

The Value of Crofting

A report to



September 2024





Contents

Executive Summary	1
1. Introduction	3
2. Crofting & the Rural Economy	9
3. Sustainable Land Use and Crofting Culture	18
4. Population Retention & the Crofting Workforce	29
5. Health and Happiness	44
6. Summary and Conclusions	52
Appendix: Future Research	58



Executive Summary

Crofting provides a resilient economic foundation for people to flourish in some of Scotland's most fragile rural communities and contributes to most, if not all of Scotland's national outcomes. This is possible because of a system of land governance that is unique to Scotland.

Crofting is an integral but often poorly understood part of life in the Highlands and Islands. At root, it is a system of land tenure, but it is also so much more. It is a sustainable system of agriculture, a way of life, and a fundamental component of Gaelic culture and that of the highlands and islands. This study explains the value it adds to Scotland's economy and wider society.

Crofting adds £588 million GVA/year to the Scottish economy and supports around 30,385 jobs.

This is a substantial impact by any measure. What makes it noteworthy is its geographical concentration.

A Resilient Economic Foundation

Four fifths of the economic value added by crofting and 88% of the jobs it supports are retained in and around the crofting counties: sparsely populated rural areas; often far removed from Scotland's main centres of economic activity. Crofting is not just an important sector in these parts of the country, but an important part of the foundation of the economy.

This role is a consequence of the distinct pattern of economic activity enabled by crofting. Crofting is not a 'job' in the traditional sense, but rather a system that enables people to make a living from multiple sources. The macro implication of this is that collectively crofting families form the backbone of the labour force in the crofting counties. Without them many other industries would struggle to survive.

Every £1 of economic impact directly added by crofting generates £19 in indirect benefits.



A Basis for Human Flourishing

The full value of crofting cannot be estimated in pounds and pence. This report shows that crofting also delivers a whole host of wider social and environmental benefits many of which cannot be fully quantified.

It shows how crofting practices are the epitome of regenerative agriculture. It demonstrates how crofting addresses the challenges of retaining people in Scotland's most geographically peripheral communities, and it shows how crofting enhances our cultural and environmental landscapes.

It also shows something even more fundamental. It shows how crofting helps create the conditions people need to flourish. The crofting lifestyle is deeply entwined with nature and crofting communities are characterised by strong social bonds and family ties, a unique cultural identity and deep-rooted connections to the land. All of this plays an important role in supporting individual and collective wellbeing and may help explain why people living in areas where crofting is concentrated consistently report higher levels of life satisfaction and happiness than elsewhere in Scotland.

Delivering for the Whole of Scotland

The benefits of crofting are not restricted to the crofting counties. They help deliver several social and economic priorities that matter to wider Scottish society. Regenerative agriculture is an important weapon in society's battle against climate change and biodiversity loss. Population retention provides an important counterbalance to economic inequality and rich cultural and environmental landscapes can be enjoyed by everyone.

Crofting is also good investment. The analysis shows that:

every £1 of public money invested in crofting generates £13 GVA for the Scottish economy.

Crofting generates this value because of a unique system of land governance. In return for living on and actively managing the land crofters enjoy a level of security and personal agency that many people can only aspire to.

This is what makes crofting work. It underpins a system built on 140 years of collective knowledge and experience that endures because it has shown the ability to evolve. If it can continue to do this, it has the potential to offer modern day lessons in land use, local economies, community resilience, local equity and empowerment, health and wellbeing. It has the potential to help build a wellbeing economy.



1.

Introduction

This report considers the value of crofting to Scotland's economy. It draws on a wide variety of sources and is underpinned by a bespoke modelling and assessment framework.

Traditional economic metrics cannot fully capture the breadth and depth of the value of crofting. This assessment therefore identifies and evaluates the various impacts generated by crofting and articulates the important role crofting plays in strengthening local economies and wellbeing.

To ensure the wider value of crofting is captured, this report combines quantitative economic modelling with qualitative socio-economic analysis.

1.1 What is Crofting?

Crofting is a unique land tenure system found only in the Highlands and Islands and in designated areas of Scotland. Around one tenth (9%) of Scotland's land area is held under crofting tenure¹, resulting in 21,514 crofts in Scotland in 2022/23², with around 35,000 people living in crofting households.

Figure 1-1 shows the local authorities where the Crofting Counties are located.

¹ Crofting Commission (2024), What is Crofting? Available: <https://www.crofting.scotland.gov.uk/what-is-crofting>

² Crofting Commission (2023), Annual Report and Accounts 2022/23

Figure 1-1: Local Authorities of Crofting Counties



Source: BiGGAR Economics. Made with DataWrapper.



Table 1-1 provides a breakdown of the number of crofts by location in 2022/23.

Table 1-1 Crofts by Area, 2022/23

	Tenanted	Owned	Total
Argyll and Bute	611	532	1,143
Highland	6,224	3,887	10,111
Na h-Eilean Siar	6,122	299	6,421
North Ayrshire	0	1	1
Orkney Islands	67	398	465
Shetland Islands	2,123	1,249	3,372
Moray	0	1	1
Total	15,147	6,366	21,514

Source: Crofting Commission (2023), Annual Report and Accounts 2022/23.

A croft is a small agricultural land holding, averaging 5 hectares, often with a share in a common grazing. Crofts associated with a particular common grazing are usually clustered together in villages known in crofting communities as townships.

Since 1886 crofting has had its own legislation protecting the rights of crofters and ensuring that they undertake specific responsibilities. For more than 100 years crofting has sustained communities in the most rural parts of Scotland. Yet the crofting system also has the potential to further realise several important modern societal priorities:

- it supports population retention and plays an important role in countering rural depopulation;
- it fits well with sustainable agriculture and the preservation of biodiversity; and
- it embodies community empowerment and helps preserve Scottish culture.

Outwith the crofting counties understanding of crofting is limited. This assessment aims to improve that understanding by identifying and evaluating the various impacts generated by crofting and articulating the important role crofting plays in strengthening the economy of rural Scotland.



1.2 Approach

The value of crofting was assessed using a three-step process:

- firstly, a workshop was held with Crofting Commission staff to identify all the benefits of crofting;
- these benefits were mapped against the national outcomes within Scotland's National Performance Framework³ and central themes were identified that would help tell the story of the value of crofting; and
- evidence was gathered to quantify or qualify the value of crofting under each theme through desk research to collate available data and consultations with several crofters.

1.2.1 Identifying the Benefits of Crofting

A wide-ranging discussion at the staff workshop identified over 80 different benefits of crofting. These benefits were grouped under the following themes:

- Economy
- environment
- community
- culture
- poverty reduction
- education
- housing
- food
- work and business
- health
- human rights
- international
- population
- children and young people
- crofting tenure
- other/characteristics

1.2.2 Determining Themes to Describe the Benefits

This list of benefits was then mapped against the national outcomes set out in Scotland's National Performance Framework, and their underlying performance indicators. It was found that this did not adequately describe the range of benefits generated by crofting, and as a result the benefits were organised into core themes, as shown in Table 1-2 below. The themes were further refined in discussion with the Crofting Commission and form the basis of the chapters of this report.

³ The National Performance Framework sets out a vision for collective wellbeing for Scotland. At the time of writing it consisted of 11 national outcomes and 81 indicators that are used to measure progress toward those outcomes.



Table 1-2 Themes and National Outcomes

Theme	National Outcome
ECONOMIC ACTIVITY <i>Sustaining the local economy in remote rural areas and making a positive contribution internationally.</i>	Economy; International; Poverty; Fair Work & Business
SUSTAINABLE LAND MANAGEMENT & CROFTING CULTURE <i>Active stewardship of land, protecting and enhancing natural capital for the benefit of future generations. Maintaining & sharing crofting skills and values for future generations.</i>	Environment; Culture; Education
POPULATION RETENTION & COMMUNITY RESILIENCE <i>Viable communities with a strong sense of cohesion and confidence and that respect and fulfil human rights.</i>	Children & Young People; Community; Human Rights
HEALTH & HAPPINESS <i>Crofters and crofting communities are healthy and active with high levels of resilience & adaptability.</i>	Health

Source: BIGGAR Economics, 2024

1.2.3 Gathering the Evidence

Evidence required to quantify or qualify the value of crofting under each theme was then considered. This provides the basis of the technical appendix which sets out what was measured and how this baseline could be further developed.

The evidence required for this assessment was further refined in discussion with the Crofting Commission (CC) and the Scottish Government Rural Payments and Inspections Division (RPID). A mixed methods approach was taken which included:

- data from the CC and RPID;
- structured interviews with case study crofters; and
- a desk-based review of publicly available data sets, research reports and other sector specific evidence.

Underpinning the Scottish Government’s conception of a wellbeing economy is an explicit commitment to inclusive and sustainable growth. This is reflected by the inclusion of a specific national outcome relating to economic performance. To help assess the contribution crofting makes to this outcome, a bespoke model was developed to quantify the economic impact of crofting.

Every four years, the Scottish Government submits a report on crofting to parliament. The most recent report⁴ includes data from a survey of 4,000 crofters conducted

⁴ Scottish Government (2022), Scottish Government Report to Parliament: Economic Condition of Crofting 2019 - 2022



between July and September 2022. This report and supporting documents provided most of the data used in the quantitative economic impact model.

The research also drew on a wide range of publicly available research and datasets. This evidence was used to inform the assumptions used to extrapolate the emerging findings for the sector. The sources used are referenced at appropriate points throughout the report.

1.2.4 Economic Impact Metrics

The economic impacts presented in this report are quantified using two metrics:

- **gross value added (GVA)** – a common measure of economic activity; and
- **jobs** – unless stated otherwise job impacts relate to headcount employment rather than full time equivalent jobs.

1.2.5 Study Areas

The quantitative impacts presented in the main body of this report have been assessed for two study areas:

- The Crofting Counties (comprised of the local authorities and small areas where the crofting counties are located including Argyll and Bute, Highland, Na h-Eileanan Siar, Orkney Islands, Shetland Islands, and Moray, and the 2011 Scottish data zones Arran – 01 - Arran – 07, Largs Central and Cumbrae - 06 and 07); and
- Scotland.

Impacts presented in this report are **inclusive**, i.e. impacts for Scotland include those for the Crofting Counties.

1.3 Report Structure

The remainder of the report is structured as follows:

- Chapter 2 explains the economic value of crofting activity;
- Chapter 3 describes crofting's contribution to sustainable land use and culture
- Chapter 4 describes the impact of crofting on population retention and community resilience;
- Chapter 5 describes crofting's contribution to health and happiness;
- Chapter 6 summarises the value of crofting and presents the conclusions of the analysis; and
- The appendix provides recommendations on future data collection.



2.

Crofting & the Rural Economy

Crofting makes an important contribution to Scotland's economy both directly and through the supply chain. It also fosters a long-term outlook that supports innovation and may enhance productivity.

Crofting is an important source of economic activity and a central component of life in the crofting counties, but it is not a 'sector' as such. While the origins of crofting are agricultural, modern crofting encompasses a variety of non-traditional activity.

This ability to adapt is central to the crofting story but means crofting defies traditional sectoral classification. It is not agriculture, or tourism, or conservation or renewable energy, but all these combined in a continually changing mix. The starting point for understanding how crofting affects the rural economy is therefore to identify the key ingredients in this mix.

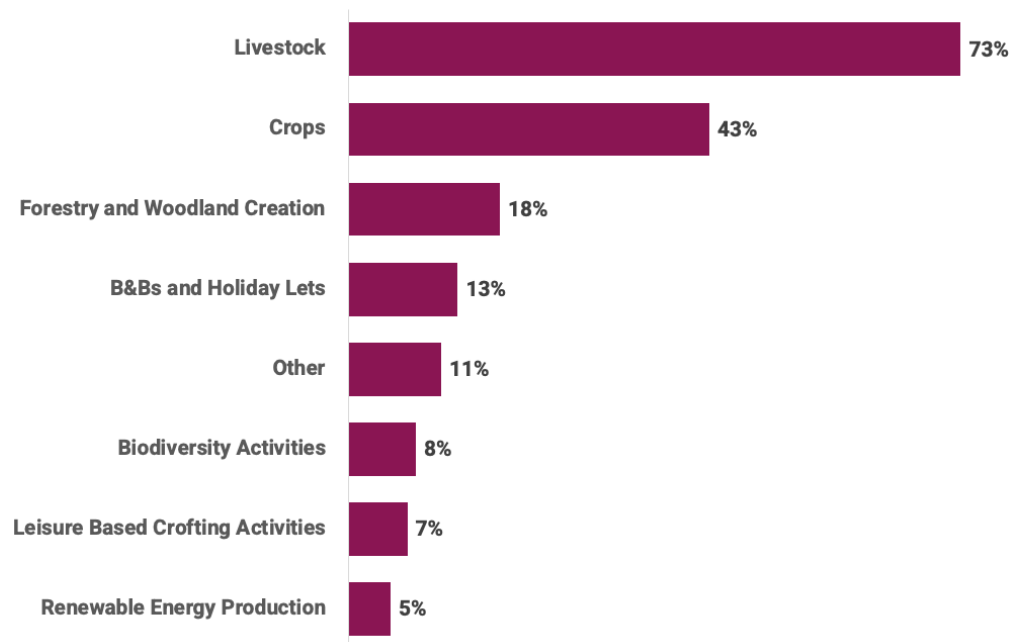
2.1 The Economic Condition of Crofting

The Economic Condition of Crofting report provides valuable insight into this.⁵ It shows that although food production remains the most common crofting activity, around 13% of crofters operate a B&B or holiday let, 7% are engaged in another leisure-based activity and 18% are involved in forestry or woodland creation.

⁵ Scottish Government (2022), Economic Condition of Crofting Report 2019-2022



Figure 2-1 Top Eight Activities Undertaken by Crofters



Source: Scottish Government (2022), Economic Condition of Crofting Report 2019-2022

2.1.1 Types of Quantitative Economic Impact

Crofting generates three main types of economic impact:

- **Direct Impacts** are the employment and GVA generated directly by crofting activity and are estimated by assigning each area of activity a relevant Standard Industrial Classification (SIC) code⁶ and then applying the turnover per GVA and turnover per job ratios from the UK Annual Business Survey (ABS)⁷ associated with that code.
- **Indirect Impacts** are the ‘knock-on’ effects across the economy when money is spent in the supply chain. Indirect impacts can be estimated by applying the relevant Type I GVA and employment multipliers from the Scottish Government Input-Output tables⁸ to direct GVA and direct employment and making an assumption about the proportion of impact that would occur in each study area.
- **Induced impacts** occur when staff working in the supply chain spend their wages in the economy. The impact associated with staff spending their wages in the wider economy. Indirect impacts can be estimated by applying the relevant Type II GVA and employment multipliers from the Scottish Government Input-Output tables to direct GVA and direct employment and making an appropriate assumption about the proportion of impact that occur in each study area.

