

3. Working in the North East

3.1 Introduction

The North East is a predominantly rural area, which enjoys a relatively prosperous economy. In view of its environment and natural resources, it is not surprising that it specialises in primary industries and associated manufacturing namely oil and gas, fishing, agriculture, forestry, paper, whisky, food and drink processing, textiles and tourism. The focus of prosperity and employment is Aberdeen, which has almost two of every three jobs in the North East, with over one in four of these in the oil and gas industry.

Aberdeen services a much larger geographical area than the North East, including the Highlands and Island communities. Furthermore, the City's two Universities ensure it plays an important part in providing education and research facilities nationally. Despite the wider economic role of the North East, jobs continue to be lost in both primary and manufacturing sectors. In contrast, some sectors, such as distilling and business tourism, have enjoyed a recent resurgence of fortune.

The image of the North East as one of the more prosperous parts of the United Kingdom disguises the reality that not everyone has participated in this prosperity. Several areas are disadvantaged and suffer from low pay, high unemployment, poor health and poor housing. These areas of deprivation include some of the housing estates in Aberdeen and small parts of Peterhead and Fraserburgh. Some households in rural areas of the North East are also disadvantaged with low incomes, a shortage of affordable housing and lack of public transport. Furthermore, despite low rates of unemployment there are limited employment opportunities, especially for young people. Parts of the North East have received funding from the European Union Structural Funds in an effort to reduce social and economic disparities between other regions of the European Community.

Economic growth and development will be pursued through a variety of measures by attracting inward investment, promoting potential growth industries such as tourism, encouraging the development of telecommunications, teleworking and homeworking, and supporting traditional industries. Businesses need to improve their competitive position through diversification into new technology and by adding value to already high quality exports.

3.2 Economic Indicators

Introduction

Both Aberdeen City Council and Aberdeenshire Council produce information packs containing key statistics for their administrative areas. These information packs contain a much fuller flavour of the economic background to the North East in the national context. However, the main indicators are highlighted in the following sections.

Unemployment

The unemployment rate in Aberdeen and Aberdeenshire at January 2000 (2.1% and 2.8% respectively) continues to lie well below the national average for Scotland and the United Kingdom as a whole (5.5% and 4.6% respectively). The two council areas have two of the three lowest overall unemployment rates (including the Shetland Islands with 2.5%) of all the Unitary Authorities in Scotland. Nevertheless the number of unemployed in the North East has been increasing slightly over the past few years and the total number of unemployed stood at some 4,230 for the city and 2,920 for Aberdeenshire as at January 2000. Despite the low unemployment rate there are individual pockets within the structure plan area where the unemployment rate can be as high as 10%, such as the Tillydrone, Castlehill and the Old Aberdeen area in the city. In Aberdeenshire, parts of Fraserburgh, Huntly, Peterhead, Banff and the south area of the Mearns have a rate of unemployment of up to 6.2%.

Gross Domestic Product

The North East's Gross Domestic Product (GDP) has been consistently above the average for Scotland, and the United Kingdom as a whole, over the past decade.

Table 2: Gross Domestic Product Comparisons

Gross Domestic Product (GDP) Estimates, £ million, 1997 values			
	1996	1997	% change
Aberdeenshire	1,865.8	1,940.2	+3.8
Aberdeen City	4,142.5	4,328.0	+4.3
North east Scotland	6,008.3	6,268.2	+4.1
Scotland	55,258.4	56,818.0	+2.8

Source: Estimates of Local Economic Output (GDP) in Scotland 1997, Mackay Consultants (April 1998)

Despite the apparent prosperity in the North East, Aberdeenshire's GDP per worker is markedly below that of Aberdeen and less than the average GDP per worker in Scotland (*see Table 3*).

Table 3: Gross Domestic Product Per Worker

GDP Per Worker		
	GDP per Worker (£)	Index
Aberdeenshire	27,228	95.7
Aberdeen City	35,776	125.7
Scotland Average	28,460	100.0

Source: Estimates of Local Economic Output (GDP) in Scotland 1997, Mackay Consultants (April 1998)

Incomes

Average incomes (gross weekly earnings) reflect disparity between Aberdeen and Aberdeenshire with the latter lagging behind the Scottish and UK average, a reflection of the rural nature of employment in Aberdeenshire. Incomes in Aberdeen, however, lie well above the Scottish and UK average, particularly because of higher male earnings.

