

# Worker Accommodation Economic Impact Assessment

---

A report to Mull and Iona Community Trust (MICT)  
March 2023





---

# Executive Summary

MICT could play a vital role in unlocking the potential of Mull and Iona's economy by helping to address unmet demand for accommodation. In 20 years this could increase the size of the island's economy by £20.1 million GVA/year and nearly 400 jobs.

Mull and Iona face a very challenging economic future. A shortage of accommodation on the islands is making it difficult for businesses to recruit the staff they need to maintain operations, limiting growth and harming productivity.

Work commissioned by MICT to quantify the scale of this constraint showed there are currently around 133 unfilled vacancies on the islands and 127 staff living in unsuitable accommodation. This represents around 7% of the island's workforce. As existing accommodation continues to deteriorate and demographic trends result in further tightening of the labour market, this situation is likely to get worse.

Addressing the accommodation constraint would not only improve productivity and growth within directly affected businesses but could help unlock the growth potential of the island's economy, shifting it from what is currently a highly constrained development trajectory to a much more dynamic and prosperous one.

Planned housing development on the island will go some way to achieving this but will not be sufficient to realise the full potential of the island's economy. Third sector bodies such as MICT could play a crucial role in unlocking this potential by helping to fill demand that is unlikely to be met by the market. Specifically, MICT could play an important role in coordinating the provision of accommodation for seasonal workers, contractors and workers who require temporary accommodation while looking for a new home on the islands.

The overall impact of this could be transformational. If unmet demand for worker accommodation is fully addressed, then it is estimated that in 20 years the economy of the islands could be generating £20.1 million GVA/year more for the Scottish economy than it would if no action were taken and supporting nearly 400 more jobs.

But the beneficial effects of action would not be purely financial. Social returns could be equally transformational. The importance of a dynamic labour market populated by innovative and enthusiastic young people cannot be underestimated, particularly on an island. It could be a catalyst for social regeneration that could breathe new life into communities, give young people a reason to remain on the islands and helping Scotland build a thriving wellbeing economy.