some residents reported not having seen a dentist for 10–15 years due to the lack of local provision.
- In some areas, children face six-hour round trips for short orthodontic appointments due to a lack of dental services in rural areas.
- Reimbursement schemes are in place for travel to appointments, but they are seen as outdated. Currently, patients receive 17p per mile for travel expenses, far below the 55p per mile rate reimbursed by other public bodies in Scotland.
- Between 2019/20 and September 2024, NHS Highland spent more than £39 million on locum consultant doctors

At the level of basic availability, critical gaps exist across a wide range of services including general practice, dentistry, mental health, sexual and reproductive health, and drug and alcohol support. In several communities, GP surgeries have closed without replacement, leaving residents, particularly the elderly and disabled, without accessible primary care.

In Portree Hospital, there is still no access to walk in 24/7 Urgent Care despite the recommendations of the Ritchie Report.



Raigmore Hospital in Inverness spent 104 days between 1 April 2024 and 31 March 2025 in "code black" indicating the highest level of overcapacity

There have been positive developments. The National Treatment Centre in Inverness has dramatically reduced waiting lists across NHS Highland, especially for hip replacements, knee replacements, and ophthalmology. NHS Highland has also significantly cut waiting lists for children's mental health services, leaving only two children waiting longer than 18 weeks as of June 2026. This is a significant success, since as recently as April 2024, children in NHS Highland were nearly 10 times more likely to wait more than a year for treatment than in NHS Scotland as a whole, and make up nearly a third of all of those waiting more than a year for treatment across Scotland.

The Belford Hospital in Fort William has secured £202 million in capital funding for a redeveloped hospital, which, when completed, will help safeguard and protect health services for the west coast, which will provide a modern accident and emergency department, surgical operating theatres, a radiology department, a renal unit and maternity ward.

Case Study: Maternity and Gynaecological Services

- More than 14,000 women every year travel to Inverness for routine, emergency, and acute maternity services following the downgrade of maternity services in Wick.
- Women surveyed by the Scottish Human Rights Commission reported feeling unsafe, terrified by the possibility of giving birth en-route, and frightened by night-time driving.
- NHS Highland is experiencing significant workforce challenges in gynaecology oncology, reflecting national shortages in specialist-trained consultants. The service is currently delivered by a single-handed Gynaecology Oncology Consultant, supported by locum activity where available.
- There are 2,314 patients waiting for an appointment with a specialist, with a median wait of 16 weeks.

Case Study: Dental Deserts

- In October 2025, less a third of Highland dental practices were taking on new NHS patients. Just 12 out of 59 clinics across the region were registering adult patients without waiting lists or age restrictions, and even then, mostly concentrated in Inverness.
- In many smaller remote islands, there is no permanent dentist. On Tiree, dentists travel to the island for single day clinics. However, since Covid-19, dental care has rapidly deteriorated, with visits cut from five full days every two months, to two five hour visits each fortnight. If there is any travel disruption, the visits are cancelled, leaving people dealing with dental pain and unaddressed issues.
- A woman on Tiree spoke to the *Northern Times* in April 2026, stating: "I've spoken to other mums and a lot have given up and taken their children to mainland dentists. I have tried to get an appointment in Oban however the last two dates they gave me would have meant four whole days off school for my children, four days off work for me and four nights accommodation to pay for." Her family have had no on-island appointments since January 2023.
- An FOI request in July 2024 found that 1,034 people in the Highlands have left an NHS dentist for private dental care since 2019.
- Tooth decay in five-year-olds in the most deprived communities stood at 42.7%, compared with 15.4% in the least deprived.

NHS Highland's mental health provision has genuinely improved in recent years, particularly for children and young people: CAMHS waiting times have fallen substantially from the position that saw the board ranked among the worst-performing in Scotland. This progress should be recognised. But improvement at board level does not always translate into continuity of care for individual patients, particularly those who move between health board areas at a vulnerable moment in their treatment, as the testimony (right) speaks to.

Moreover, while CAMHS seen improvement, NHS Highland's Neurodevelopmental Assessment Service waiting list has grown to 2,197 patients, with only 138 seen within the 18-week target, meaning that some patients faced waits of three to five-plus years for a first appointment.

"[I feel] completely stuck, forgotten about, and without any meaningful support...It feels like I am being passed around between services with no continuity of care, no urgency, and no proper intervention despite how serious my situation is."

Testimony from a 19 year-old constituent, who found that following a move from Orkney to Skye, she was at the bottom of the waiting list.

As of late May 2026, she had been waiting for more than a year, and spoke of feeling dismissed and disregarded despite suicidal ideation.

Solutions

- Secure capital funding to enable medical and dental training to take place in Inverness, securing a Highland-based training hub for doctors and dentists.
- Institute an obligatory "rural assessment" to ensure that medical provision accounts for the needs of rural and remote communities.
- Invest in telehealth infrastructure to reduce the need for in-person travel for routine appointments where possible while maintaining the right to in-person services.
- Bring travel reimbursement in line with the 55p per mile standard used by other Scottish public bodies.
- For the Scottish Government to implement in full the recommendations from the Richie Report.