⁶ Office for National Statistics (2009), Standard Industrial Classification of industrial Activities (SIC 2007).

⁷ Office for National Statistics (2020), Annual Business Survey 2018 - Revised.

⁸ Scottish Government (2020), Supply, Use and Input-Output Tables.



2.2 Direct Economic Impact

The direct economic impact of crofting can be measured in terms of Gross Value Added (GVA) and employment. Direct GVA can be estimated by calculating the difference between the total income generated by crofting and the value of the supplies needed to generate this income.

The data used to estimate this impact were drawn from a report to the Scottish Parliament on the economic condition of crofting⁹ and an associated (unpublished) presentation. These sources show that in 2022, the average income generated by crofting activities was £4,538 per crofter and that 62% of crofters generated income from crofting activities. It was therefore estimated that the total income generated by crofting activities was £41.4 million.

Direct impact also includes income generated by grants and support schemes. In 2021, the Scottish Government reported that the Scottish Government invests around £40 million in croft businesses each year.¹⁰ As it would be expected that some grants would come from non-government sources, an estimate was made based on BiGGAR Economics' knowledge of crofting on the share of funding that would come from sources other than government. It was assumed that around 10% of funding would come from non-government sources. It was therefore estimated that the total income to crofts from grants and support schemes was £44.4 million.

Added together these two income streams amounted to £85.9 million in 2022.

The average running costs associated with crofts was £5,145 per crofter in 2022. Applying this to the number of registered crofters implies crofters collectively spent around £56.8 million on goods and services during that year. Subtracting this from total crofting income suggests the direct impact generated by crofting in 2022 was £29.0 million GVA.

In 2022 there were 14,731 registered crofters and it is these individuals who comprise most of the direct employment supported by crofting. On average crofters work on their croft for 14 hours per week, which equates to 6,874 full time equivalent (FTE) jobs.¹¹

Most crofts do not employ anyone else, so the number of registered crofters is a good estimate of the direct employment supported by crofting, however there are exceptions. Some crofters have developed businesses on their crofts and some of these businesses employ people other than the crofter.

⁹ Scottish Government (2022), Scottish Government Report to Parliament: Economic Condition of Crofting 2019 - 2022

¹⁰ Scottish Government (2021), National Development Plan for Crofting

¹¹ Based on survey evidence that shows the full time employees in the UK work an average of 30 hours/week. ONS (2023), Employee earnings in the UK: 2022. Available:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2022>



At the time of writing no data was available on these businesses or the number of people they employ so it was not possible to capture this element of the direct employment effect. For this reason, the direct employment effect described above is likely to be a little conservative. This is an area where there may be scope for improved data collection in the future. (The income generated by these businesses will be reflected in the average income recorded in survey returns so their direct GVA impact will be captured within the direct GVA impact estimated above).

2.3 Supply Chain Impact

Crofting also generates impact in the economy by increasing turnover and supporting employment in supply chain businesses. The starting point for estimating this impact was to estimate how much crofters spend on supplies each year.

This was done using data from the Economic Condition of Crofting survey, which showed the average running cost of crofting per crofter was £5,145 and 75% of crofters engaged in crofting activity. By applying these figures to the total number registered crofters was estimated that crofters spent £56.8 million on goods and services in 2022.

To assess the economic impact of this it was then necessary to consider how this money was spent. This was done using the breakdown of activity in Figure 2-1 and input from crofters like Anna Wright and Hanno Hodgkin (see below), who explained what type of businesses they work with for the case studies included in this report.

The value of supply chain expenditure likely to be spent on businesses in the Crofting Counties and elsewhere in Scotland was then estimated based on the industrial structures of the two study areas. Of the total spend on goods and services, it was estimated that 61% went to local suppliers based in the Crofting Counties, with 71% going to businesses based in Scotland.

It was estimated that the direct economic impact generated by crofters' expenditure on goods and services was £23.2 million GVA and 810 jobs across Scotland as a whole, of which £20.0 million GVA and 695 jobs were in the Crofting Counties.

Expenditure on supplies also generates 'knock-on' effects across the economy when these businesses spend in the supply chain (indirect impacts) and employees spend their salaries (induced impacts). These impacts were estimated by applying appropriate ratios and multipliers from input output tables published by the Scottish Government, as outline in Section 2.1.1. In this way it was estimated that the expenditure of crofters on goods and services generated a total £41.6 million GVA and 1,165 jobs in Scotland, of which £25.2 million GVA and 795 jobs were in the Crofting Counties.



West Coast Organics

Making a living and living well.

Having previously run a community garden, Anna Wright and Hanno Hodgkin bought their bareland croft in 2015. With support from the Croft House Grant Scheme and young farmers grants, they have built a home for their family and developed their business, West Coast Organics, from their croft in North West Skye. They focus mainly on growing organic vegetables supply weekly veg boxes to 75 local customers from July to December and around 25 customers between March and July. They manage the business themselves working 50 hours per week between them with occasional part-time help. They also keep goats, sheep and hens on their croft as well as managing an organic fruit orchard.

Anna and Hanno's croft is around 5ha, but most of the income generated by crofting activities comes from intensive management of a 0.6ha market garden. Being organically certified, the land is managed without herbicides, pesticides or artificial fertilisers. Fertility is mostly managed through crop rotations and applying seaweed and goat manure. The business also buys in some organic Nitrogen and heavy duty plastic to prevent weeds.

As part of their business model, Hanno and Anna try to make the best choices for the land, by not taking out more is put in and utilising the resources of their croft for their business. Nearly all of the family's diet comes from the croft, all the wood fuel they use will come from the croft in the next few years.

At the time of writing West Coast Organics was completely dependent on the market garden, and relies on Anna and Hanno always being able to work. As they grow, they plan to make their business more resilient. This will be enabled in part by expanding the activities they undertake on the croft, and they are currently in the process of putting up a cabin to let out to tourists.

Anna and Hanno also aim to expand the market garden so more people can be involved, making it more enjoyable for them and making their croft more resilient.

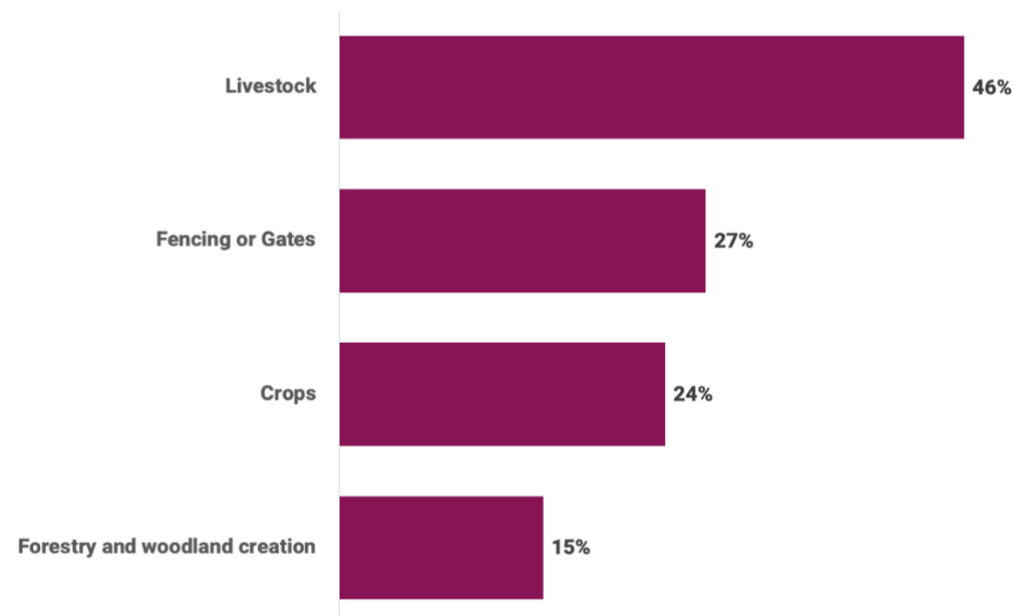
2.4 Croft Investment

The money crofters spend on goods and services makes an important contribution to the economy of the Crofting Counties by helping sustain supply chain businesses, but this does not reflect the impact of investment in long term capital improvements.



In 2022, 61% of crofters reported that they had invested in their croft. A breakdown of the type of investments made by crofters is shown in Figure 2-2.

Figure 2-2 Areas of Investment for Crofters



Source: Scottish Government (2022), Economic Condition of Crofting Report 2019-2022

All the crofters who reported investing in their crofts said that they invested their own money and 39% said they invested money from public funding. The average crofter investing their own money invested £12,832 in their croft over three years. This suggests that in total, crofters invested £38.3 million of their own money in their crofts in 2022.

The impact of this expenditure¹² was estimated using the same approach used in the previous section to estimate the impact of supply chain expenditure. As Figure 2-2 illustrates, many of what crofters invest in are likely to be obtained either from other crofters or businesses in the Crofting Counties, suggesting a high level of local spending retention. It was therefore estimated that 86% of investment expenditure would be spent in the Crofting Counties and 96% would be spent in Scotland.

Using the approach used in the previous section it was estimated the direct impact of crofter investment was £16.8 million GVA and 535 jobs in Scotland, including £15.1 million GVA and 475 jobs in the Crofting Counties, and the total effect (including indirect and induced effects) was £30.6 million GVA and 790 jobs in Scotland, including £19.2 million GVA and 550 jobs in the Crofting Counties.

¹² As grants and support schemes were included as part of direct impact, money invested from public funding has not been included as part of the impact of croft investment to avoid double counting.



2.4.1 A Long-term Outlook

One of the major criticisms that has been levelled at the UK economy in recent years is that chronic under-investment has undermined long-term performance. Crofters' willingness to invest in their holdings can be favourably contrasted with this and is indicative of a long-term outlook and commitment to continuous improvement.

While no direct evidence is available about crofters' investment motivations it is reasonable to suggest the security of tenure provided by crofting legislation may be an explanatory factor. It is much less risky to invest if you are confident you and your family will be around to recoup the rewards.

2.5 Croft Rents

A final source of economic impact directly generated by crofting arises from the rental payments made by crofting tenants to their landlord. While typically small these payments provide a reliable income stream that helps sustain the wider value added by rural landlords. Previous research published by BiGGAR Economics¹³ suggests that this impact is not inconsiderable, amounting to a total of around £2.4 billion/year for the Scottish economy and accounting for around one in ten rural jobs.

To estimate the value of this impact it is first necessary to establish how much rent crofters pay. In 2022, 70% of crofts were tenanted¹⁴ and 36% did not pay any rent or mortgage payments¹⁵ implying that rent was paid for at least 9,694 crofts. (This figure will include crofters had paid off their mortgage or who purchased their croft outright so should not be interpreted as non-payment.) In 2022, the average land rental paid by crofters was £134, amounting to a total of around £1.3 million.

The value of these rental payments is equivalent to income to landowners. The direct impact of this was estimated by applying turnover/GVA ratios for a number of sectors where landowners are likely to be investing their income, such as agriculture, forestry, and retail, as well as the support service activities associated with administration costs and real estate activities. Indirect and induced effects were then captured by applying appropriate GVA and employment multipliers to the direct effect as described in section 2.1.1.

In this way it was estimated that rental payments by crofters generated a total of £1.0 million GVA and supported around 20 jobs in Scotland, of which £0.8 million GVA and 15 jobs were in the Crofting Counties.

¹³ BiGGAR Economics (2023), Contribution of Rural Estates to Scotland's Wellbeing Economy. Published by Scottish Land and Estates.

¹⁴ Crofting Commission (2023), Annual Report and Accounts 2022/23. Available: https://www.crofting.scotland.gov.uk/userfiles/file/annual_report_and_accounts/crofting-commission-annual-report-2022-23-english.pdf

¹⁵ Rural & Environmental Science and Analytical Services (RESAS) (2023), Economic Condition of Crofting Survey 2019-2022



2.5.1 Security to Innovate

This impact is small compared to the others in this chapter because rental payments are so small but the wider importance of this should not be overlooked.

Many advanced economies have suffered from a marked slowdown in labour productivity in recent decades, a trend that has negative implications for overall economic performance and living standards. Research suggests¹⁶ that one of the factors behind this is rising house prices, which have been blamed for diverting capital away from more productive types of investment, as households funds are increasingly used for housing costs as opposed to investment in activities which improve labour productivity such as training.

The evidence presented in this chapter suggests crofting may be bucking this trend.

With very low rental costs crofters may have greater freedom than the average householder to invest in productive capital. The substantial personal investment made by most crofters tends to confirm this.

While it is not possible to draw definitive conclusions about how this affects productivity, the diversity of crofting activity highlighted at the start of this chapter suggests the effect is likely to be positive. Croft rents are subject to direct regulation so this effect can be traced directly to crofting tenure.

2.6 Summary and Relevance to National Outcomes

This section has shown that crofting generates £102.2 million GVA/year for the Scottish economy and supports more than 16,700 jobs through crofting activity and knock supply chain effects. A summary of this is provided in Table 2-1.

This section has also presented qualitative evidence suggesting that crofting is associated with a long-term outlook that has resulted in positive approach to investment that supports innovation and may enhance productivity. It has also suggested these effects can be directly attributable to crofting tenure.



Crofting makes an important contribution to the **economy outcome** within Scotland's national performance framework.

This contribution is possible because the crofting system provides long-term security, which allows entrepreneurship and innovation to flourish. This relates directly to the NPF Economy indicators of productivity and economic growth, through entrepreneurial, reduced carbon footprint practices that generate natural capital.

¹⁶ For an explanation of this effect see for example this article featured on the Economics Observatory website in February 2024 <https://www.economicsobservatory.com/how-might-house-prices-affect-workers-productivity-in-oecd-economies>



Table 2-1 Crofting in the Rural Economy Quantifiable Economic Impact Summary

Source of Impact	Crofting Counties	Scotland
GVA (£m)		
Direct Impact	£29.0	£29.0
Supply Expenditure	£25.2	£41.6
Croft Investment	£19.2	£30.6
Croft Rents	£0.8	£1.0
Total	£74.2	£102.2
Employment (Jobs)*		
Direct Impact**	14,730	14,730
Supply Expenditure	795	1,165
Croft Investment	550	790
Croft Rents	15	20
Total	16,090	16,705

Source: BiGGAR Economics Analysis. Note: Totals may not sum due to rounding. *totals may not sum due to rounding **the number of direct crofting jobs has been rounded for presentational reasons



3. Sustainable Land Use and Crofting Culture

Active croft management plays a crucial role in supporting biodiversity. Balancing the generation of income from the croft with environmental stewardship ensures that crofting contributes to livelihoods and maintains cultural heritage.