Table 4: Average Gross Weekly Earnings, April 1999

Location	Pounds per Week				
	Males		Females		All
	Manual	Non-Manual	Manual	Non-Manual	
Aberdeenshire	317.50	-	-	-	342.90
Aberdeen City	367.90	559.00	-	334.10	423.20
Scotland	328.60	475.60	216.20	317.70	364.90
England	-	-	-	-	405.40
Wales	-	-	-	-	353.60
Great Britain	335.00	525.50	221.90	346.90	400.10

Source: New Earnings Survey 1999. Central Statistics Office
(Figures based on full-time employees on adult rates)

House Prices

Another indicator of the economic strength of the North East is house price trends. Over the past 15 years the Aberdeen Area average house price has been higher than the United Kingdom average, excepting the 5 years following the oil price collapse of 1986.

Table 5: House Price Trends in the Aberdeen Area and UK (1989-99)

Average House Prices (£)		
Year	Aberdeen Area	United Kingdom
1989	46,850	61,150
1990	54,275	68,950
1991	59,250	65,400
1992	64,400	64,300
1993	67,725	62,450
1994	70,925	62,750
1995	68,805	61,650
1996	71,520	64,440
1997	73,471	68,504
1998	76,990	72,196
1999	80,542	78,240

Source: Aberdeen City Council & Aberdeen Solicitors' Property Centre, Second hand Housing Market Bulletin. Halifax Building Society, House Price Index.

Oil Price

Commercial property agents such as Ryden, maintain the view that land take-up is linked to oil price. The oil price is rising in value, moving from \$10 a barrel in late 1998, to \$21 a barrel in August 1999 and a current value of \$27 a barrel in March 2000. While cost cutting is expected to continue in the oil industry in the short term, if the higher oil price can be sustained, Ryden anticipate that several companies will emerge with new or revised property requirements by the end of the year

3.3 Forecasts & Sector Analysis

Aberdeen City and Aberdeenshire produce population and employment forecasts every two years. The most recent forecasts suggest the overall economy is not expected to grow significantly. In fact the picture infers a slight downturn and at best a static employment level over the next 20 years. Despite confidence remaining in the oil and gas industry, overall jobs are set to decline within the structure plan period. Indeed, the 1999 forecasts suggest that as many as 20,000 jobs could be lost in this sector by 2016. Whilst many of these jobs are not filled by local workers, the decline of the industry is still likely to have an impact on the North East's non-oil service sector and disposable income.

The decline in oil and gas raises questions about the future of the workforce and the level and patterns of employment generally. There are concerns over the leakage of skills and knowledge if oil and gas workers and other reliant businesses move away from the North East. Overall, self-employment is likely to increase as businesses adjust and shift to smaller scale units. Furthermore, the role of e-business and e-commerce is likely to increase, particularly beyond 2010. However, the impact and scale of this is unknown due to the uncertainty of predicting new technological advances.

Service sector employment levels are likely to dip around 2001. A recovery or stabilisation is expected by 2006 and then beyond 2010 to 2016, accelerating oil and gas job losses together with increasing use of new technologies will enable employment levels to tail off to similar levels as those in 1996. Most of the jobs in the service industry are increasingly likely to be part time or seasonal.

Transport, food, fish processing and textiles, paper and construction are key secondary industries. All are expected to reduce their labour need over the forecast period. Any job losses are likely to be absorbed in the service sector.