Childcare and Education

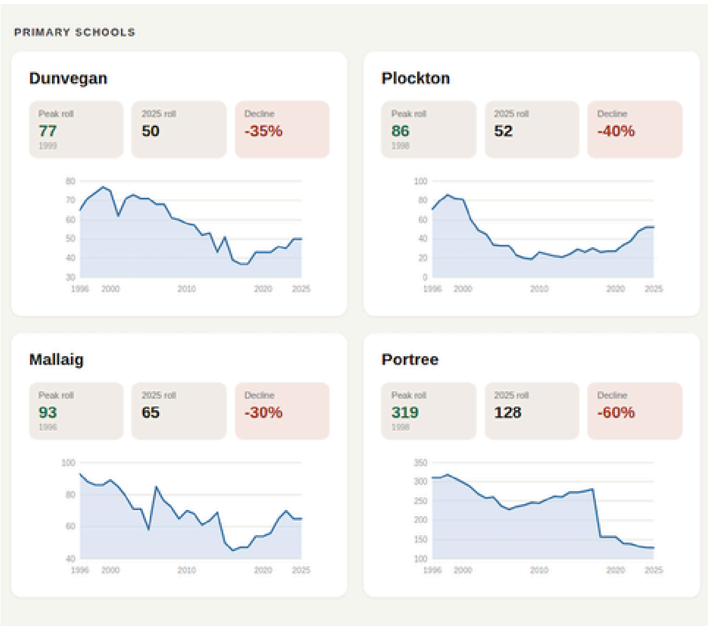
🟠 Serious, trending 🔴

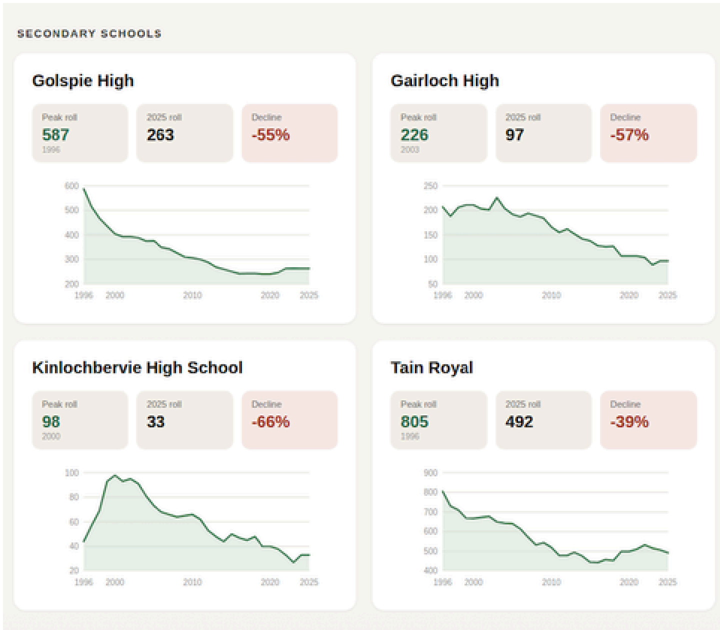
Key facts

- Highland Council currently has a total of 57 teaching vacancies across STEM subjects and English, leading to fears that children will face long-term disadvantage.
- Between 2001 and 2023, the percentage of younger people (0-15) decreased by 10.1% in the Highlands, and by 2028 is projected to fall by a further 14.1% - with remote areas witnessing a much more dramatic decline in young than the Highland-wide statistics reveal.
- School rolls have seen long-term decline across rural and remote areas.
- Teacher allocation is tied to pupil numbers, creating annual instability.

Second homes, holiday homes, retirement havens, soaring energy prices, and loss of local jobs, have all priced Highland families out of local housing markets with declining school populations as one of the casualties. **Out of 165 primary schools in the Highland area, only 35 are forecast to gain pupils in the next 10 years. In the case of secondaries, according to the data, only three out of 29 schools are expected to see a rise in pupils: Invergordon, Inverness Royal Academy and Kingussie.** The true scale of the crisis for rural and remote communities in the Highlands has tended to be obscured as statistics are skewed by Inverness, which is experiencing growth compared to the rest of the region. However, this growth is also causing disruption, with some schools such as Culloden operating at significantly more than capacity.

A recent Highland Council Education Committee meeting in June 2026 heard that only 4 of the 13 schools on Skye as a whole have reasonably healthy roll figures compared to capacity. Below shows examples of decline in four primary and four secondary schools across the Highland region.





“These school rolls reflect the changing demographics of many parts of the Highlands, akin to 21st century Clearances”

Bruce Robertson, former director of education at Highland Council

Bruce Robertson, former director of education at Highland Council, said to *The Herald* in February 2026 that "without significant policy and socio-economic change directed towards communities" the future of more schools was under threat.

Case Study: Access to Childcare

- Accessible childcare is critical to tackling poverty, particularly for women and lone parents, who are overrepresented among low-income households in rural and island communities.
- Current childcare provision often does not fit rural lives. Standard daytime models are poorly aligned with sectors such as hospitality, where irregular and evening work is common, and long travel distances increase the costs for families to access childcare.
- Certain regulations, such as requiring a 3:1 ratio of adults to children, are often unfeasible in rural locations, which also often struggle to remain financially viable due to small and fluctuating populations.
- Across Scottish island communities, only a third of respondents agree they have access to early learning and childcare services that suit their working hours, a barrier that falls disproportionately on women (The Scottish Women's Budget Group, June 2024).
- The "Skye Mothers" group on Facebook has multiple women's testimonies of being forced to quit work or take fewer hours, amid a critical shortage of childcare provision on the island. One of the women, Bethany, spoke to the West Highland Free Press in December 2025, stating that: "Not being able to return to work has a huge impact on families. It's scary."

"My monthly take home pay is £2,070 yet this month I have paid £1,683 in childcare as summer holiday childcare had to be paid upfront [...] Despite grafting every day of the week to build my own education and try to provide my children with the absolute best possible opportunities, the odds just feel consistently stacked against me. Why does my family not matter? Why is it so hard to receive the support we are told we are entitled to?"

Testimony provided to the Poverty Alliance by a "Citizen Panel" member based near Oban.

"Childcare provision can be a make-or-break issue for preventing or reducing poverty in rural areas. Widening participation in childcare planning alongside taking a rural and gendered lens to childcare [...] could tip the scales."

Taking Action on Rural Poverty, Rural Poverty Alliance, 2024

Solutions

- Ensure the 2024 National Improvement Framework is applied specifically to remote and rural schools with dedicated targets.
- Exemption from the staffing formula for our small schools, and funding to increase staffing capacity to provide a guaranteed core curriculum for all pupils.
- Funding based on individual need for all pupils who require additional learning support.
- Investment in quality, reliable distance learning courses and support staff to offer a wider subject choice and enable pupils to study their chosen subjects.
- More attractive 'relocation' packages and affordable accommodation for teachers considering a move to the remote Highlands and incentives for supply teachers.
- Work with rural local authorities, providers and parents on low incomes to pilot and fully evaluate flexible childcare models tailored to rural and island contexts.
- Strengthen guidance to ensure parents are meaningfully consulted by Local Authorities before proposed changes to rural nursery provision

Work and Economy

Serious

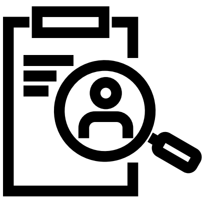
Key facts

- Many jobs in the Highlands are seasonal, contributing to "hidden poverty".
- Economic inactivity in Highland remains slightly above the Scottish average at 22.9%.
- Employers across healthcare, teaching, hospitality, construction, and care report persistent recruitment shortages.
- The University of the Highlands and Islands contributes significantly to the region, but acknowledges gaps on the west coast, affecting communities' long-term viability.

The Highland's headline labour market statistics look reasonably healthy at first glance. The employment rate stood at 76.0% in 2023, above the Scottish average of 74.7%, while unemployment remained low. But these figures mask a more complex picture characterised by seasonal instability, structural skills mismatches, and pockets of rural poverty that conventional data fails to capture. **Economic inactivity stands at 22.9% among the 16–64 population**, slightly above the Scottish average - with childcare, as explored earlier, a significant contributing factor.

Major economic opportunities exist across the region. Renewable energy, defence, ports, aquaculture, and maritime industries all have the potential to create highly skilled, long-term employment. The UK Government estimates **55,000-60,000 clean energy jobs could be located in Scotland by 2030**, many of them in the Highlands, but the region risks having to import the skilled workers the energy transition requires if it fails to train local people, meaning economic benefits risk flowing elsewhere while depopulation continues.

Key Facts from the HIE Business Panel Report (March 2025)



- Just under half of employers (47%) had a skills gap (lack of staff or a lack of skills).
- A third of employers (34%) did not have enough staff to fill temporary or seasonal roles, while a quarter did not have enough staff to fill permanent roles.
- The top three barriers preventing businesses from getting skilled staff were: required skills being in short supply (65%), location of the business (49%) and lack of accommodation (42%).