Crofting's small-scale food production is traditionally characterised by a mix of livestock rearing and crop cultivation. Environmental benefits stem from the small scale, diverse and often low-intensity nature of crofting agriculture. The more productive inbye croft land is managed in association with a shareholding in a common grazings.

The Shucksmith Report, Committee of Inquiry on Crofting,¹⁷ recognised that:

The relationship with the land is at the heart of crofting.

That relationship can deliver substantial benefits to society such as maintaining rare habitats and important Scottish biodiversity. Active management of croft land also contributes to the livelihoods of crofters, delivers important benefits to communities and is meaningful to the wellbeing of crofting families. Crofters often view themselves as stewards of the land for future generations. This long-term perspective encourages sustainable practices that protect and enhance the land's fertility and ecological health over time.

Crofting legislation and support (predominantly from government, but also from some NGOs) helps to sustain these productive ecosystems, contributing to soil health, carbon sequestration, biodiversity, and maintaining an iconic landscape. A holistic way of measuring the value of crofting land use has not yet been established but regenerative agriculture, agroecology and nature-based solutions are all relevant.

¹⁷ Committee of Enquiry on Crofting: Final Report (2008) https://consult.gov.scot/agriculture-and-rural-communities/crofting-consultation-2017/supporting_documents/Shucksmith%20Report.pdf



Regenerative agriculture is a term that is becoming more widely used to describe means of producing food that has positive (net) environmental and social impacts¹⁸. The various definitions and descriptions of regenerative agriculture include the potential to enhance the sustainability of food production, and the possibility that regenerative agriculture could form part of a climate change mitigation strategy by improving the health of soil and thereby restoring its carbon content.

Many advocates for regenerative agriculture promote five commonly agreed principles for land management practice. These are (i) minimise soil disturbance, (ii) maximise crop diversity, (iii) keep the soil covered all year round, (iv) maintain living roots all year round and (v) integrate livestock (primarily aimed at increasing soil organic matter through the use of grazing and manures, and fertility building with less chemical fertilizer)¹⁹.

It is easy to see how crofting could be valued as a form of regenerative agriculture but further research would be required to measure impact against universally agreed metrics. Similarly, there is a lack of quality data that provides crofters with an understanding of what they are already delivering in terms of nature-based solutions and natural capital, and the impact this is having on their business. Research into nature-based solutions in agriculture in Scotland has shown that deploying nature-based solutions can increase farm business resilience and enhance productivity, whilst also mitigating climate change and helping nature to recover²⁰.

Crofting also aligns with agroecological farming which requires an understanding of ecological processes and integrates farming operations with the local community and food systems. Agroecology can provide a broad and inclusive way to describing sustainability in agriculture and there will undoubtedly be crofters who are implementing agroecology as defined by the United Nations Food and Agriculture Organisation.²¹

¹⁸ Newton P et al. (2020), What Is Regenerative Agriculture? A Review of Scholar and Practitioner Definitions Based on Processes and Outcomes, University of Colorado.

<https://www.frontiersin.org/journals/sustainable-food-systems/articles/10.3389/fsufs.2020.577723/full?ref=rewildingmag.com>

¹⁹ Jaworski CC, Krzywoszynska et al. (2023), Sustainable Soil Management in the United Kingdom: A survey of current practices and how they relate to the principles of regenerative agriculture.

<https://bsssjournals.onlinelibrary.wiley.com/doi/full/10.1111/sum.12908>

²⁰ Brodie E (2023), The Potential for Nature-based Solutions in Scottish Agriculture.

<https://scottishwildlifetrust.org.uk/wp-content/uploads/2023/11/Agriculture-and-NbS-Report-Scottish-Willdife-Trust-2023.pdf>

²¹ Lozada LM and Karley A (2022), The Adoption of Agroecological Principles in Scottish Farming and their Contribution Towards Agricultural Sustainability and Resilience, The James Hutton Research Institute.

<https://sefari.scot/sites/default/files/documents/SEFARI-FFCC-SAS-SAOS%20Agroecology%20in%20Scotland%20Full%20report.pdf>



Crofting makes an important contribution to the **environment outcome** within Scotland's national performance framework.

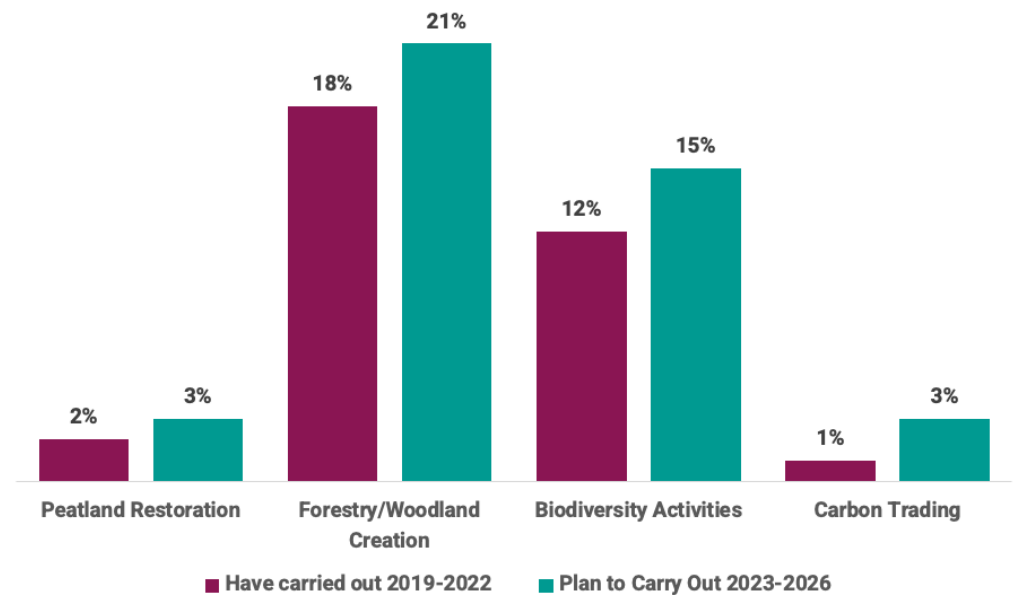
The active land management approach taken in Crofting is of great benefit to the environment. Through lower stock rates, greater crop diversity, and the management of habitats crofting makes a substantial contribution to the conditions of nature sights, biodiversity, and sustainable agriculture practices encouraged under Scotland's NPF.

3.1 Active Croft Management

Due to its small scale and poor land quality, it is not usually possible to make a living solely from croft land - although some horticultural businesses are a notable exception. However, the importance of maintaining crofting activity for public benefit, to preserve high value habitats and species, is recognised through several support schemes for crofters, including Crofting Agricultural Grants Scheme administered by the Scottish Government, RSPB support for management to preserve habitats for corncrakes, and Nature Scot support for sea eagles and goose management.

In total 28% of respondents to the Survey of the Economic Condition of Crofting 2019-2022 had carried activities to improve biodiversity and 34% planned to in the period 2023-2026. Whilst 12% of crofters had undertaken biodiversity activities on the croft, as shown as Figure 3-1, only 4% had taken up options under the Agri-Environment Climate Scheme (AECS) which specifically supports small-scale, mixed-use management of crofts.

Figure 3-1: Activities Undertaken and Planned on Crofts



Source: Scottish Government (2022), Economic Condition of Crofting Report 2019-2022

The value of active management is also underpinned by legislation. This includes the legal obligation for crofters to put the croft to purposeful use and they must also not misuse or neglect the croft.

Figure 3-2: Crofters Duties

Two of the duties of tenants and owner-occupier crofters are:



Source: Crofting Commission

3.2 Managing Important Habitats

Traditional crofting practices require grassland for grazing livestock, meadows for cutting hay and silage, and the low intensive cultivation of fodder crops such as turnips. The areas are limited in size due to croft size but also due to rocky outcrops, topography and drainage. This means crops are grown in small areas creating a mosaic of habitats which supports a rich diversity of plants and invertebrates and creating close proximity of nesting and feeding sites for birds. Removing livestock from inbye land to the common grazings throughout the growing season enables



annual plants to thrive and set seed, prevents the trampling of nests and the growth in vegetation provides good cover for nesting birds.

The example below illustrates how a croft on the Isle of Skye is being used to produce food for the family whilst focussing on managing the land for wildlife.



A Mosaic of Habitats

This croft is managed for native wildlife alongside growing food and natural materials. It provides a patchwork of habitats, including cropped fields, meadows, wetlands, and woodlands.

The land is boggy and acidic and when the croft was taken on in 2015 the vegetation was dominated by moor grasses and rushes. Paths were cut through the waist-high vegetation, tussocks were chopped out and holes left by the mounding from earlier woodland planting were filled. Since then several wildlife ponds have been dug, meadows have been cut and hedges and willow beds planted. This has resulted in an increase in bird species breeding on the croft and to date over 80 species of bird, nearly 300 species of moth, and over 70 species of wildflowers have been recorded.

The ground is slowly improving and the croft is beginning to flourish. The trees add nutrients, stabilise the soil and increase water retention. They produce firewood, sequester carbon and provide habitat for native wildlife. Collecting tree seed and growing native trees of local provenance to underplant woodland on the croft has been so successful a commercial tree nursery has been established.

As most of the croft is woodland, growing food is concentrated in relatively small areas. Food is grown without artificial inputs – reducing food miles and reliance on pesticides, fertilisers and packaging. Fruit trees and bushes have been planted and raised beds have been built to increase the amount of produce. A polytunnel was also added during lockdown and during the Summer of 2021 an average of 1.5 kilos of homegrown was produced each day from the croft - mostly made up of potatoes, followed by eggs, berries, courgettes and salad greens. The aim is to become self-sufficient in vegetable production and have more livestock once the trees and hedges are established.

Crofting offers many different ways of combining habitat management with making a living from the croft. West Coast Organics, for example, described In Chapter 2 illustrates how the croft not only supports the crofting family to live more sustainably



but also enables their customers to reduce food miles, eat healthy food and support the local economy.

3.2.1 Peatlands

Peatlands are Scotland's largest terrestrial carbon store, holding around 1.6 billion tonnes of carbon – the equivalent of an estimated 140 years of Scotland's emissions. Damaged peatland is a major source of greenhouse gas emissions and in 2019, emissions from UK peatlands were estimated at 23.1 million tonnes per year.

The crofting counties contain large areas of peatlands on common grazings. These support unique biodiverse ecosystems in addition to providing important stores of carbon. Peatland restoration is an emerging sector of land management and is widely recognised as an effective way to sequester carbon and contribute to Scotland's plans to reduce carbon emissions.

The Scottish Government has established a target of restoring at least 250,000ha of degraded peatlands by 2030. This would require 20,833ha of peatland to be restored each year. With 30% of Scotland's peatlands²² coinciding with areas under the management of common grazings committees, there is significant scope for crofting to contribute to this.

3.2.2 Woodlands

Similarly, woodland creation plays a significant role in reducing the effects of climate change by locking up carbon in growing trees and promoting the use of wood in place of more carbon intensive materials.

In 2022, woodland and forest covered almost 1.5 million ha in Scotland, twice the area of Argyll & Bute. This is equivalent to 19% of the total area of Scotland. Although this percentage is higher than the rest of the UK it is still below the European Union average of 38%.

The Scottish Government established a target of planting 18,000ha of woodland per year from 2024/25 and by 2032 it is anticipated that 21% of Scotland's land will be covered by forest and woodland²³. Since 2015, an average of 5,700ha of woodland/year has been planted with support from the Forestry Grant Scheme. With 18% of respondents to the Survey of Economic Conditions of Crofting 2019-22 (Figure 3-1) planting trees on their croft and 2% on common grazings, there is clearly interest and scope to contribute to woodland creation targets.

3.2.3 Machair

Machair is one of the rarest habitat types in Europe, estimated to extend to approximately 25,000ha world-wide. 17,500ha can be found in Scotland²⁴ and the

²² Peatland Restoration: A Guide for Crofting Communities by Ewan Jenkins, Cornelia Helmcke & Lydia Cole; University of St Andrews, Scotland, October 2023

²³ Scottish Government (2020), Update to the Climate Change Plan 2018-2032. Securing a Green Recovery on a Path to Net Zero

²⁴ Joint Nature Conservation Committee (JNCC) (2008), UK Biodiversity Action Plan Priority Habitat Descriptions: Machair



remainder in western Ireland. Machair mostly occurs in the Outer Hebrides – on Uists, Barra and Tiree. It is only on these Islands that the traditional mixture of grazed and cultivated machair can still be found. Much of its conservation value is dependent on the maintenance of crofting agriculture. In recent times this has involved a mix of seasonal extensive grazing (mainly by cattle, with pastures rested in the summer) and low-input low-output rotational cropping based on potatoes, oats and rye. This traditional mixed management sustains varied dune, fallow and arable weed communities which provide superb displays of flowering colour across wide expanses of unfenced land in summer. The periodic ground disturbance and seasonal absence of stock supports very important breeding wader populations and the wider machair system has a rich invertebrate fauna.

3.3 Crofting Heritage and Skills

Maintaining agricultural techniques for environmental stewardship is one part of crofting culture but aspects relating to community activities, language and history are also central to this heritage. Crofting is deeply intertwined with the Gaelic language, traditional music and storytelling and is likely to help maintain Gaelic cultural identity. Traditional music and songs are an integral part of crofting culture telling stories of the land, community life, and historical events. Music and song are powerful forms of cultural expression that help maintain a sense of identity and continuity and play a crucial role in passing down history, values, and traditions. Social gatherings and festivals often coincide with the agricultural calendar, they reinforce community bonds, provide a place to exchange knowledge and celebrate the shared highs and lows of crofting life.

Throughout this study several crofters mentioned the importance of crofting heritage to their deep connection to place, appreciation of community and sense of wellbeing. There is recognition that the value of crofting heritage recognises the struggles and achievements of past generations who shaped the land and culture of the Highlands and Islands. Crofting culture acknowledges their contributions and ensures that their legacy is respected and continued:

There is tremendous crofting history here, the idea of passing on the croft to family because of what our great grandparents fought for is a huge historical privilege. The cultural significance and the ability to pass on the croft to our children doubles the health and wellbeing benefits.

Source: Interview with crofter, 2024



The traditional management of inbye land, sometimes using traditional breeds of sheep and cattle, the collective management of common grazings, and the continuation of crafts such as knitting, weaving and basket making are all important to crofting culture and use traditional croft materials. These products often have a local or regional identity. Harris Tweed is well known, but many crofting practices embrace traditional knowledge – for example the Birlinn Yarn Company described below uses traditional Eriskay stitch patterns to create new and contemporary products.

The cultural significance of crofting activities is well known, particularly to those within the crofting counties, but their value to society is not well measured. Crofting culture and the activities associated with it contribute to natural, social, human and economic capital stocks. More research is therefore needed to comprehensively qualify and where possible quantify the value of crofting's cultural heritage. The technical appendix at Chapter 6 provides further information on information that could be collected to help determine this.