Case Study: UHI and Closing the West Highlands STEM Gap

- The University of the Highlands and Islands was founded on the principle that students should not have to leave their rural and island communities to access further and higher education.
- Over the past two decades, significant investment has created high-quality STEM facilities across the Highland region, including in Inverness, Thurso, Stornoway, and at the Port of Nigg.
- However, a significant geographical gap remains across the West Highlands, which has no dedicated STEM facilities, despite becoming one of Europe's fastest-growing locations for renewable energy, advanced manufacturing and infrastructure investment.
- As a result, young people from communities including Lochaber, Skye & Lochalsh, Wester Ross, Mull, and Oban have little choice but to leave their communities if they wish to pursue engineering, construction and other technical qualifications after school. Many do not return, contributing to population decline and reducing the availability of skilled workers in some of Scotland's fastest-growing economic sectors.
- This represents a growing and hugely inequitable mismatch between economic opportunity and educational infrastructure.
- UHI is working with partners hoping to construct a dedicated STEM Centre in Fort William, aiming to redress the imbalance.

Case Study: SSEN Investment - A Blueprint for the Future

- SSEN will invest £6bn in transmission projects across the Highlands, as part of its wider £29bn programme to connect Scotland's renewable energy to the grid.
- The programme is expected to support over 2,200 jobs in the Highland region, with an average salary of £55,000. Many are contractor roles: BAM has opened a dedicated hub in Inverness for over 200 people, while Murphy employs over 80 people in Alness, with a further 50 roles created at a new hub in Thurso.
- SSEN has committed to £1.8bn of contracts being awarded to Highland-based businesses - the first company to sign the Highland Social Value Charter, a formal commitment to the Highland Council on delivering lasting economic benefit.
- Over 500 permanent 'legacy homes' will be developed, with 60% unlocking affordable or social housing stock, backed by over £100m investment in Highland housing.
- Communities close to the infrastructure will benefit from £31m through local funds, with £62m of community investment unlocked across Highland projects in total. A further £200m will be invested in local roads and bridges.

Case Study: The Trap of Seasonal Work and Universal Credit

- The Highland economy is heavily dependent on tourism and hospitality, where work is concentrated in summer months and winters can mean little or no income.
- In Highland Islands, **17% of workers are in seasonal employment**: one of the highest rates in Scotland (*Scottish Island Survey*, Scottish Government, 2024).
- Hospitality offers the **lowest median hourly pay of all sectors in Scotlan**d, and nearly half (45.8%) of accommodation and food services workers earn below the Real Living Wage.
- The Highland Council's Poverty and Equality Commission identified low wages and seasonal earnings as a primary driver of poverty, yet it rarely appears in headline statistics, because for much of the year, these workers (particularly in hospitality, agriculture, and fish processing) are counted as employed.
- Rural low-income self-employed people and seasonal workers who rely on Universal Credit (UC) face a financial pressure cooker. They must report to the DWP on a monthly basis, manage the regular loss of life-line support administered outside of UC (e.g., Council Tax Reduction) when UC entitlement changes, and meet the Minimum Income Floor. Meanwhile, living costs are up to 30% higher in remote and rural places, compounding the issue.

Solutions

- Complete the regional network of STEM infrastructure across the Highlands and Islands by investing in dedicated STEM facilities in the West Highlands, ensuring equitable access to engineering, construction and technical education regardless of where young people live.
- Align capital investment in education with major public and private investment in renewable energy, infrastructure, defence and advanced manufacturing, enabling local people to access the skilled jobs being created within their own communities.
- Strengthen collaboration between UHI, employers and industry to develop place-based STEM provision that supports apprenticeships, further education, higher education and lifelong learning.
- Require substantial community benefit clauses in all renewable energy contracts in the Highlands, and ensure that local employment and training are conditions of development, not optional extras.
- Reform Universal Credit to reflect the rural premium in cost of living calculations and automatically adjust UC calculations to avoid impact on seasonal workers.

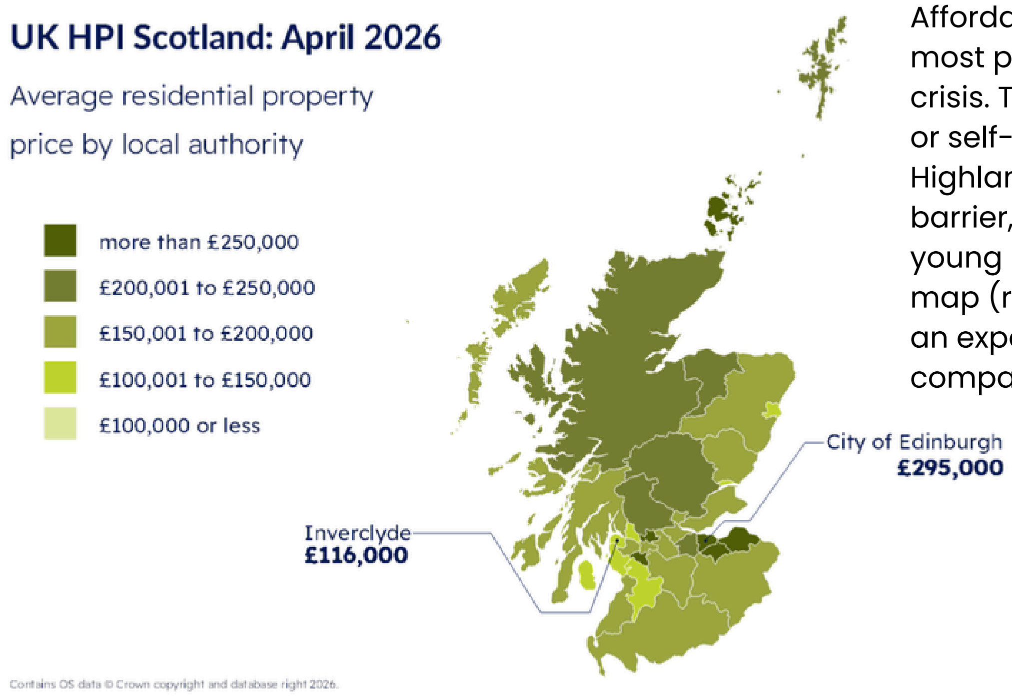
Housing in the Highlands

🟠 Serious, trending 🔴

Key facts

- 76% of residents in the Highlands and Islands report a lack of rental properties (HIE).
- House prices have nearly tripled in some areas of Highland over the last 20 years.
- On the basis of average pay, Highland is among the least-affordable third of Scottish council areas for those looking to buy a home.
- The average house price in Highland was £208,000 in February 2026, up 1.3% from February 2025, compared to the Scotland average house price in February 2026, which was £187,000 (Office for National Statistics, June 2026).
- Private rent prices rose to an average of £722 in May 2026, an annual increase of 3.7% from £696 in May 2025 (Office for National Statistics, June 2026).

Three forces are driving this crisis in housing in the Highlands. First, the proliferation of short-term lets has removed properties from the long-term market at scale, while driving up housing costs and pricing out locals. Second, the existing housing stock is old, poorly insulated, and expensive to heat, with areas outwith Inverness off the gas grid and dependent on costly oil or electric heating. Third, there is no VAT exemption for renovating empty or derelict properties, only for new builds, meaning viable homes sit unused.



Affordability constitutes perhaps the most pervasive dimension of the crisis. The cost of renting, purchasing, or self-building a home across the Highlands and Islands is a formidable barrier, disproportionately affecting young people and key workers. As the map (right) shows, the Highlands is an expensive place to buy comparatively.

The social housing waiting list is also widely considered artificial - many people do not join it as they know they have no realistic chance of allocation. Highland Council had 136 void properties in February 2025, with delays in reletting associated with repairs, and returning properties to use. Only six social housing voids in Highland were classified as being in low-demand areas. People are living in caravans, camping pods, and sofa-surfing - what the Scottish Human Rights Commission defines as “rooflessness”.

According to a Housing Association report, recent Scottish Government requirements for new builds within the public sector has substantially increased the cost resulting in affordable houses becoming unaffordable. Single occupant properties make up much of the demand, with more expensive two or more bed properties more widely available.

Case Study: Housing Scarcity in Highland Islands

- The Scottish islands as a whole, including Na h-Eileanan Siar and Argyll and Bute, contain 2% of Scotland's total dwellings, but 17% of Scotland's second homes (Scottish Islands Data Dashboard, Scottish Government, 2025).
- House prices in Scotland's island regions have outpaced those on the mainland in recent years, with a 30% increase since 2018.
- A 2025 report by Highland Council found that, out of 387 new homes built in Skye over the past five years, 60 of them are now registered as short term lets.
- The rise in second home ownership and short-term lets has directly reduced the availability of long-term rental accommodation for local people and key workers.
- A 2022 Business Housing Needs survey by SkyeConnect, Lochalsh and Skye Housing Association, Highlands and Islands Enterprise (HIE) and the Highland Council found that between 1,300 and 1,700 job vacancies are currently unfilled because of the lack of accommodation, suggesting that housing scarcity is potentially 200% higher than the Housing Needs Demand Assessment (HNDA) for the area.
- A 2023 survey by the Scottish Household Survey found that 70% islanders reported believing that there was not enough housing available to meet local demand.
- On Skye, new housing has been built in areas without adequate public transport, leaving families unable to easily access schools, childcare, jobs, and services.

As of 31 March 2025, there were 8,767 people on the Highland Housing Register, 476 households living in temporary accommodation, and, as of the end of June 2025, there were 1,270 homeless cases in the Highlands. Survivors of domestic abuse have reported being unable to access housing away from alleged offenders.

The condition of existing housing stock also remains a significant concern. Much of the housing in the Highlands and Islands is older, difficult to heat, and expensive to maintain, particularly in off-gas-grid areas. Evidence highlighted persistent issues with damp, mould, poor insulation, and high heating costs, alongside challenges in retrofitting older properties due to cost and contractor shortages.

In Inverness, which has seen more housing development, local services have not received adequate investment and growth, placing vital services such as education and healthcare (e.g., capacity at Raigmore Hospital), under stress.

Solutions

- Extend VAT exemption to renovation of empty and derelict properties.
- Require housing impact assessments before approving large infrastructure projects in island and rural communities.
- Expand community land trust models with dedicated funding.
- Reform short-term let licensing to protect housing stock for residents and key workers, with additional weighting for those with local connections.
- Require new housing developments to demonstrate transport and service connectivity before planning approval.
- Investment in infrastructure to go along with new housing developments.
- Highland Council and housing associations should be resourced to reduce void turnaround times and support small local businesses to be able to bid for work.
- To investigate the suitability of introducing a policy that requires that new housing built in areas with high concentrations of non-permanent residents (above 20%) must be occupied as a "principal residence" in perpetuity, requiring future occupiers to use the property as their full-time, primary home.

Energy in the Highlands

🟠 Serious, trending 🔴

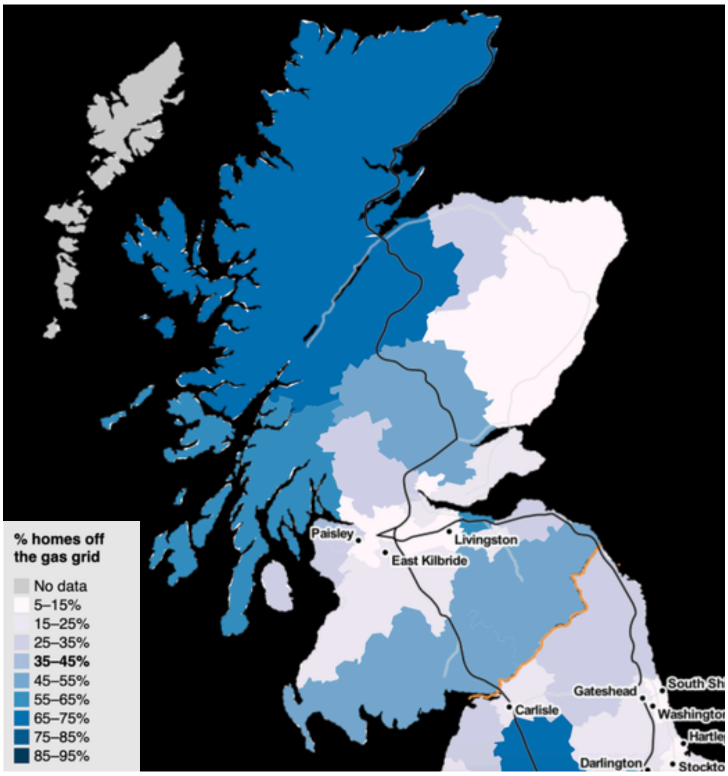
Key facts

- In rural Scotland, electricity is a major source of central heating. As at June 2026 electricity was 26p per kilowatt hour, whereas mains gas is 7.3p per kilowatt hour, 28% of the cost.
- Around 72% of homes in the Highland Council area are off the gas grid, compared to 19.1% of Scottish households nationally
- Island and rural local authorities have the highest proportion of the least energy-efficient dwellings in Scotland.
- Lochalsh and Skye Housing Association (LSHA) estimated that households in the area pay an additional £1,000 a year on energy bills than an average sized home in Scotland.

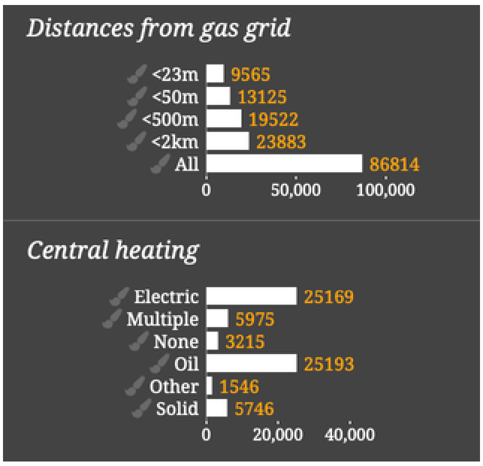
High energy costs remain the major challenge across the Highlands, with rural households off the gas grid and reliant on expensive electricity, heating oil, or solid fuels to heat their homes. Rural and island communities also face colder weather, older housing stock, and higher transport costs, all of which contribute to some of the highest levels of fuel poverty in the UK. Despite the Highlands producing significant amounts of renewable energy, local residents feel they are not seeing the benefits reflected in their bills.

Case Study: Heating Oil - Unregulated Markets and Vulnerability to Price Swings

- Unlike gas and electricity, the price of heating oil — on which hundreds of thousands of rural Scottish households depend — is entirely unregulated. Suppliers can impose minimum purchase requirements, and there is limited competition in remote areas.
- 140,000 Scottish homes depend on heating oil, most of them in rural and island communities off the gas grid.
- Households that cannot afford the minimum order go cold. There is no equivalent of the energy price cap for those off the gas grid.
- With recent international crises, the price of heating oil peaked at 149p per litre in March 2026, up from 70p per litre in December 2025, 99p in June 2022, and a vast increase from 44p back in October 2020.