Crofting makes an important contribution to the **culture outcome** within Scotland's national performance framework.

Crofting is the cornerstone of a longstanding, rich culture that exemplifies, and preserves many important local practices, traditions, experiences, and products. It connects the generations and supports the growth of Scotland's cultural economy.

3.3.1 Retaining Crofting Skills

Maintaining and sharing crofting skills for future generations is an essential part of caring for crofting culture. Passing down crofting skills and knowledge through generations ensures young people understand and appreciate their heritage. This can instil a sense of pride and responsibility in maintaining cultural identity. The importance of passing down traditional skills and values associated with crofting, to ensure that this way of life continues to thrive, is captured in the activities at Lochview Rural Training.

It is also interesting to note young people's interest in crofting as a model for sustainable living that can offer valuable lessons in resilience, resourcefulness, and environmental consciousness that are relevant beyond the Highlands and Islands.



Crofting makes an important contribution to the **education outcome** within Scotland's national performance framework.

Crofting provides access to a wealth of traditional teachings and practices that are passed on through the generations. These traditions seek to preserve crofting culture, sustainable land uses, and promote a sense of community, all of which helps enhance the Scottish NPF indicators of increasing confidence in young people and the expansion of young people's skills.



Lochview Rural Training

A community based social enterprise promoting crofting to the next generation.

Lochview Rural Training was founded by Cara Cameron 3 years ago - bringing together her skills in training and youth work with her interest in promoting crofting and sustainable land use. The training centre, which is based on Cara's croft in Sutherland, provides practical learning for budding crofters alongside adult training. It also supports Highland Council's employability scheme and provides health and wellbeing opportunities for NHS Highland.

Cara is fully employed at the centre and is supported by a team of 5 Trustees, 4 members of staff, 5 sessional tutors and volunteers. Throughout the summer Lochview runs Croft Experience Sessions and the Summer Croft Club alongside adult workshops and regular junior and young crofters sessions. The centre offers a 50:50 mix of youth and adult training, with the adult training subsidising the youth programmes.

With more crofters over the age of 65 than under the age of 40, Cara is keen to support the next generation of crofters. Linking those who are not so fit and able but have decades of knowledge with techno savvy youngsters is proving invaluable. The young crofters are helping the older generation with online registrations, electronic ear readers, and camera apps (after installing cameras in lambing sheds), whilst the older generation are transferring traditional skills in animal husbandry.

There is considerable interest from young people who want to get in to crofting – they see the attraction of self-employment, contributing to net zero and sustainability



as well as the lifestyle. Over 80% of young crofters and junior crofters that regularly attend the centre are from non-crofting backgrounds.

The centre is also working in partnership with the local estate which is struggling to recruit workers with practical skills in new areas of work like peatland management and carbon storage. Some youngsters are now working locally on farm placements and get involved in community stock gatherings and helping at the Lairg lamb sales.

3.3.2 Adding Value and Differentiating Products

Crofting is a living heritage that illustrates the deep connection between people and their land. Many crofters use the story of sustainable management and heritage to add value to and differentiate their products. This not only helps to preserve cultural heritage but enhances economic sustainability too.

For example, the common grazings is important to Birlinn Yarn Company in managing their sheep but is also a major element in marketing their products. Sheep's wool is processed into high-quality yarn, which is sold, both locally and online, with stories about its unique heritage.



The Birlinn Yarn Company
From Seafaring Sheep

Birlinn Yarn Company

A family company selling yarn from sheep bred on crofts in the Outer Hebrides. The cultural history, the beauty of the location and the sustainability in production is embodied in the company's products.

The Birlinn Yarn company originated from rearing pedigree Hebridean sheep at the Sunhill croft on Berneray. Meg Rodger started the company in 2015 after trialling small batches of yarn to show there was an opportunity to add value to wool. The Company now buys in Hebridean and Cheviot fleeces from 15 other local crofters.

Each year, in early July, the sheep on the croft and those on the off shore islands are shorn. Meg grades the fleeces which are then sent to a mill in Yorkshire for professional spinning and subsequently sent on to be organically dyed. The wool returns in 50g balls to the Birlinn Yarn Company studio where Meg also works as a knitwear designer, adding further value by selling her designs alongside the wool.

Broadband connectivity enables the company to do business all over the world. Bulk sales to outlets in Sweden and the United States have supported the promotion of



Meg's products overseas. The yarn is now only sold directly from the studio or wholesale to the Scottish Textiles Showcase in Edinburgh where Meg's designs sit alongside other notable Scottish designers.

As tenants of the croft Meg feels they are custodians, the latest people passing through this quiet place. The management of the flock, including grazing on the offshore islands, is key to making a living and being custodians of the land. As well as participating in the Agri-Environment Climate Scheme (AECS), they have recently reduced livestock numbers, as part of the township, and changed the timing of grazing some paddocks to enable orchids to flower in June and corncrakes to nest. As a result of these small changes short eared owls now hunt past the kitchen window.

Where they are and what they do provides great strength to their branding and enables differentiation of their product.



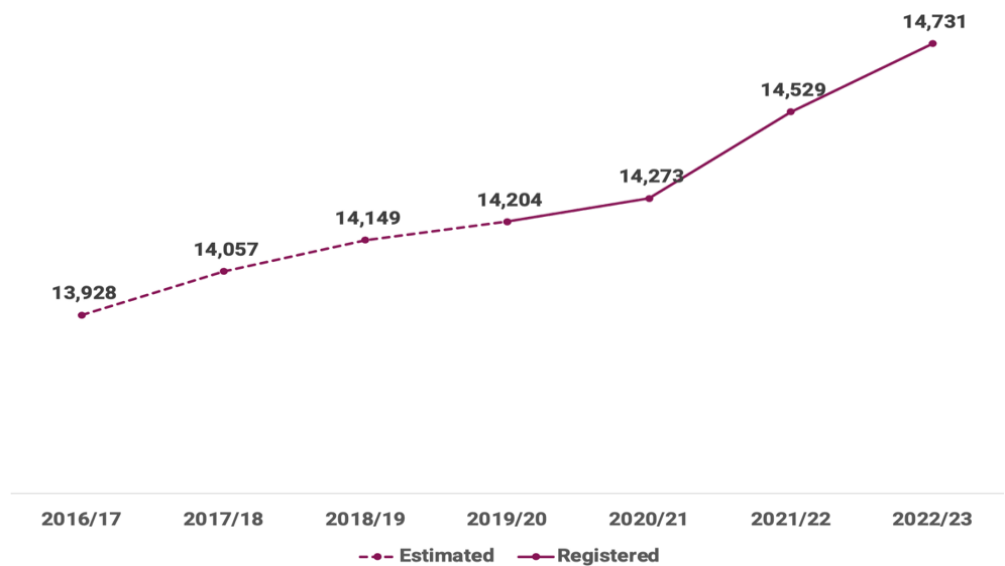
4. Population Retention & the Crofting Workforce

Crofting makes an important contribution to population retention in the crofting counties and helps support the resilience of rural communities.

4.1 Crofting Households

In 2016/17, it was estimated that there were around 13,928 crofters working 20,541 crofts. Since that year, the number of crofters has grown by an estimated²⁵ average of 1% each year, with an overall increase of 803 (6%) between 2016/17 and 2022/23. The estimated annual growth in the number of crofters is shown in Figure 4-1.

Figure 4-1 Number of Crofters, 2016/17 – 2022/23



Source: BiGGAR Economics Analysis of Crofting Commission Annual Accounts 2022/23

This trend line stands in stark contrast to the overall population trends witnessed by many parts of rural Scotland and provides a powerful illustration of the important role crofting is playing in retaining population in the crofting counties.

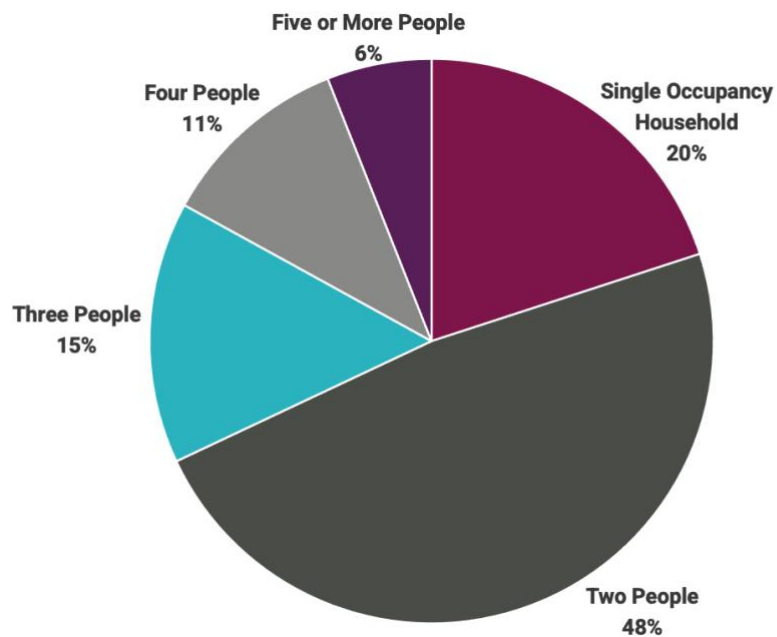
²⁵ The number of crofters has only been collected since 2019/20 so the number before this was estimated by applying the average number of crofters/croft between 2019 and 2023 to the total number of crofts.

However, most crofters do not live alone so the number of crofters underestimates the contribution crofting makes to population retention in the crofting counties. To provide a more accurate estimate it is necessary to look at crofting households.

4.1.1 Crofting Households

Using the Economic Condition of Crofting Survey 2019-2022, RESAS produced estimates of the number of people in crofting households. This data is summarised in Figure 4-2, which shows that 80% of crofters live in multi person households.

Figure 4-2 Crofter Household Sizes, 2022



Source: RESAS (2023), Economic Condition of Crofting Survey 2019-2022

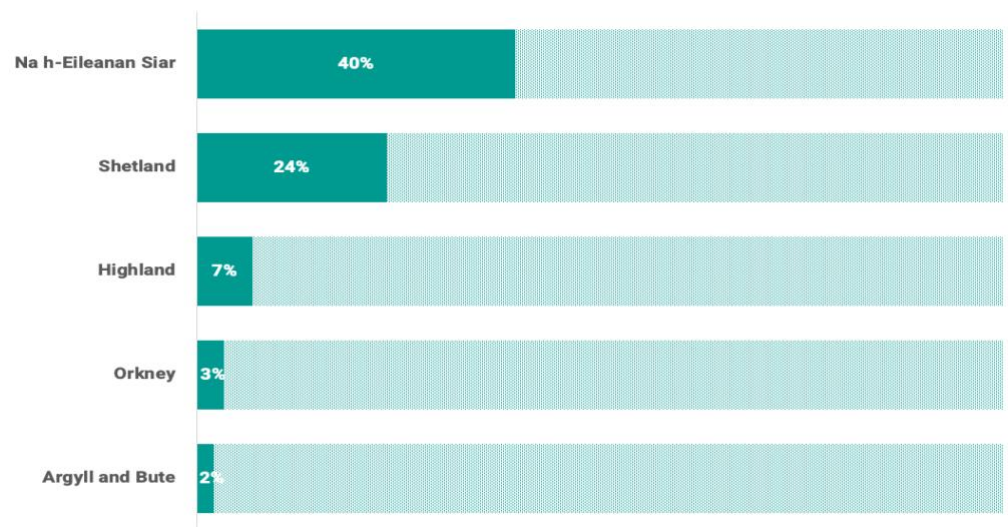
By applying these estimates to the total number of crofters, it was possible to estimate the total number of people living in crofting households by area. Figure 4-3 summarises this in the context of the overall population of each local authority²⁶ within the crofting counties. It shows that although the total number of people living in crofting households is relatively small compared to the total population of the Highlands and Islands, in areas such as Na h-Eileanan Siar and Shetland, crofters account for a significant share of population.

The local authorities where crofting takes place face significant challenges with depopulation. Crofting helps mitigate this by enabling crofting families to remain in these areas. However, this effect goes beyond population retention because of the contribution these families make to labour supply in these areas. To assess these effects it is necessary to consider the scale of the crofting labour force.

²⁶ Moray and North Ayrshire are excluded from this analysis because the crofting counties were only extended to cover these areas in 2010 and the number of crofts is not yet large enough to have a discernible effect on population.



Figure 4-3 Share of Total Population Accounted for by Crofting Households, 2022

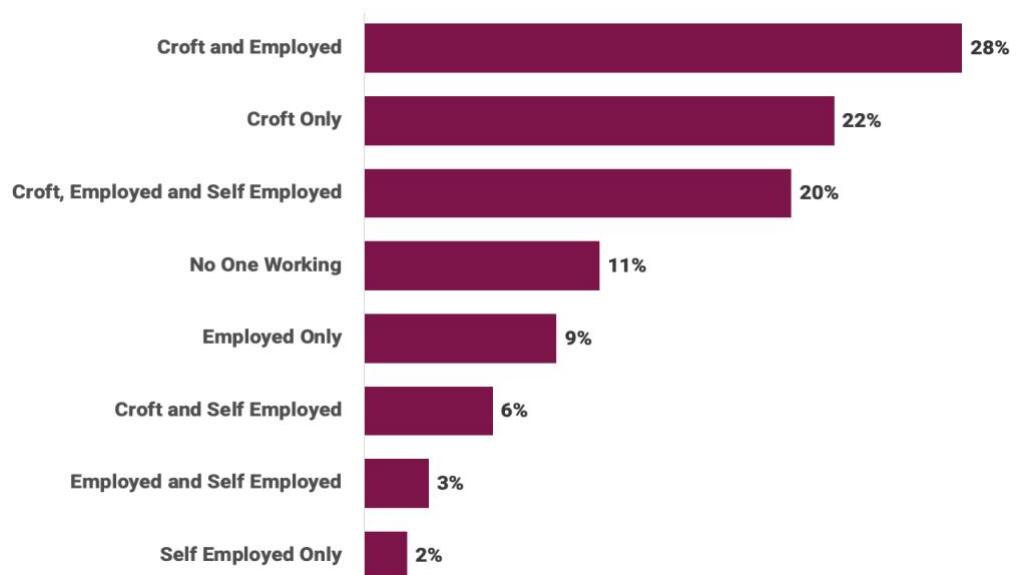


Source: BIGGAR Economics Analysis using ONS (2023) Annual Population Survey 2022 and The Crofting Commission (2023) Annual Report 2022-23.

4.2 The Crofting Labour Force

In 2022, around two thirds of crofters were either self-employed or had another job instead of or as well as crofting. A breakdown of this is provided in Figure 4-4.