Above: "Non-Gas Map", Kiln and Affordable Warmth Solutions (2021).



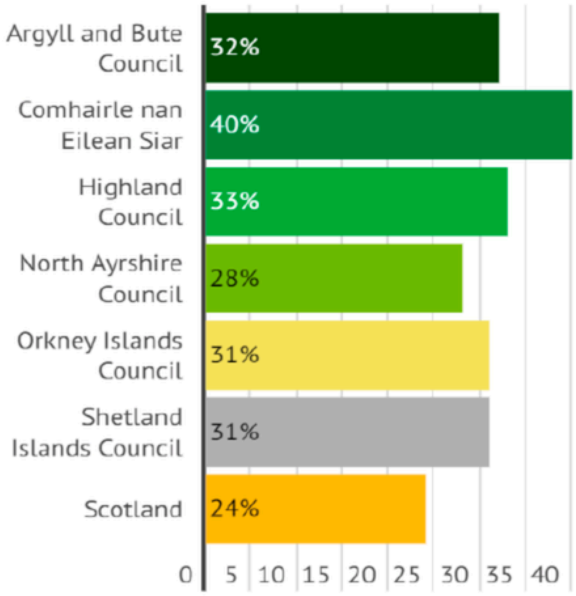
Right: Data from Kiln and Affordable Warmth Solutions (2021).

The amount of households in the Highlands and their distance (i.e., connectivity to the gas grid, and the main sources of heating for Highland homes).

Case Study: Fuel Poverty

- In April 2023, fuel poverty in remote rural Scotland was projected to reach 57% by the end of the decade.
- Two-thirds of people in fuel poverty experience depression or anxiety, while illness linked to cold, damp and dangerous homes cost the NHS more than £2.5 billion a year.
- See chart (right).

Figure 10: Percentage of households experiencing fuel poverty



Source: Scottish House Condition Survey: Local Authority Analysis 2017-2019, Scottish Government (2021)

The Highlands, at peak capacity, can produce between 10-12x the amount of energy it consumes. More renewable energy is produced in the Scottish Highlands per household than in any other area of the UK, according to research by Utility Bidder in April 2026.

However, often the turbines are manufactured abroad, owned by offshore companies, with contractors brought in to build them, and minimal community benefit paid. This has led to a strong feeling of local injustice at high energy costs.

Standing charges also impact rural Highland households. From January to March 2026, the Electricity Standing Charge for Northern Scotland was 62.07p per day, compared to 47.11p per day in London. Over the course of a year this equates to a total difference of £54.60 for the Highlands.

Ofgem is in the process of consulting on a ‘common tariff’ for the most isolated areas, which would smooth out those higher local costs to avoid very high prices.

“I am 82 years of age...and a widow. My basic state pension is £189 per week. I live in your constituency where there is no gas supply [...] I hope to able to pay my heating bills and not have to decide between "heat or eat!"

Testimony from an 82 year-old constituent in Gairloch.

The price of her heating oil from a regional supplier had risen from 68p per litre in January 2026 to 139p per litre in March, an increase which resulted in her spending £139 per week on heating costs, leaving her only £50 per week.

Solutions

- Introduce a rural energy tariff for households not connected to the gas grid.
- Reform electricity pricing so Highland communities benefit from local renewable generation.
- Invest in insulation and retrofit programmes for older rural homes to improve energy efficiency.
- Provide grants for heat pumps and low-carbon heating systems.
- Expand community-owned wind, hydro, and solar projects.
- Upgrade grid infrastructure and energy storage capacity.
- Support collective heating oil buying schemes in remote areas.
- Increase targeted fuel poverty support for rural households, especially during times of market turbulence.

Food Security in the Highlands

🟠 Serious

Key facts

- Approximately 40 per cent of working families in Highlands and Islands "rely on food support services due to high costs" (Scottish Human Rights Commission, 2024).
- A basket of ten common household goods purchased at a local rural store cost £7.05 more than the same items in a supermarket located five miles away.
- Food at local community stores in the rural and remote Highland mainland costs 44% higher than in urban areas, compared to the supermarket equivalent (*Food Insecurity in Rural and Remote Communities*, University of Aberdeen, University of Newcastle, NHS Western Isles, 2026).

Food is the area of household expenditure in which the rural premium is most immediately and consistently felt. Survey evidence gathered from rural communities by organisations across Scotland places food second only to energy as the dimension of the cost of living crisis that has affected households most severely, with energy cited by 62.6 per cent of respondents and food by 29.6 per cent. Taken together, these two categories account for over 90 per cent of reported cost of living concerns in rural areas, a concentration that reflects the vulnerability of remote communities to the flux of price movements in essential goods.

Table 8. Weekly food costs in different Minimum Income Standard budgets, 2021

	Urban UK	Remote rural mainland	% difference to urban UK	Island	% difference to urban UK
Couple + 2	£112.43	£117.08	4%	£126.70	13%
Working age single	£49.69	£50.60	2%	£52.06	5%
Working age couple	£83.13	£84.64	2%	£87.06	5%
Pensioner single	£47.10	£48.30	3%	£51.97	10%
Pensioner couple	£75.25	£77.04	2%	£79.57	6%

Source: The cost of remoteness. Additional minimum living costs in remote rural Scotland, Scottish Government (2021e) (using the Scottish Government Urban Rural Classification)

Nationally in the UK, between January 2020 and July 2025, UK food and drink prices rose by 37 per cent overall, a rate of increase significantly above the 28 per cent recorded for general inflation across the same period.

The poorest households in the United Kingdom spend 12.8 per cent of their income on food, compared with 8.7 per cent for the wealthiest.

In rural Scotland, where incomes are typically lower, less stable, or more dependent on seasonal employment, and where food costs are structurally higher than in urban areas, the impact is compounded.

Case Study: Storm Resilience

- When Storm Babet struck in October 2023, just before the Scottish Human Rights Commission began its fact-finding visits to the Highlands and Islands, Shetland went four days with almost no fresh produce available.
- Ferry cancellations stopped deliveries entirely and there were no contingency measures in place.
- Adverse weather and ferry availability regularly cut off Island and remote communities from food supplies.

Surcharge pricing policies, applied by major retailers for online orders and deliveries, concentrate disproportionately on Highland, Moray, Argyll and Bute, Na h-Eileanan Siar, Orkney and Shetland.

Next-day delivery prices to island addresses are almost double those in the rest of the country, and approximately 75 per cent more expensive in remote rural Scotland than in urban areas. For those who choose to travel to larger supermarkets, the fuel costs involved frequently eliminate the financial saving the journey was intended to achieve.

"National data doesn't take into account the cost of living in rural areas and we saw this play out repeatedly."

Taking Action on Rural Poverty, Rural Poverty Alliance, 2024.

"In Lochgilphead we have a Spar at one petrol station and a Tesco express at the other, a Morrisons daily on the main street and then there is our only large (ish) supermarket, the Co-op. It may appear that we have a lot of choice but if you are on a low income these are not affordable options. To access Aldi, Lidl, Farm Foods or the big Tesco it is an 80 mile round trip to Oban which with the cost of fuel is not a journey that can be made often, but when you do get to these cheaper options the difference is quite staggering. It is possible to get a Tesco delivery but slots are hard to get without the delivery saver which is just under £50 for 6 months [...]
I would like to see our local stores stocking more own brand items, I know they are obligated to give the big brands premium shelf space but they should be obligated to stock a fair proportion of lower price items too."

Testimony provided to the Poverty Alliance by a "Citizen Panel" member based in Lochgilphead.

Solutions

- Work with supermarkets and delivery firms to end postcode-based delivery surcharges in remote and island communities, and require major retailers to publish transparent data on rural pricing and delivery surcharges to improve accountability.
- Expand investment in local food production, community growing projects, and regional supply chains to reduce dependence on long-distance deliveries.
- Establish strategic food resilience hubs in island and remote areas to maintain emergency supplies during severe weather and ferry disruption.
- Increase funding for food banks and community food initiatives in areas experiencing persistent rural food insecurity.
- Increasing the affordability and availability of healthy, fresh produce in convenience stores in remote rural areas.
- Review the implementation of the Good Food Nation Plan to ensure it is delivering food security in rural areas and recognises food affordability and supply resilience as critical infrastructure issues for remote communities.

Transport

🔴 Critical

Key facts

- Fewer than one in five island residents believe flights to and from the mainland offer good value for local residents, while fewer than half say the same of mainland ferry fares (*National Islands Plan Survey: final report*, Scottish Government, 2021).
- 68% of island households rely on ferries for day-to-day activities and 71% of island businesses depend on them (*HIE Business Panel*, HIE, 2021).
- Fuel prices between Inverness and Uist can differ by up to 20 pence per litre.
- The A82, the main west coast artery, is in need of major investment, and no funding commitment has been made for the A96.
- Travel costs represent another layer of the 'rural premium', as adults in remote rural areas are 75% more likely to drive to work than the Scottish average of 60%, adding over £50 a week to costs (*Poverty in rural Scotland*, Scottish Government, 2021).
- Ferry crises and shortages left the island of Tiree with almost no fuel in May 2026, necessitating an emergency delivery.

The decline in public transport services across the region has been attributed to chronic underfunding at local authority level, compounded by significant delays in the delivery of critical infrastructure by the Scottish Government.

The failure to deliver lifeline ferry vessels on time and within budget - currently estimated at six years late and £460 million over budget for the construction of the MV Glen Sannox and MV Glen Rosa - has had profound consequences for island communities, affecting the supply of goods, the viability of businesses, and the ability of residents to access healthcare and other services.

The inadequacy of integrated timetabling across ferry, air, bus, and road services further compounds these difficulties, with journeys to a single medical appointment sometimes requiring multiple days of travel.

Case Study: Accessing Services

- Patients are routinely forced to travel to cities such as Inverness for medical appointments. When the ferry fails to run, or the roads are closed, they miss their appointment and return to the waiting list - with no system in place to prioritise rescheduling. Some people have travelled overnight only to find their appointment cancelled or non-existent, or faced round-trips of up to three days.
- There is inadequate support for accommodation for patients in Inverness. In some cases, the reimbursement covers only 25 per cent of the cost for a hotel room, particularly during the summer season when prices are higher.
- As a result, some people are forced to sleep in their cars or travel in pain or unsafe conditions to avoid additional expenses.
- Reimbursement schemes are in place for travel to appointments, but they are seen as outdated. Currently, patients receive 17p per mile for travel expenses, far below the 55p per mile rate reimbursed by other public bodies in Scotland.
- Car drivers in remote areas drive further to refuel, and pay a substantial premium per litre. Trips to medical services, a bank, or supermarket can take an hour driving each way - Gairloch to Dingwall, for example, is 2hrs 40mins return, a distance of 118 miles.

Road transport presents its own set of structural challenges. Protracted **delays to the upgrading of critical road arteries** such as the A82 and A96 have further limited the region's connectivity. The state of the roads also pose a significant threat to health. Figures released by Transport Scotland in 2022 showed that between 2018 and 2021 there were **22 fatal accidents on the A82 - the highest number for Scottish trunk roads**. The A82 had the **third highest number of non-fatal accidents - 215** - with 257 on the A9 and 403 on the M8.

On Skye, road infrastructure has not been significantly upgraded in twenty years, despite a dramatic increase in traffic from tourism following the construction of the Skye bridge. A BBC Freedom of Information Request in May 2026 revealed that Highland Council has the highest compensation bills of any Scottish council, chalking up £580,000 paid to motorists for vehicle damage over the last five years.

"Ferguson Transport use the A82 on a daily basis and it's not fit for purpose for modern Scotland. We thought it was bad in the past but it's getting worse. The width of the road is just too small to cope."

Alasdair Ferguson, Chief Executive of Ferguson Transport

Case Study: The "Polar Express" Trains on the West Highland Line

- The West Highland Line, connecting Glasgow, Fort William, Oban, and Mallaig, serves as a critical transport artery for some of Scotland's most remote communities.
- In January 2026, ScotRail executives acknowledged to Angus MacDonald MP and (then) Cllr Andrew Baxter (now MSP) that the Class 156 trains operating the route are among the oldest in their fleet - "shabby," "extremely uncomfortable," and "almost at life end".
- The trains go extremely slowly, at less than 40 mph, meaning the journey to Glasgow can take up to 6 hours from Mallaig.
- A local paper described the trains as the "Polar Express", after an elderly doctor suffered a collapse after a journey in an unheated train carriage in -7°c weather.
- Replacement stock is not expected until the early 2030s, which will be second-hand stock commuter lines in the Central Belt.

Case Study: Non-"Lifeline" Ferry Routes and the Impact

- The Mallaig–Armadale crossing, historically known as the "Over the Sea to Skye" route and in continuous operation since the early 1900s, was left without any ferry service over Easter 2026, as CalMac redeployed available vessels to cover other parts of the network as the route was not considered a "lifeline" route, depsite local opposition to this classification
- Local community leaders warned of serious damage to fragile local economies in Mallaig, Arisaig, and the Sleat Peninsula, with hospitality and retail businesses particularly exposed, at **an estimated cost to the local economies of £12.2 million.**

Solutions

- Major Scottish Government investment needed in Highland roads, ferries and railways
- Future-proof ferry service in the Highlands by commissioning a rolling replacement programme.
- Ensure that rural Highlanders representation on transport boards.
- Require integrated timetabling across ferry, bus, rail and air services in island and remote communities.
- Prioritise investment in rural service provision, including minimum service guarantees for remote communities, evening and weekend services, and improved links between villages and regional centres.