Figure 4-4 Non-Croft Employment of Crofters



Source: RESAS (2023), Economic Condition of Crofting Survey 2019-2022

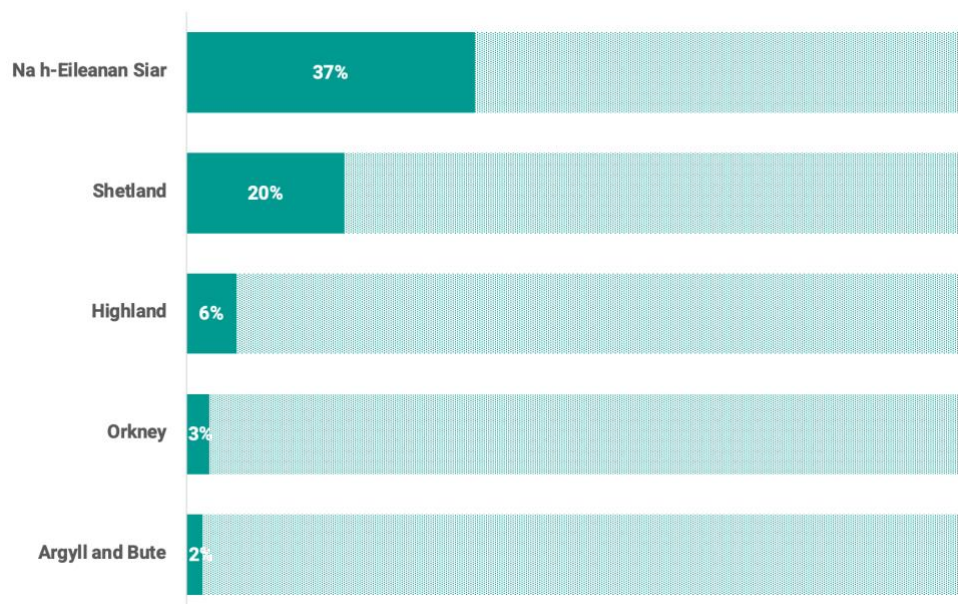
Of the crofters working non-croft jobs, 80% did not live alone. To estimate the scale of the crofting workforce it was assumed that crofters who did not live alone lived with at least one other adult. Overall, 58% of crofters are of working age (between 16-



64) so it was assumed that 58% of the adults living with crofters were also of working age. By applying this figure to the economic activity rate in each region, it was estimated that there are nearly 15,600 people who are either crofters or live in a crofting household who are either self-employed or work outside the croft.

In this way it was estimated that crofting families account for around 7% of the total working population of the Crofting Counties. There is however significant variation within this. In Argyll and Bute and Orkney for example crofting households account for approximately 2% and 3% of the working population, respectively, and in Highland, they account for around 6%. However, in the Shetland Islands crofting households were estimated to account for a fifth (20%) of the total workforce and in Na h-Eileanan Siar, over a third (37%).

Figure 4-5 Share of Workforce Accounted for by Crofting Families



Both of these areas are projected to experience a reduction in the working age population. In Shetland, it is projected that, between 2022 and 2043, the working age population will fall by 11%, while Na h-Eileanan Siar is projected to lose almost a quarter of its working age population (24%) over the same period.

As crofters have a duty to be ordinarily resident on or within 32km of their croft a significant share of working people, particularly in Shetland and Na h-Eileanan where the population is expected to decrease over time, are securely embedded in the area improving the overall resilience of the working population. This is important because it helps to ensure the survival of what would otherwise be very fragile communities, but also because of the profound effect it has on the economies of these areas.



4.3 The Importance of Non-Crofting Employment

Crofters have a wide variety of non-crofting employment - often combining more than one non-croft jobs with working on the croft. They may be employed in the public sector as teachers, carers, ferry operators and roads workers; provide the labour force for other sectors such as fish farms, renewables, tourism; or be self-employed for example as fencers, joiners, plumbers and electricians.

If crofting did not exist, and crofters were not available to do these jobs the impacts on other sectors would be considerable. These effects include the direct activity of crofters working in non-croft jobs and effects elsewhere in the supply chain.

The requirement for crofters to live on, or close to, their crofts encourages crofters with non-croft jobs to stay in the crofting counties, where otherwise those working remotely may choose to live closer to their place of work and those who work locally may have been more likely to move where more jobs are available.

Non-croft work generally complements working on the croft, with non-croft employment often contributing to the management and investment on croft. Working the croft alongside other occupations is not only practical but the combination of activities enables a crofting lifestyle to be financially viable - as illustrated below.



RM Heritage Projects

A publishing and design agency on the Isle of Skye.

Ronan was brought up on a croft in Skye and studied design at university whilst developing as a fiddle player. After graduating it seemed everyone was seeking the bright lights further south, but Ronan was determined to return to crofting on Skye. In 2000 he was able to purchase the tenancy of a bare land croft next to his parents.

He taught himself graphic design and web skills to complement the product design he had learnt at university and started doing some local design work. Digital connectivity at that time was really poor, but Ronan had the foresight that technology would eventually enable people to live anywhere and do anything.

He bought a boat in 2002 and worked from Kyleakin harbour, saving money on rent and giving him the freedom to travel in summer and do gigs and design work in winter. Keeping his overheads low enabled him to slowly develop the business and the croft. It took three years to build a house on the croft where Ronan now lives with his partner and children; they keep cattle and have the boat for family adventures.

The security of having the croft made a big difference to being able to do this.



4.3.1 Direct Impact of Non-Croft Jobs

When crofters work in jobs other than crofting, this creates impact by supporting the operations of the company they work for. However, not all crofters who work in non-croft jobs will work for businesses based in the Crofting Counties. Some will travel beyond the Crofting Counties to work (for example in the oil and gas industry or more recently the off-shore renewables sector) while others may work remotely for companies based elsewhere. As these businesses are based outwith the Crofting Counties the direct impact of these jobs will not accrue to the local economy and was therefore excluded.

At the time of writing no data was available about the nature or location of non-crofting jobs undertaken by crofters so it was assumed that 50% of crofters and their working family members work within the Crofting Counties (with the remaining 50% assumed to live in the Crofting Counties and work remotely). This equates to around 7,800 people working non-crofting jobs in the Crofting Counties.

It was also assumed that the share of crofters working in each sector was consistent with the industrial structure of the local authorities in the Crofting Counties. The direct impact of these jobs was therefore estimated by applying an average GVA/employee figure for these sectors to the total number of people from crofting households working in the Crofting Counties. In this way it was estimated that the direct impact generated by crofters and their family members working non-croft jobs in the Crofting Counties was £268.2 million GVA.

4.3.2 Household Expenditure

Crofters and their families also generate impact in the Crofting Counties by spending the money they earn from non-crofting activities. This spending helps support activity in other businesses in the Crofting Counties. To estimate this impact, it was first necessary to understand how much crofting households might spend in the Crofting Counties from non-crofting related work.

Data from the Economic Condition of Crofting report shows that the average crofting household income generated from non-crofting activities per crofter was £30,412. It was therefore estimated that the total income generated by crofting households from non-crofting activities was £448.0 million.

Assumptions were made about where crofters with non-crofting jobs would be likely to spend their wages, with an expected 60% being retained in the Crofting Counties and 74% being spent in Scotland. This was based on previous assessments on household expenditure in Scotland undertaken by BiGGAR Economics.

By applying appropriate ratios and multipliers for the sectors in which this income was spent (as described in section 2.1.1), it was estimated that the total economic impact generated by crofters and their families spending the income they earn from non-crofting incomes was £184.5 million GVA and 4,905 jobs across Scotland, including £116.4 million GVA and 3,070 jobs in the Crofting Counties.

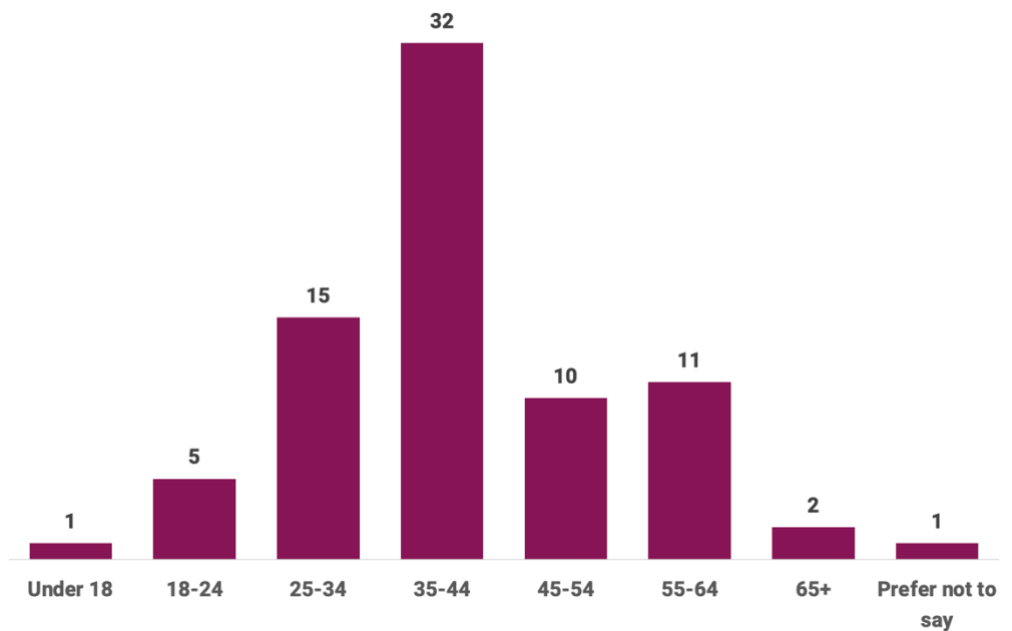


4.3.3 Potential Future Crofting Workforce

Growing investment and innovation in the renewable energy sector is expected to result in increased demand for labour and skills²⁷ and crofting families could play a role in enabling the full potential of this opportunity to be realised.

It is also notable that the vast majority of those seeking crofts are of working age as shown at Figure 4-6, indicating a potential for generating further economic activity both on and off-croft and further contributing to the value of crofting.

Figure 4-6 Age Group of Croft Seekers



Source: Scottish Land Matching Service, 2024

4.4 Dynamic Effects

The contribution crofters and their families make to the economy of the Crofting Counties through the non-crofting work they do is substantial. However, the impact estimated in the previous section is an underestimate of the full social and economic value of the contribution they make because it does not account for the wider effects crofters, and the non-crofting work they do, have on other businesses. These wider dynamic effects include:

- creating demand for other sectors;
- providing essential inputs to other sectors;
- establishing and building new businesses; and
- providing labour for other sectors.

These dynamic effects are described and where possible quantified below.

²⁷ Skills Development Scotland (2023), Regional Skills Assessment Highlands and Island



4.5 Creating Demand for Other Sectors

One of the most important ways in which crofters help create demand for other sectors is by operating visitor attractions that encourage people to visit the Crofting Counties and providing accommodation that enables them to stay in the local area. While the direct impact of these businesses was captured in Chapter 2 the wider economic impact generated when customers of these businesses spend money in other local businesses was not. This section quantifies this wider impact.

The general approach used to do this involved three main steps:

- estimating the number of people visiting croft-based leisure businesses and staying in accommodation on crofts;
- estimating how much money these visitors are likely to spend in other businesses in the local area during their visit (i.e. off-croft expenditure);
- estimating the economic impact of this expenditure using ratios and multipliers relevant to tourism as described in Section 2.1.1.

4.5.1 The Impact of Croft Visitor Expenditure

At the time of writing no data was available about the nature or scale of croft based leisure businesses so to illustrate the dynamic impacts associated with them a sample of eight attractions was assessed. The businesses considered included the largest known businesses but survey evidence shows 7% of crofters are involved in “leisure based crofting activities”²⁸ so this is likely to be an underestimate.

Where possible, visitor numbers were sourced directly from the attractions considered. Where this was not possible, conservative estimates of annual visits, using the visitor numbers of similar attractions, were made. In total, it was estimated that the eight attractions received around 124,000 visitors each year.

In addition to this, in 2022, 13% of crofters ran holiday lets or B&Bs²⁹, suggesting that there are at least 1,915 B&Bs or holiday lets being run by crofters. It was assumed that (on average) each accommodation provider would have five beds available for tourists. The number of visitor bed nights was then estimated by applying occupancy rates for self-catering providers and B&Bs.³⁰

Visitor expenditure was then estimated by applying assumptions about average visitor expenditure from various official sources^{31 32 33} to the total number of visitors/visitor bed nights. Appropriate ratios and multipliers were then applied to

²⁸ Scottish Government (2022), Economic Condition of Crofting Report 2019-2022

²⁹ Scottish Government (2022), Economic Condition of Crofting Report 2019-2022

³⁰ VisitScotland (2023), Scottish Accommodation Occupancy Survey 2023

³¹ Kantar TNS (2020), Great Britain Day Visitor Survey

³² Kantar TNS (2020), Great Britain Tourism Survey

³³ ONS (2020), International Travel Survey



this expenditure (following the method set out in section 2.1.1) to estimate the direct, indirect and induced effects on the tourism sector in the Crofting Counties.

In this way it was estimated that the expenditure of people staying in crofts or visiting croft-based leisure businesses elsewhere in the local economy generated a total impact of £17.1 million GVA and 660 jobs across Scotland, of which £13.4 million GVA and 580 jobs were in the Crofting Counties.

4.5.2 Providing Essential Inputs to Other Sectors

Many crofters do jobs that provide important inputs to other sectors. For example, some crofters provide food and drink or craft goods to businesses catering for tourists while others are involved in construction trades and do work that enable other businesses to grow. The impact of these jobs supports the economic activity generated by those businesses and all the jobs they provide.

Further evidence would be needed to estimate this effect but a study conducted by BiGGAR Economics for Mull and Iona Development Trust³⁴ provides some corroborative evidence. The study, which assessed the benefits to the local economy of investing in, and delivering, accommodation for workers on the islands, showed that some local businesses are unable to satisfy the demand for their goods and services (e.g. tourism businesses), yet are also unable to grow to meet this demand as the tradesmen they need to expand their facilities are not available. It is likely that if crofters were not providing some of these services the capacity for local businesses to maintain facilities and grow would be worse.

4.5.3 Establishing and Building New Businesses

Many crofters have established other businesses on their crofts. The direct GVA effect of these businesses is captured as part of the direct impact of crofting considered in Chapter 2 and the direct employment effect (i.e. crofters working in their own businesses) was captured earlier in this chapter.

However, these impacts do not capture those employed in crofters' businesses as there is no data on whether or how many of these businesses employ other people. Anecdotal evidence suggests there several known examples of businesses like this. For example, several crofters run campsites that are likely to have employees during peak season and the Ice and Fire Distillery³⁵ was set up by a family of Caithness crofters and now provides employment for several family members.