Connectivity

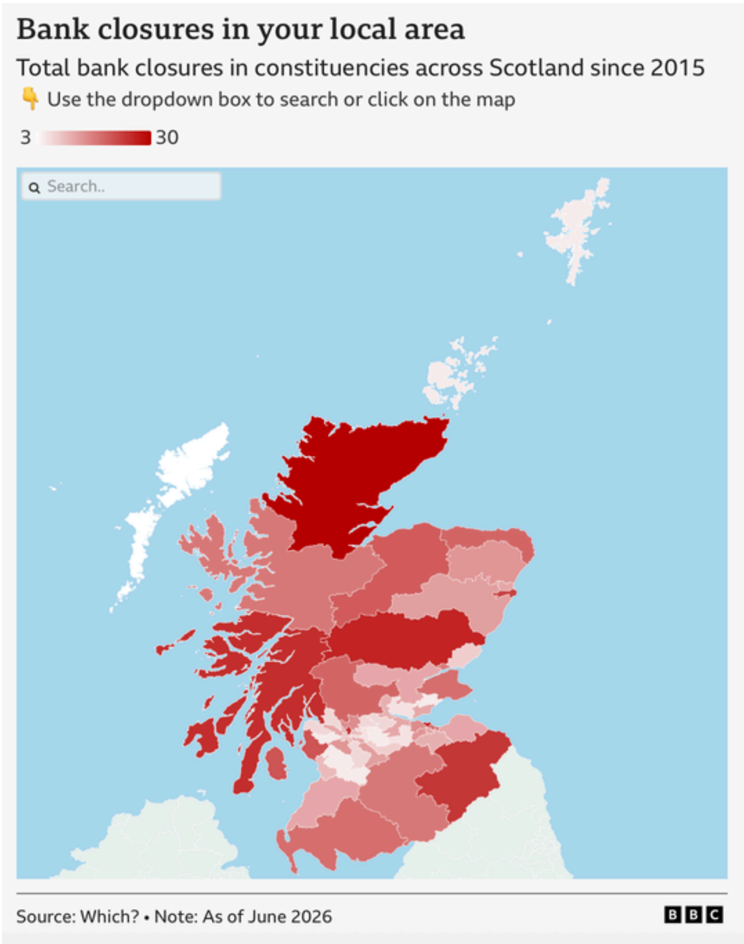
🟠 Serious

Key facts

- The Highlands has been among the worst areas affected by bank closures in Scotland.
- A 2025 Highland Council report found that 16% of people in the Highlands do not have access to digital broadband, equating to more than 40,000 Highland residents.
- In October 2025, Tiree and Shetland both saw their undersea cables, which bring internet services and phone services, damaged by storms. Repairs for the cables took as long as four weeks, leaving many people without stable and reliable internet services.
- Parcel delivery surcharges cost the H&I region £39.9m/year - 89% of Scotland's total surcharge cost (Rural and Regional Disadvantage, HIE, 2022).

Case Study: Bank Closures

- 30 bank branches have closed in Caithness, Sutherland and Easter Ross over the past decade, the highest number of any Highland constituency.
- 25 branches have closed in Argyll, Bute and South Lochaber, 20 in Moray West, Nairn and Strathspey, and 17 in Inverness, Skye and West Ross-shire.
- Residents are often forced to travel long distances to access face-to-face banking, cash services, and financial advice.
- Many post offices across the region have also been closed, resulting in some communities seeing a total loss of access to services.
- Closures disproportionately affect older people, cash-reliant businesses and communities with poor digital connectivity, increasing financial exclusion in rural and remote areas.



Case Study: Postal Services and Surcharge Premiums

- Cuts to Royal Mail services have left some Highland communities, such as those in north Skye, without deliveries for days, with people reporting missing prescriptions, appointment letters, and business goods, in addition to the delay to post and parcels.
- Rural and remote Highland and Island communities often face surcharges for deliveries, with Consumer Scotland reporting that 72% of people in the Highlands have experienced parcel surcharges, compared with 18% of adults across Scotland.
- The Scottish Government has found that the Highlands and Islands face the highest delivery prices in Scotland and are 31% less likely to have access to home delivery services from online retailers than consumers elsewhere in Scotland.
- For older residents and rural businesses, these additional costs and reduced access deepen the challenges of geographic isolation.

Digital access continues to lag in Scotland's rural and remote regions, creating a significant barrier to equal participation in education, employment, and social services. Inadequate digital infrastructure limits not only home working, but also access to training, education, and the ability to apply for jobs online. The costs of inaction are substantial. Openreach has estimated that its digital upgrade programme could deliver a £4 billion-plus boost to the Scottish economy and help reverse depopulation trends. During severe weather events and power outages, the lack of resilient telecommunications infrastructure becomes a public safety issue.

Case Study: Fibre Coverage in Skye vs the Faroe Islands

- Current fibre coverage in Skye stands at just 13%, compared to 83% across Scotland and 89% across the UK.
- Meanwhile, the Faroe Islands has achieved 97.6% internet penetration and full 5G coverage across all 18 islands, including coverage on bridges, ferries, and fishing boats up to 100 km out to sea, and through deep subsea tunnels.
- Residents on Skye report frustration at the lack of good connectivity, citing impacts on accessing services, business competitiveness, and home working.

Case Study: Smart Meters - Compounding the Rural Premium

- The Highlands and Islands consistently have some of the lowest smart meter coverage in Great Britain, with only 35% of meters upgraded - and as low as 10% in Shetland, 12% in Orkney (12%), and 16% in Na h-Eileanan Siar. This trails far behind the national average, where 72% of all meters are now smart or advanced (UK Government data, May 2026).
- The causes echo the Highlands' wider connectivity problems: poor mobile signal, thick rural walls blocking short-range home signals, and delayed network rollout in remote areas.
- As a result, many Highland households miss out on cheaper tariffs, automated meter readings and other benefits of smart meters, compounding the already high energy costs faced by many Highland residents.

There have been some improvements to broadband coverage in recent years. Access to gigabit-capable broadband in Orkney Islands rose from 1% coverage in 2021 to 18% in 2025, and superfast broadband is now available to between 78% and 99% of residents across island local authorities.

Despite this progress, significant gaps remain. The R100 North contract - which spans the Highlands and Islands – has slipped to a completion date of 2027/28 due to legal hurdles and geographic challenges. Critics have warned of a "two-tier" system in which the hardest-to-reach communities, disproportionately in the Highlands and Islands, are consistently last in line for upgrades.

Solutions

- Commit to and fund 5G and full-fibre broadband across the Highlands and Islands within a defined timeframe, with legally binding milestones for the hardest-to-reach areas.
- Introduce targeted digital inclusion support for older residents and those in the most deprived rural communities, where internet non-use remains highest, alongside infrastructure investment.
- Improve Royal Mail reliability in remote and rural communities through targeted investment and deliver a 'rural uplift' in wages, akin to those provided to postal workers in the Islands.
- Work with regulators and courier companies to deliver equal access to affordable parcel delivery regardless of postcode.
- Ensure that, in the event of bank closures, banking hubs are provided and access to cash and other services are maintained within local communities.

Adult Social Care

🔴 Critical

Key facts

- Areas of the Highlands have no social care services at all, described as "social care deserts."
- Between 2014 and 2024, the number of care homes for older people fell by 18% in the Highlands, against a Scottish average decline of 14%.
- Care homes across the Highlands, especially on the west coast, have closed due to staff shortages, leaving only around 200 beds for the entire west coast population.
- In 2024, care homes were between 6.8% and 8.2% more expensive in the Highlands than elsewhere in Scotland, meaning self-funders pay approximately £5,000–£5,500 more per year than the Scottish average.
- The percentage of people aged 75+ in the Highlands increased by 71.9% between 2001 and 2023, and it is projected that by 2028, it will have increased by a further 34%.
- Highland Health and Social Care Partnership (HHSCP) concluded the financial year to March 2025 with an overspend of £13.6 million.

The provision of social care across the Highlands and Islands represents one of the most acute expressions of structural under-investment in the region.

The most fundamental concern is one of availability. Certain areas have been characterised by rights-holders as "social care deserts," where the absence of care workers, day centres, and residential provision leaves some of the most vulnerable members of the community without any meaningful support.

The staffing crisis is at the heart of these failures. Low pay, poor contractual conditions, and the absence of compensation for travel time, a particularly significant burden in a region where care workers may be required to drive substantial distances between clients, have rendered social care an unattractive profession. Workers are departing the sector for comparably well-paid positions in hospitality and retail, a trend that has been exacerbated by post-Brexit restrictions on the labour market, as care homes cannot recruit from overseas to fill vacancies.

The consequences fall disproportionately on women, who bear the majority of caring responsibilities in the region, and on those without family support networks, for whom the absence of formal care translates directly into social isolation and deteriorating health.

Case Study: Adult Social Care on Skye

- Skye has been left with only 45 care beds to serve a population of 10,000 people - a shortfall that will become catastrophic as the population continues to age.
- Home Farm care home in Portree has had an improvement notice served by the Care Inspectorate, partly due to staffing problems.
- The consequences are visible today. A care home near Alness, 112 miles from Skye, reported receiving regular enquiries from Skye families, noting that "we get a lot of interest from Skye, due to the lack of homes in the west coast." (*Highland Care Home Report*, Angus MacDonald, 2025).
- Elderly people from Skye are being placed over 100 miles from their homes, communities, and families, which represents a serious harm to wellbeing: severing social ties, reducing visitor frequency, and accelerating the social isolation that care is meant to prevent.

Case Study: Delayed Discharges

- “Delayed discharges” refers to the situation when a patient is deemed medically fit to leave hospital but is unable to do so for non-medical reasons, usually a lack of suitable provision.
- In December 2025, NHS Highland spends as much as £77,300 a day on delayed discharges, the second highest rate of any Scottish health board, behind only Glasgow.
- The cost to patients is measured in lost mobility, deteriorating mental health, and, in the words of one care home manager, residents who "with a multitude of issues - significant impact on mental health, poor skin conditions, institutionalised”" by the time they finally arrive in a care setting (*Highland Care Home Report*, Angus MacDonald, 2025).

Figure 7: Map of Care Homes in the Highlands by sector
Blue: NHS
Orange: Private
Red: Third Sector

The west coast's position is a direct consequence of market failure. Major private care home providers will not invest in remote areas where the ratio of self-funded residents is low, commercial returns are poor, and operating costs, namely energy, transport, and staffing, are high.

Following a Care Conference in Fort William in October 2025, organised by Angus MacDonald MP and Kate Forbes MSP, the Scottish Government formally committed to forming a working party to investigate the issues behind care provision in the west Highlands and offer solution.

However, this process has yet to start.

Solutions

- Restore and protect local care home provision and require consultation before any closure.
- Fund the construction of four new care homes with integrated staff accommodation on the west coast at Portree, Ullapool, Fort Augustus, and Fort William.
- Renegotiate the National Care Home Contract to reflect the true cost of delivering care in rural and remote areas, closing the gap between state funding and provider costs.
- Introduce immediate relief for care providers from National Insurance contribution increases.
- Introduce a cap on agency staff fees for the social care sector in Scotland, mirroring the 2023 cap introduced for NHS England, to break the cycle of reliance on agency workers at unsustainable cost.
- Ensure any future care home development is accompanied by affordable housing for care workers, addressing the root cause of the staffing crisis.
- Require NHS Highland to evaluate community hub models as part of its response to delayed discharge and unmet care need, with funding linked to measurable reductions in hospital bed occupancy attributable to social care shortages.

Conclusion

Angus MacDonald
MP for Inverness, Skye and West Ross-shire

The evidence presented throughout this report points to a clear conclusion: the challenges facing the Highlands and Islands are no longer isolated policy problems. They are interconnected pressures that reinforce one another, creating a cycle which increasingly undermines the viability of living, working, and raising a family in rural and remote Scotland.

High housing costs make it difficult to recruit teachers, healthcare professionals, and care workers. A lack of childcare pushes parents, especially women, out of the workforce - and even out of the Highlands, adding to the looming demographic challenge. Poor transport and digital connectivity restrict access to jobs, services, and healthcare. High energy and food costs place disproportionate pressure on household finances. As populations decline and age, schools become harder to sustain, businesses struggle to recruit, and demand for health and social care continues to rise. Each challenge compounds the next. That's the rural premium and the challenge that needs urgent and localised solutions that understand the reality underlying the problems.

The Highlands and Islands are not asking for preferential treatment. Rather, the area requires public policy that properly reflects the realities of delivering services across one of Europe's most sparsely populated regions. Funding formulas based primarily on population inevitably disadvantage communities where the cost of providing infrastructure, healthcare, education, and transport is substantially higher. Equality of opportunity cannot mean identical policy where circumstances are fundamentally different. The European Union recognised this in their allocation of funding, understanding the disadvantages and the particular challenges and rurality of the region. However, there has been no continuity of understanding or funding subsequently from either the UK or Scottish Governments.

This report has also sought to demonstrate that the Highlands are not simply an area of challenge, but one of extraordinary opportunity. The region is central to the United Kingdom's renewable energy ambitions, excellent research at UHI, globally significant tourism, food and drink industries, ports and maritime expertise, and communities with remarkable resilience and innovation.

With the right investment, the Highlands and Islands could become one of the strongest examples of sustainable rural economic growth anywhere in the United Kingdom or Europe. This is owed to the Highlands, given the role the it plays in producing electricity for the rest of the UK, it should receive it's fair due in terms of jobs, legacy housing, and community benefits.

That is why this report argues for a new approach: one that treats the Highlands and Islands as a region requiring coordinated national attention rather than fragmented interventions. Many of the recommendations set out in these pages require action from Westminster; others lie with the Scottish Government, local authorities, public bodies, regulators, and industry. Success will depend upon all levels of government recognising that the challenges are shared, and that responsibility cannot continue to be passed from one institution to another.

The creation of a dedicated Minister for the Highlands and Islands, supported by a cross-government working group spanning both reserved and devolved responsibilities, would provide the strategic leadership needed to address these interconnected issues. Such an approach would recognise that decisions on housing, energy, transport, education, health, connectivity, and economic development cannot continue to be made in departmental silos when their impacts are so closely intertwined.
Ultimately, this report asks a simple question: what kind of future do we want for rural Scotland?

If current trends continue, many communities will face continued depopulation, declining public services and increasing economic fragility. But that future is not inevitable. With sustained political will, targeted investment and policies designed around the realities of rural life, the Highlands and Islands can once again become places where young people can build careers, families can afford to stay, older people can grow old with dignity in their own communities, and businesses can thrive.

The Highlands have contributed enormously to Scotland and the United Kingdom: economically, culturally, and strategically. They now deserve a national commitment that matches that contribution. The question is no longer whether these challenges are real; the evidence is overwhelming. The question is whether governments are prepared to act before temporary disadvantage becomes permanent decline.

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