4.5.4 Providing Labour for Other Sectors

Many crofters provide essential labour to the public (e.g. teachers, nurses, road maintenance workers, retained firefighters, refuse collectors) and private (e.g. shop keepers, hospitality and trades) sectors. Without this workforce many essential

³⁴ BiGGAR Economics (2023), Worker Accommodation Economic Impact Assessment report for Mull and Iona Community Trust. <https://biggareconomics.co.uk/worker-accommodation-economic-impact-assessment>

³⁵ <https://www.iceandfiredistillery.com/our-story/>



services would become vulnerable, threatening the viability of communities and leading to a spiral of decline.

It is also likely that many of the sectors crofters work in would struggle to survive if crofters did not fill essential roles. Tourism, health and social care and aquaculture are all good examples of sectors with well documented recruitment challenges that are likely to be vulnerable if the crofting population was not available for work.

At the time of writing not enough information was available about the type of jobs crofters do to enable these effects to be estimated but to help illustrate the potential scale of this impact the case study below considers what the implications could be for aquaculture but a similar argument could be constructed for other sectors such as tourism and (increasingly) renewable energy.



Aquaculture

Fish farms in Scotland struggle with recruitment. Without crofters working off-croft jobs in the sector, this would have wider impacts on the economy

In 2023, the Scottish Government published a review of learning in Scotland's land-based and aquaculture sectors.³⁶ The report highlights recruitment as one of the major challenges for the sector.

The number of crofters who might work in the sector was estimated by assuming the profile of jobs taken up by crofters and their families is similar to the industrial structure of the Crofting Counties. The direct economic impact of these jobs was estimated by multiplying the number of crofters doing aquaculture jobs by average GVA/worker³⁷ in the sector. In this way it was estimated that if crofters were not available to fill these positions this would equate to a direct loss of around £30.5 million GVA across the Crofting Counties.

However, the total economic effect would be wider than this because crofters working in aquaculture are not concentrated in one area or employed by one company. It is therefore reasonable to expect that, if crofters were not available to work in aquaculture, some of the aquaculture businesses operating in the Crofting Counties would not be viable, and it is likely some would cease operations, resulting in job losses for any non-crofters working in those businesses.

³⁶ Scottish Government (2023), Commission for the land-based learning review: report to Scottish ministers

³⁷ Scottish Government (2023), Scotland's Marine Economic Statistics 2021



Using official statistics on the number of aquaculture businesses³⁸, employment³⁹ and the average number of employees per business it was possible to show that if crofting labour were not available and aquaculture businesses were forced to close this would result in a loss of between £2.9 and £5.2 million GVA and between 14 and 25 jobs⁴⁰ *per business*. This does not include the indirect effects on businesses in the aquaculture supply chain.

4.5.5 Summary of Dynamic Economic Effects

The dynamic economic effects of crofting include generating demand and providing essential inputs (including labour) for other businesses and building and growing new businesses that employ people not connected to crofting. However, has only been possible to quantify a small proportion of these effects.

The dynamic effects that could be quantified relate to the expenditure of visitors to croft-based tourism attractions and accommodation. These visitors spend their money in other businesses in the area generating wider dynamic economic effects of around £17.1 million GVA and 660 jobs. This is however almost certainly an underestimate of the full value of the dynamic economic effects of crofting. As this is an important area of impact there would be merit in undertaking further research on it.

4.6 Enabling Economic Activity

A final way in which crofting supports the resilience of communities in the Crofting Counties is by providing a framework that enables land use decisions to be taken for the common good. Under current legislation tenant crofters can seek the consent of their landlord to do something innovative on inbye croft, known as putting the land to another purposeful use, and, if the landlord refuses consent, the crofter can ask the Crofting Commission to decide.

This provision has been used in various ways to enable developments to take place that bring valuable benefits to crofting communities.

One example of crofters enabling economic activity is the use of common grazings for wind farm development. At the time of writing no data was available about the number of wind farms developed wholly or partially on common grazings but there is evidence to show that the potential impact of such projects can be substantial.

For example, evidence⁴¹ submitted as part of the planning application for the Melvich wind farm in Sutherland, shows the project is expected to generate £12.7 million

³⁸ ONS (2024), UK Business Counts 2022

³⁹ ONS (2024), Business Register and Employment Survey 2022

⁴⁰ North Ayrshire and Moray not included as the share of the workforce taken up by crofters is insignificant

⁴¹ Belltownpower (March 2023), Environmental Impact Assessment, chapter 13: Socio-economics, tourism and recreation, prepared by BiGGAR Economics and available at



GVA/year for the Highland economy and support 185 years of employment during the construction phase and £0.8 million GVA/year and 5 jobs once operational.

Another important way in which crofting enables economic activity is by enabling land to be released for housing development through a process that enables crofters to apply to 'decroft' part of their holding. Most of the land released in this way is used to enable the development of a single dwelling, usually for crofting families but there are also examples of land being released for small housing developments.

Data provided by the Crofting Commission suggests that in 2023 there were 92 decrofting applications for the construction of new homes, of which one was for a development of 12 homes. This suggests that in any given year crofting may be enabling the development of around 100 new homes/year, or around 1,000 over a 10-year period.

To help contextualise this it is helpful to note that the Scottish Government is committed to delivering 110,000 affordable homes by 2032⁴² of which 10% (11,000) will be in remote, rural and island communities. The potential for crofting to contribute to this target is therefore significant.

4.6.1 The Economic Impact of Housing Construction

The construction of new homes has a quantifiable economic impact that can be estimated based on construction costs. An average three bedroom house in Scotland costs around £250,000 to build⁴³. To account for variance in the cost of house building by area of Scotland, indices from the Scottish Government's Scottish Social Housing Price Index⁴⁴ were applied to this figure. The resultant figure was then applied to the total number of new homes referred to above (103) to estimate that around £30.2 million was spent on housing construction on land which was decrofted in 2022.

Estimates were made about the share of expenditure on construction that would be retained within the Crofting Counties based on the industrial structure of the study areas. Appropriate adjustments were also made to take account of the fact that crofters are likely to take on a significant share of the construction themselves and, being embedded in their communities, are also likely to have knowledge of local businesses that could undertake the construction work.

Appropriate ratios and multipliers for the construction sector were then applied following the approach set out in section 2.1.1 to the direct and indirect effect of this expenditure. In this way it was estimated that the total economic impact generated

https://melvichwindenergyhub.com/downloads/642c3e1c6aa40_vich_Volume_1_-_Chapter_13_-_Sioeconomics_Tourism_Recreation.pdf

⁴² Scottish Government Affordable Housing Supply Programme <https://www.gov.scot/policies/more-homes/affordable-housing-supply/>

⁴³ Build Partner (2024), Average Building Costs per Sq M for 2024 – a UK Guide. Available: <https://buildpartner.com/average-building-costs-per-sq-m-for-2024-a-uk-guide/>

⁴⁴ Scottish Government (2023), Scottish Social Housing Tender Price Index (SSHTPI)



by the construction of houses on decrofted land was £16.4 million GVA and 320 jobs across Scotland, including £8.2 million GVA and 165 jobs in the Crofting Counties.

This economic effect is substantial, but the social value of this activity is likely to be even more significant.

4.6.2 The Social Value of Enabling Economic Activity

The impact of the lack of homes in rural areas is well documented, and plays a crucial role in depopulation. The lack of housing contributes to an ageing population as working age people move away. An aging population adds pressure to local services such as healthcare and transportation, which in turn become harder to sustain as the population dwindles.

This shrinking workforce in turn affects local businesses and services leading to closures or relocation and further job losses and outmigration. As people leave due to housing shortages, the social fabric of rural communities begins to unravel. Schools, shops, and other essential services may close due to a lack of demand, making the area even less viable for those who remain.

This spiral of decline continues when developers are less likely to invest in areas where costs are high and local suppliers and skills limited. This lack of investment perpetuates the housing shortage and continues to limit economic opportunities.

By enabling land to be released for housing and other development, crofting plays an important role in mitigating rural depopulation and supporting the resilience of crofting communities.

4.7 Enabling Community Resilience

In crofting individual rights to make a living, and realise assets, are balanced with the need to sustain the community⁴⁵. This balance is not static, it changes over time and is different throughout the Crofting Counties. The ability of the crofting system to manage this dynamic over time is a measure of its value.

The Crofting Commission regulates and promotes the interests of crofting. It has the powers to influence the balance between rights and responsibilities, individuals and communities; but the responsibility to secure the future of crofting rests to a great extent with crofters and how they decide to exert their rights and responsibilities. IG Macdonald, a crofter and former Commissioner provided his insights.

⁴⁵ For example crofters have the right to request permission to put their croft to another purposeful use (from their landlord or the Crofting Commission if permission is refused) but permission is not automatic and the decision will be informed by how the proposal could affect the crofting community.



Crofting and Community

IG Macdonald has been a crofter all his life. He provided his thoughts on how crofting influences communities.

I moved back to Skye with my young family and they grew up on the croft in much the same way as I did. My daughter has since taken over the croft and moved back to Skye after starting her career away from the island. It's fantastic that families can do this to maintain the connection to communities for generations.

Crofting keeps the primary schools, churches, ceilidhs and village halls alive. The number of people in these communities wouldn't be the same without crofting. Crofting not only keeps people in communities, but it keeps people behaving with a sense of community. The requirement to be resident on the croft is very important; whole communities can be destroyed if crofts are only occupied by summer visitors. If the residency requirement is not strictly applied, we will devalue the idea of community in crofting.

The security of tenure means we are more connected with the community. We previously gathered and dipped sheep as a community - not so much now as crofters have tended to become more individuals, but communal activities do still exist and lots of work is shared. Being shareholders means you have the same opportunity to comment on plans, for example for woodland on the common grazings, or chip in ideas or say your piece. There's a community feeling about all these things.

Some people have moved from crofting communities to towns, but they have not retained their sense of community because they have lost the background of the crofting community. For example some towns have larger populations than crofting townships but have less representation on community councils. They don't interact with their neighbours in the same way, they behave more individualistically – this may be to do with shareholding in the common grazings or operating sheep stock clubs. Crofting keeps people together as part of a group, builds camaraderie and people feel part of something. The idea of township is crucial.

Crofting legislation therefore has the capacity for crofters, both as individuals and collectively, to contribute to community resilience. For example, crofters can collectively enable economic activity on common grazings, such as renewable energy, forestry and peatland restoration, but the most significant activity they might be able to contribute to, at present, is making land available for housing.



4.8 Summary and Effect on National Outcomes

This section considered how crofting supports population retention in rural Scotland and the important contribution this makes to the labour force of the Crofting Counties. It has also considered the wider contribution the crofting labour force makes to other sectors of the rural economy and the role crofting plays in enabling economic activity in these areas.

Taken together the impacts quantified in this section amount to £486.2 million GVA and 13,680 jobs across Scotland, of which £406.2 million GVA and 11,610 jobs are in the Crofting Counties. A summary of these quantifiable impacts is provided in Table 4-1.

Table 4-1 Community Resilience Quantifiable Economic Impact Summary

Source of Impact	Crofting Counties	Scotland
GVA (£m)		
Non-crofting employment	£384.6	£452.7
Dynamic economic effects (tourism)	£13.4	£17.1
Enabling economic activity (housing)	£8.2	£16.4
Total	£406.2	£486.2
Employment (Jobs)*		
Non-crofting employment	10,865	12,700
Dynamic economic effects (tourism)	580	660
Enabling economic activity (housing)	165	320
Total	11,610	13,680

Source: BIGGAR Economics Analysis *totals may not sum due to rounding

Substantial though these economic impacts are they are likely to underestimate the full value of the contribution crofting makes to the economies and communities of the Crofting Counties.



Crofting makes an important contribution to the **community outcome** within Scotland's national performance framework.

Crofting makes a powerful contribution to the resilience of rural communities by supporting population retention in some of Scotland's most fragile communities. This effect is directly linked to the crofting duty to be ordinarily resident.



5.

Health and Happiness

The crofting lifestyle has many attributes consistent with living a good life and may help explain why wellbeing tends to be higher in parts of Scotland where the concentration of crofters is highest.

As has been shown elsewhere in this report crofting plays an important role in sustaining the economies of the crofting counties. However, what is also apparent is that for many people, the true value of the crofting system cannot be expressed in pounds and pence. Throughout the field work for this study, it has been clear that the real value of crofting is much more fundamental.

There are few things more fundamental in life than human wellbeing.

Each year the Office for National Statistics gathers data on four aspects of personal wellbeing: life satisfaction, feelings that life is worthwhile, anxiety and happiness. This evidence consistently shows the local authorities that have a high concentration of crofting score better than elsewhere in Scotland.

The evidence is not granular enough to draw statistically significant conclusions about causation. However, by considering research evidence on the determinants of wellbeing alongside personal testimony gathered from crofters as part of this study, it is possible to draw conclusions about whether causation is likely.

5.1 Mental and Physical Health

Mental and physical health both have a major effect on wellbeing so anything that helps improve health or mitigate the risk of becoming ill is therefore beneficial in wellbeing terms. There are several ways in which crofting may do this.



Crofting makes an important contribution to the **health outcome** within Scotland's national performance framework.

Crofting is associated with factors that can bring substantial physical and mental health benefits and support the overall wellbeing of crofters. The physical labour needed to tend the land, and looking after livestock contributes to general health and fitness and the mental wellbeing that comes from having a connection with nature, animals, other people can be very beneficial. These physical and mental wellbeing improvements can in-turn contribute to a healthier, and higher, life expectancy.



5.1.1 Connection with Nature

Multiple studies have shown a positive link between exposure to nature and wellbeing. Research published in the journal *Nature* for example shows spending at least two hours a week in nature is associated with good health and wellbeing⁴⁶.

Connection with nature is part of the essence of crofting. The crofting counties are all in rural, often sparsely populated parts of Scotland where nature is an essential feature of the local environment. It is difficult to imagine how anyone living on a croft could avoid spending at least two hours/week in nature.

It's not just the crofting activities that give a good quality of life it's the sense of place, where you are. Being outside in the fresh air is what everyone from the city wants for a fortnight, crofters have it 52 weeks of the year.

Source: Interview with crofter, 2024

However, for many (if not most) crofters this connection goes beyond passive observation. As illustrated in chapter 3, crofts are often havens for nature and many crofters are active environmental stewards. As shown in Figure 2-1, most crofters (73%) raise livestock and a significant minority (43%) grow crops, both activities that demand careful observation and a deep, intentional connection with the natural world. This matters for wellbeing because research has shown intentional interaction brings greater benefits than occasional or incidental contact⁴⁷.

75% of the time my state of mind and wellbeing is really positive. We have the responsibility of the animals; we have to get outside several times a day – it's really beneficial.

Source: Interview with crofter, 2024

5.1.2 Interaction with Animals

There is also evidence to show that interacting with animals improves emotional wellbeing. Some studies have found it can decrease levels of cortisol (a stress

⁴⁶ White M et al. (2019), Spending at least 120 minutes a week in nature is associated with good health and wellbeing, *Nature*, Scientific Reports.

⁴⁷ Richardson M et al. (2021). Moments, not minutes: The nature-wellbeing relationship. *International Journal of Wellbeing*, 11(1), 8–33. <https://doi.org/10.5502/ijw.v11i1.1267>



hormone) and lower blood pressure while others have found animals can reduce loneliness, increase feelings of social support, and boost mood⁴⁸.

Tending the animals has a great wellbeing aspect. It's a privilege to have access to land and care for livestock.

Source: Interview with crofter, 2024

While keeping animals is not unique to crofting families, both pets and livestock are deeply entwined with the crofting lifestyle. For many, they are a fundamental component and is the long-term connection to the land that crofting provides that makes it possible for them to commit to keeping animals.

My children had the freedom to roam, they kept pet livestock providing responsibility and the requirement to be outdoors and active.

The croft provided hobbies that were not virtual or digital and they have carried this through to their adult lives.

Source: Interview with crofter, 2024



Crofting makes an important contribution to the **children and young people outcome** within Scotland's national performance framework.

Children growing up in crofting communities are exposed to a way of life that promotes greater mental and physical wellbeing. Croft hobbies constitute real world skills that prepare children and young people for adulthood promote a positive connection to the land and communities. Growing up on a croft may also enhance children's social and physical development, wellbeing and happiness, giving them a healthy start and promoting positive relationships.

⁴⁸ National Institute of Health blog, February 2018, [the power of pets](#), accessed August 2024.



5.1.3 Physical Activity

Crofting activity tends to be physically arduous. Tending livestock, building fences and growing crops are all tasks that require physical strength and fitness. They also demand a regular commitment. You cannot take a day off from feeding animals. The benefits of physical activity to maintaining good physical (and mental) health are well documented so these characteristics serve to make crofting an intrinsically healthy lifestyle.

Crofting is a healthy pastime; it gets you outdoors in all weathers taking exercise and appreciating the environment.

Source: Interview with crofter, 2024

Being a crofter has top class quality of life. It's great for general fitness and healthiness, wellbeing and happiness particularly if you have an interest in nature and the countryside.

Source: Interview with crofter, 2024

It is also common practice for crofters to grow at least some home grown produce for their own consumption. While the economic value of this produce may be small, but, the health benefits can be significant.

Research has shown not only that people who grow their own produce tend to consume more fruit and veg⁴⁹ but also suggests the nutritional content of what they grow is higher than what may be available on the supermarket shelves⁵⁰.

5.2 Community Ties

Positive relationships and a strong community play an important role in supporting individual and collective wellbeing. Families pool resources in ways that help mitigate difficult circumstances, while regularly spending time with friends and family has pronounced benefits for an individual's wellbeing. Research shows that

⁴⁹ Gulyas and Edmondson (August 2023), The contribution of household fruit and vegetable growing to fruit and vegetable self-sufficiency and consumption, Plants People Planet, volume 6, issue 1.

⁵⁰ [Why Grow Your Own Food for Your Health](#) Peer reviewed article published on 'Patient' website, accessed August 2024.



Latin American countries tend to have higher wellbeing than more affluent countries because they tend to have stronger relationship and community bonds.⁵¹

Community and family are at the heart of the crofting system. Many crofts have been in the same family for generations, helping create a deep sense of belonging and personal connection to the land. It is also common for older and younger generations to live together, enabling family ties to flourish. The implication of this is that many crofting families have lived, worked and died alongside each another for many years, resulting in deep social connections and a strong sense of community.

I feel privileged to have a croft, and value it more than before. My family love being here, we have great sense of belonging.

Crofter, Interview with crofter, 2024

These social connections are directly supported and enabled by the crofting system. By providing security of tenure, access to land and financial support to develop new housing, crofting can make it easier for families to stay together. Traditional crofting activity also often relies heavily on collaborative effort, providing a catalyst to bring communities together. All of this helps strengthen social relationships and establish shared social norms of reciprocity and mutual support.

The camaraderie and support makes you feel part of something - having to gather sheep, lambing and shearing as a family.

Source: Interview with crofter, 2024

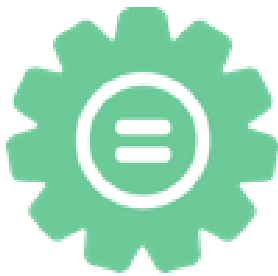
5.3 Agency and Self-Reliance

There is a strong theme⁵² within the wellbeing literature that suggests the role of human agency, the ability to make decisions about how you live your life and the freedom to make choices to achieve a life you value, is a major determinant of wellbeing. This has been reinforced by international research⁵³ that shows freedom is one of the main factors explaining differences in wellbeing between countries.

⁵¹ BiGGAR Economics (2023), Toward a Wellbeing Economy: the Distribution of Wellbeing in the UK.

⁵² This largely emerged from Amartya Sen's Capabilities research.

⁵³ Evidence from the 2022 World happiness report for example shows that freedom was one of two variables that explained most of the gap between Finland, the highest ranked country, and the UK, then ranked 17th (the other was corruption).



Crofting makes an important contribution to the **human rights outcome** within Scotland's national performance framework.

There is a strong sense of the collective in crofting communities and an emphasis on collective decision making. This can provide sense of agency and freedom that other roles cannot offer. Through their presence across public boards and voice through the Crofting Commission crofters can influence decisions that affect them, which is an important indicator within Scotland's NPF.

Crofting offers a high degree of agency. In relation to traditional crofting activities such as rearing livestock or growing crops crofters are broadly free to manage their landholding however they see fit. They do not have 'a boss' and are not answerable to anyone on a day-to-day basis. On inbye croft land, crofters also have considerable scope to undertake innovative activity⁵⁴.

Crofters also have additional opportunities to engage in collective decision making and greater opportunities to influence policy decisions at a national level. At the time of writing for example there were 474 common grazings committees in office, each providing an opportunity to engage in collective local decision making, and the Board of the Crofting Commission included six locally elected members.

We are independent, we have no bosses and a relationship with our local customers. We have no mortgage, but also very little money! Our kids go to school 3 days a week and spend the rest of the time on the croft. All of that is enabled by crofting.

Source: Interview with crofter, 2024

5.4 Financial Security

The effect of income on happiness is one of the best studied relationships in wellbeing research. Broadly, the evidence shows that higher income increases life satisfaction until basic needs can be met at which point the relationship becomes weaker. However, the evidence also shows that poverty and being heavily burdened

⁵⁴ Under current crofting legislation if crofters want to use inbye land for innovative purposes but the landowner disapproves they have the right to ask the Crofting Commission to make a decision.



by debt are both major sources of misery⁵⁵. As far as wellbeing is concerned having enough to get by and being free of major financial worries seems to be optimal.

There is some evidence to suggest these may be exactly the conditions experienced by many crofters.

The security of tenure and access to land provided by the crofting system means that crofters will always have access to land to help them feed themselves and their families, even in times of need. There are many in Scotland who do not enjoy this level of food security. Figures published by the Trussell Trust for example show that in 2023/24⁵⁶ more than 260,000 people in Scotland relied on food banks.

Our quality of life is pretty high - 95% of the family's diet comes from the croft in the form of vegetables, eggs, dairy and meat.

Source: Interview with crofter, 2024

Another major source of financial anxiety for many people are housing costs. In early 2024 Homes for Scotland⁵⁷ published research showing that 185,000 households in Scotland live in properties they were struggling to afford.

In contrast, analysis of the Economic Condition of Crofting Survey⁵⁸ showed that the average rent paid by a tenant crofter was £134/year, the average mortgage cost was £8,374 and a little over a third of crofters (36%) paid no rent or mortgage at all. The same survey also showed that the average income of crofting households was around 7% higher than the average Scottish household income.

This evidence supports the hypothesis that crofters enjoy relatively financial security, which would tend to enhance their subjective wellbeing.

5.5 Living a Good Life

The opportunity to regularly engage with nature, eat home grown food and care for animals; the ability to influence decisions that affect you and choose how to live your life; freedom from financial anxiety; strong family ties; and a deep sense of

⁵⁵ BiGGAR Economics (2023), the Distribution of Wellbeing in the UK.

⁵⁶ Trussell Trust end of year statistics for 2023/24 accessed via <https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/> in August 2024

⁵⁷ Diffley Partnership and Rettie & Co (January 2024), Existing Housing Need in Scotland, published on behalf of Homes for Scotland.

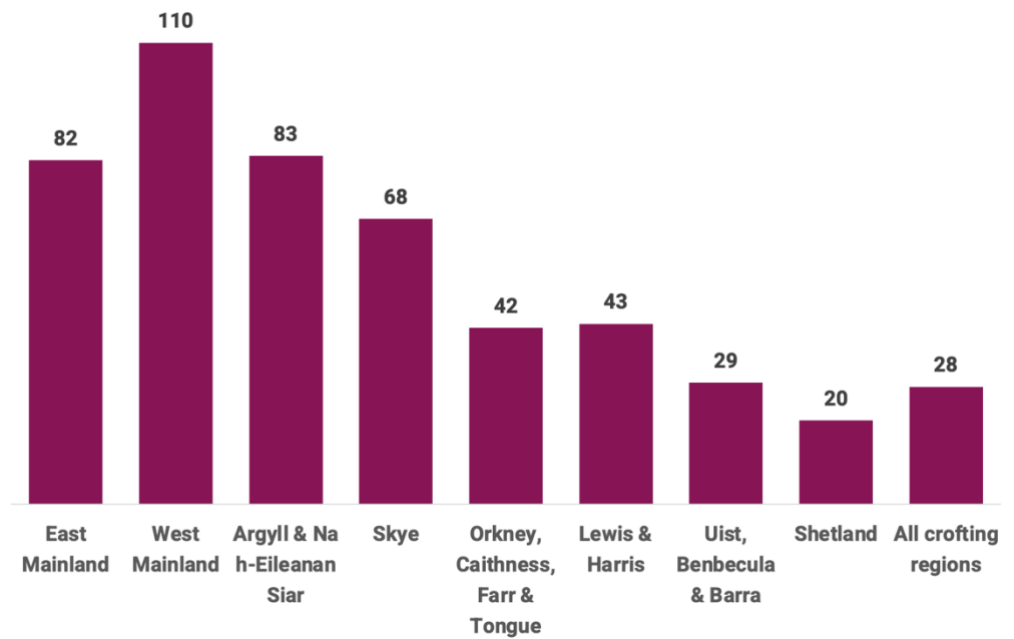
⁵⁸ Presentation of results from the 2019-22 Economic Condition of Crofting Survey by Lorna Shaw of Research Resource, shared with permission from the Crofting Commission



community are all consistent with living a good life. The evidence presented in this chapter shows they are all also characteristics of a crofting lifestyle.

It is impossible to say for sure whether crofters experience higher levels of subjective wellbeing than others living in Scotland. The evidence does not exist to confirm or refute this. However, the attraction of a crofting lifestyle is likely to be reflected in the number of people seeking crofts compared to those who are looking to move out of crofting. The Scottish Land Matching Service has a total of 253 active croft seekers on their database, yet only 1 provider.⁵⁹ 114 of these seekers are located outwith the crofting counties and, of these, 37% are from Scotland, 56% from England and Wales and the remaining 7% from overseas. The most popular regions for those seeking a croft are the mainland and Argyll and Na h-Eileanan Siar as shown in Figure 5-1.

Figure 5-1 Regions Sought by Croft Seekers



Source: Scottish Land Matching Service, 2024

⁵⁹ Scottish Land Matching Service (August 2024), Crofting Enquiry Statistics, Crofting Commission



6.

Summary and Conclusions

The benefits crofting generates for Scotland are substantial. They are enabled by a unique system of land tenure that delivers good value for the public purse and has the hallmarks of a resilient system.

6.1 Summary Impacts

The analysis presented in this report shows that crofting generates £588.3 million GVA and 30,385 jobs for the Scottish economy each year, of which around £480.3 million GVA and 27,700 jobs are in the Crofting Counties.

This impact can be broken into two distinct types of effect: those that arise because of crofting activities and wider effects arising because of the contribution crofters and their families make to the labour market and sectoral performance of the crofting counties. Viewed in this way the impact of crofting activity is dwarfed by these wider contributions (see Table 6-1 and Table 6-2).

Table 6-1 Quantifiable Economic Impact of Crofting in Scotland (GVA, £ million)

Source of Impact	Crofting Counties	Scotland
Crofting Activity		
Direct Impact	£29.0	£29.0
Supply Expenditure	£25.2	£41.6
Croft Investment	£19.2	£30.6
Croft Rents	£0.8	£1.0
Total	£74.2	£102.2
Dynamic Labour Market and Sectoral Effects		
Non-crofting employment	£384.6	£452.7
Dynamic economic effects (tourism expenditure)	£13.3	£17.0
Enabling economic activity (housing construction)	£8.2	£16.4
Total	£406.1	£486.2
Total GVA Impact		
Total	£480.3	£588.3

Source: BiGGAR Economics Analysis

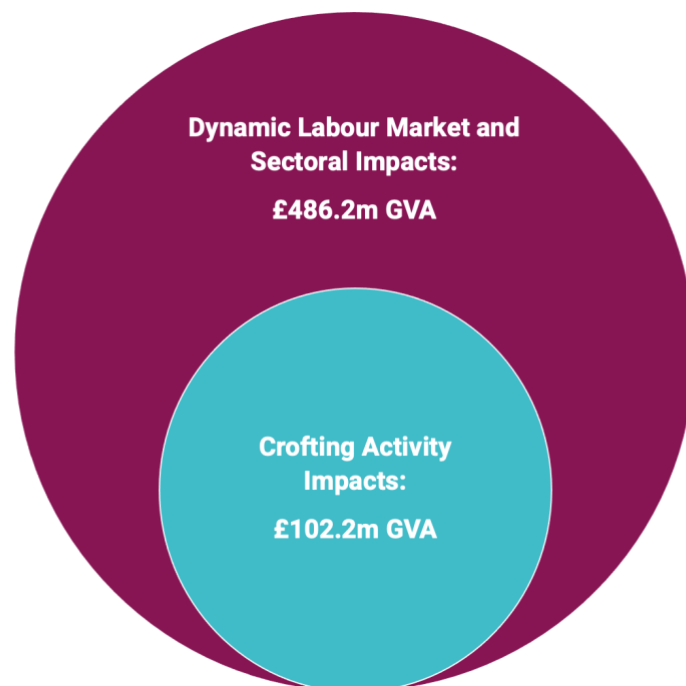


Table 6-2 Quantifiable Economic Impact of Crofting in Scotland (Jobs)*

Source of Impact	Crofting Counties	Scotland
Crofting Activity		
Direct Impact	14,730	14,730
Supply Expenditure	795	1,165
Croft Investment	550	790
Croft Rents	15	20
Total	16,090	16,705
Dynamic Labour Market and Sectoral Effects		
Non-crofting employment	10,865	12,700
Dynamic economic effects (tourism expenditure)	580	660
Enabling economic activity (housing construction)	165	320
Total	11,610	13,680
Total GVA Impact		
Total	27,700	30,385

Source: BiGGAR Economics Analysis *totals may not sum due to rounding

Figure 6-1 GVA Impacts



Source: BiGGAR Economics Analysis



In addition to the economic impacts summarised above crofting also generates substantial social and environmental benefits that cannot be quantified. As a result, crofting makes an important contribution to most, if not all the national outcomes in Scotland's National Performance Framework, particularly those relating to the economy, culture, environment, health, education, human rights, and communities.



In 2022/23 a total of £43.9 million was invested in crofting from public sources. This includes around £40 million of crofting related grants and £3.9 million funding for the Crofting Commission.

Based on the figures presented in the tables above this implies that:

Every £1 of public money invested in crofting in 2022 generated an economic impact of £13.

By this measure crofting provides good value for money.

6.2 The Value of Crofting

The previous section summarised the economic value crofters generate for the Scottish economy and wider society. But the purpose of this report is not to assess the value added by *crofters*, but the value of *crofting*. To do this it is necessary to consider the extent to which these impacts can be attributed to the crofting system.

An important feature of the crofting system is the unique legislative framework that surrounds it. This framework consists of both rights and responsibilities.

Crofting rights include security of tenure, the right to bequeath or assign croft tenancy, fair rents and compensation for permanent improvements. Responsibilities include the requirement to live on the croft⁶⁰ and actively manage it. These rights and responsibilities directly underpin some of the most important impacts considered in this analysis.

⁶⁰ Or, more specifically, within 32km of the croft.

Figure 6-2 Crofting Duties

Tenants and Owner-Occupier crofters have a duty to:



Be ordinarily resident on,
or within 32km of their croft



Not to misuse
or neglect the croft



Cultivate and maintain the croft,
or put to another purposeful use.

Source: Crofting Commission

6.2.1 Importance of Crofting Rights and Responsibilities

The largest source of economic impact explored in this report is the effect crofters and their families have on the labour market of the crofting counties. Without crofters the economy of large parts of rural Scotland simply could not function.

This effect can be traced directly to the duty of crofters to live within 32km of their croft. If this duty was not in place then many of those who currently work the land could choose to live elsewhere instead, with the consequent loss of economic activity associated with non-croft employment.

At the time of writing emerging findings from research commissioned by the Crofting Commission suggested a high proportion of crofters fulfil their residency duty⁶¹. This would help explain the substantial economic effects estimated in this report.

The environmental benefits considered in chapter 3 can also be linked directly to crofter's duties, particularly the duty to cultivate and maintain the croft and not neglect it. Perhaps more important however, is the deep sense of connection many crofters have with their land.

As discussed in chapter 5, this affinity with the land and deep-rooted social ties that go with it are also at the root of many of the health and wellbeing benefits associated with crofting. These social and emotional ties can be traced directly to the security of tenure provided by the crofting system.

However, compulsion is a poor motivator, and legislation is a weak foundation for a sustainable social system. While it is easy to see how the rights and duties of crofters support the impacts described in this report, it is more difficult to see how they could have maintained them for such a sustained period. This suggests there may be something about the crofting system that runs deeper than legislation.

6.2.2 Characteristics of Crofting System

Hints about what this may be emerged from the workshop undertaken to inform the research programme and the qualitative evidence gathered during the consultation programme. Thematic analysis of this evidence identified several characteristics of

⁶¹ When available this research will be published here: [Research Publications | Crofting Commission \(scotland.gov.uk\)](https://www.scotland.gov.uk/research-publications)



crofting that help to explain how the crofting system has been able to serve the communities of the crofting counties for so long. These characteristics include:

- **adaptability:** the ability of crofters over long periods of time to adapt to changing circumstances and continue to evolve their businesses and lifestyles;
- **entrepreneurship and innovation:** the ability of crofters to develop and implement new ideas, methods, technologies and practices that result in improvements or the introduction of new goods and services;
- **localism:** the devotion to and promotion of the interests of a particular locality, prioritising local control, involvement, and decision-making within the crofting community;
- **plurality:** the diversity of economic activities, people and perspectives which crofting provides the structure for, enabling a plurality of products and roles enabling crofters to thrive economically;
- **agency:** the ability of crofters and crofting communities to make independent choices and exert control over their own lives, livelihoods, and resources;
- **equity:** that everyone has the same rights to occupy and use land regardless of socio-economic status, gender, or cultural background, promoting fairness, justice and inclusivity;
- **democracy:** the principles, processes, and practices of inclusive governance, decision-making, and participation among crofters in shaping the direction and priorities of their communities which is essential for ensuring transparency, accountability, and legitimacy in the management of common resources such as common grazing's.

Each of these characteristics can be linked directly to factors that help drive economic prosperity and/or human wellbeing. Entrepreneurship and innovation are essential for economic progress. Scotland's recent focus on community wealth building is driven by recognition of the importance of localism for driving balanced economic growth while the ongoing policy focus on community empowerment implicitly recognises the value of plurality in decision making. Individual agency has long been recognised an important factor underpinning human wellbeing and there is strong evidence that inequality harms economic growth.

6.2.3 System Resilience

Of all these characteristics however, perhaps the most important is adaptability.

The ability of crofters to adapt to the economic circumstances facing them and come up with new ways of using their land to make a living is not a new phenomenon. While agricultural uses remain a crofting mainstay, many crofters have long since embraced less traditional activities ranging from wind farms to tourism.

This adaptability and willingness to embrace new opportunities is directly underpinned by the security of tenure enshrined in crofting legislation. Innovation is notoriously risky. Not all investments will pay off so for those in precarious financial



situations this can be a deterrent for trying new things. For many crofters, the crofting system helps mitigate this risk.

You can be very adaptable on a croft. The croft's your oyster, you can do lots of things and try them out, you still have a home and land round about you.

Source: Interview with crofter, 2024

6.3 Conclusions

The benefits crofting generates for the Scottish economy are substantial, but the full value of crofting cannot be captured in pounds and pence. Crofting fosters a strong sense of community, where people work together, share resources, and support each other. This cooperative spirit is a vital part of the social fabric of the crofting counties, and in many ways embodies the essence of a 'wellbeing economy'.

These benefits are directly attributable to a unique system of land tenure underpinned by a framework of legislative rights and responsibilities. It is this framework that enables the benefits described in this report to be realised. It has done this by fostering the development of a series of characteristics that collectively form the DNA of crofting. At the heart of this is adaptability.

According to Donella Meadows, one of the early architects of modern systems thinking, the strongest form of system resilience is the ability of a system to self-organise. *"A system that can evolve can survive almost any change, by changing itself."* Over the years crofting has repeatedly demonstrated this ability.

By enabling crofters to adapt to changing circumstances by putting their land to new uses (like tourism or renewable energy) and providing them with the security they need to do this crofting has enabled generations of crofters to continue to live and work in the Crofting Counties. By creating opportunities for new crofts to be created and new families to embark on a crofting journey it has also ensured the continuation of this unique way of life. It is precisely this adaptability that has enabled crofting to endure and precisely this adaptability that makes it so relevant in the 21st century.



Appendix: Future Research

This report was compiled using the best evidence available at the time of writing. This section outlines the type of data that could be gathered to enhance the depth and robustness of any future assessments.

This report has demonstrated that crofting generates substantial value for the Scottish economy and significant, if often unquantifiable wider benefits to society and the environment. The report was compiled using the best evidence available at the time of writing and through this process enabled several gaps in the evidence base to be identified.

Addressing these gaps through a structured programme of research could improve understanding of the value generated by crofting. This would not only enhance the depth and robustness of any future assessments but could also provide valuable insight that could help enhance this contribution in the future.

During the study examples of evidence that would have enhanced the analysis were recorded. These are presented in the final column of the tables overleaf. For ease of reference these suggestions are structured around the same themes used to present this report. The tables also contain some suggestions for questions that could be included in any future survey of crofters to enhance the evidence base.

However, to ensure any future programme of research is as impactful as possible it would be important to focus on those areas of that have either been shown to be particularly impactful but not well understood, or where there is strong corroborating evidence to suggest a significant impact is likely but a lack of direct evidence upon which to draw a firm conclusion. There are three main areas that meet these criteria:

- the role and importance of the **crofting workforce** to rural economies;
- the extent to which crofters practice **regenerative agriculture** and the role this plays in improving biodiversity and mitigating climate change in Scotland; and
- the **role of crofting in supporting individual wellbeing** and building social capital in the Crofting Counties.



THEME NPF Outcome	Information Collected for Use in this Study		Evidence that Could Enhance Future Assessments
	Quantitative	Qualitative/Case Studies	
CROFTING IN THE RURAL ECONOMY <ul style="list-style-type: none"> • Economy • Fair Work & Business • Poverty • International 	Direct Impacts <ul style="list-style-type: none"> • Total income by crofting activity Supply Expenditure Impact <ul style="list-style-type: none"> • Total expenditure on supplies • Breakdown of expenditure by type/sector Croft Investment Impact <ul style="list-style-type: none"> • Total investment expenditure • Breakdown of investment by type Croft Rents Impact <ul style="list-style-type: none"> • Number of tenanted crofts • Average land rent Tourism Expenditure Impact	Pluralism/economic resilience Entrepreneurism Contribution to household costs/food security Access to homes and land	<ul style="list-style-type: none"> • Number of sheep/cattle in health schemes • Number of sheep/cattle used as breeding stock outwith crofting counties • Number of houses on crofts lived in by crofters • Number of residents of houses which have been decrofted • Number of houses supported by the Crofting Grant Housing Scheme (CHGS) • Information on housing condition To inform any future assessment, potential survey questions to crofters could include: <ul style="list-style-type: none"> • “Approximately what proportion of the food you consume each year is homegrown?” • “How much of your income do you spend on housing costs?” • “How satisfied are you with your housing?”



THEME NPF Outcome	Information Collected for Use in this Study		Evidence that Could Enhance Future Assessments
	Quantitative	Qualitative/Case Studies	
	<ul style="list-style-type: none"> Major tourist attractions located on crofts Number of visitors/year Plus <ul style="list-style-type: none"> Number of crofters taking part in diversification activities 		<ul style="list-style-type: none"> “To what extent have you found it easy or difficult to get by financially in the past month on a 5-point scale from “very easy” to “very difficult””. “Do you receive in-work benefits?”
SUSTAINABLE LAND USE AND CROFTING CULTURE <ul style="list-style-type: none"> Environment Culture Education 	Activities undertaken and planned on crofts and common grazings – taken from the Economic Condition of Crofting 2019-2022 % of peatland on common grazings Scottish Government targets for peatland restoration & woodland planting	Active management of land Low stocking rates Diversity of crops grown Managing important habitats Crofting heritage, connection between generations Maintaining and sharing skills Adding value to crofting products Adaptability	<ul style="list-style-type: none"> Share or number of crofts participating in environmental schemes Number of crofters who are registered organic producers or the amount of crofting land used for organic produce Number of crofters involved in peatland restoration or the amount of crofting land undergoing peatland restoration Number of crofters involved in woodland management/new planting or the amount of crofting land used for woodland management/new planning Number of crofters/ha of environmental designations



THEME NPF Outcome	Information Collected for Use in this Study		Evidence that Could Enhance Future Assessments
	Quantitative	Qualitative/Case Studies	
			<ul style="list-style-type: none">• Number of archaeological sites• Number/ha of landscape designations• Number of crofters undertaking a carbon audit• MW of renewable energy installed/number of townships involved• Number of crofters who speak Gaelic• Number of crofters working in cultural jobs outside of their croft• Number of crofters attending training courses• Number of crofts/townships hosting educational visits• Number of new entrants/non crofters attending courses on crofting



THEME NPF Outcome	Information Collected for Use in this Study		Evidence that Could Enhance Future Assessments
	Quantitative	Qualitative/Case Studies	
POPULATION RETENTION AND COMMUNITY RESILIENCE <ul style="list-style-type: none"> • Community • Children & Young People • Human Rights 	<ul style="list-style-type: none"> • Population of crofting townships and population profile • Crofting population as a proportion of overall population Non-crofting Employment Impact <ul style="list-style-type: none"> • Number of crofters with off-croft jobs • Income generated by off-croft jobs Plus <ul style="list-style-type: none"> • Number of crofters taking part in diversification activity Housing <ul style="list-style-type: none"> • Number of houses built • Expenditure on construction of housing 	Access to housing Residency requirement Security of tenure Adaptability Involvement in community	<ul style="list-style-type: none"> • Number of crofters who have non-crofting jobs in the community • Number of crofters resident on crofts • Number of sites released for housing development (including number of sites used for multiple units) • Number of crofters working off-croft locally and nature of employment • Number of crofters working from home in remote off-croft jobs • Number of heritage breeds (livestock) • Number of heritage breeds (plants)



THEME NPF Outcome	Information Collected for Use in this Study		Evidence that Could Enhance Future Assessments
	Quantitative	Qualitative/Case Studies	
HEALTH AND HAPPINESS <ul style="list-style-type: none"> • Health • Human Rights • Community 	<ul style="list-style-type: none"> • Visits to the outdoors • Proportion of adults who live within a 5 minute walk of their local green or blue space • % crofters raising livestock & growing crops • Number of grazing committees in office • Number of Commissioners elected from crofting communities 	Democracy/Agency – influence over local decisions and self-reliance Equity in rights & responsibilities Crofter wellbeing Quality of life Interaction with community Financial security	<ul style="list-style-type: none"> • Number of active crofters involved in common grazings • Number of sheep stock clubs/number of crofters involved in sheep stock clubs <p>To inform any future assessment, potential survey questions to crofters could include:</p> <ul style="list-style-type: none"> • “To what extent do you agree with the following statement: ‘I can influence decisions affecting my local area.’” • “Do you undertake at least 150 mins/week of moderate physical activity or 75mins vigorous physical activity, or an equivalent combination of these?” • “Overall, how satisfied are you with your life nowadays, where 0 is ‘not at all satisfied’ and 10 is ‘completely satisfied.’ • “I tend to bounce back quickly after hard times” on a 5 point scale from “strongly disagree” to “strong agree • “How much of the time during the last week have you felt lonely?”

BiGGAR Economics, Shandwick House,
67 Shandwick Place, Edinburgh, Scotland EH2 4SD

info@biggareconomics.co.uk

biggareconomics.co.uk

© Copyright 2024. BiGGAR Economics Ltd. All rights reserved.