Other forecast trends for 1999-2016 are:

- A polarisation within retail sector by the major chains;
- Increasing leisure shopping;
- Financial services affected by increasing centralisation, cost reduction and growth of call centres elsewhere; and
- Opportunity for the growth of social and personal services. Personal brokerage services

Table 6: Total Employment Summary

	1998	2001	2006	2011	2016	Change 1998/16
Total Non Oil Employment	174,450	173,650	172,300	170,300	168,350	-6,100
Total Self Employment	23,500	24,300	25,250	26,000	26,950	+3,450
Total Oil Employment (excl. non-resident oil and gas jobs)	30,700	25,100	23,200	20,100	17,500	-13,200
Structure Plan Area Total	228,650	223,050	220,750	216,400	212,800	-15,850
Aberdeen City Total	143,450	138,750	137,300	134,300	131,850	-11,600
Aberdeenshire Total	85,200	84,300	83,450	82,100	80,950	-4,250

Source: Structure Plan Area Forecasts – Technical Report (Autumn 1999)

Urban and Rural Dimension

The North East has a diverse economy ranging from oil and gas related business, manufacturing, food processing in urban areas to agriculture, forestry and fishing in rural areas. Despite the range of activity in rural areas, their role and contribution to the overall economy has tended to be overlooked in the past. To do so fails to recognise the importance that rural businesses play in supporting rural communities and services and in contributing to the GDP of the North East as a whole. In recent years the urban and rural economies have been converging and many activities that once exclusively took place in urban areas now take place in a rural context. This is beginning to redress the balance and draw attention to the future economic significance of rural areas.

3.4 Strategic Economic Framework for the North East

European Economic Policy

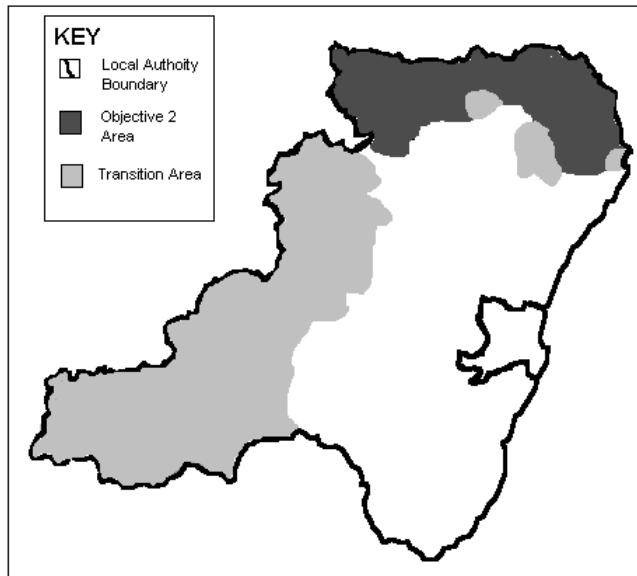
Parts of Aberdeenshire have received European Union Grant Aid as part of European Structural Fund programmes. Objective 2 is one of several European Structural Fund programmes, which seek to strengthen economic aid and social cohesion within the European Union. Parts of northern Aberdeenshire have been granted Objective 2 status and funding will run from January 2000 to December 2006. The remaining part of the former Objective 5b area will receive ‘transition’ funding. The transition area is mainly in the west of Marr and the west of Garioch and covers a population of 21,500

Table 7: European Objective 2 Area Statistics

Aberdeenshire Objective 2 Area	
Population	1991
Total	60,500
Male	29,200
Female	30,300
Economically Active	29,100
Employees	22,900
Self Employed	3,800
Unemployed	2,000
Households	23,350

Source: 1991 Census of Population

Figure 1: European Union Objective 2 Area



Other effects of European Union policy continue to be felt in sectors of the North East's economy. The Common Agricultural Policy, fishing quotas and waste from fish processing are examples of European policies that seek to bring together member states in economic, social and environmental harmony.

National Economic Policy

At a national level, Scottish Enterprise in its "Network Strategy" (January 99) aims to take the Scottish economy forward by focusing on four main goals. These are:

- Scotland with positive attitudes to learning and enterprise;
- Scotland with many innovative, far-sighted organisations;
- Scotland where economic development is an inclusive process; and
- Scotland as a competitive place in the world economy.

These goals recognise that the world's economy is rapidly changing, which is represented by new technology creating new industries and changing old ones. In addition business is becoming more international, there is increased consumer spending on luxuries and recreation, there are new working practices and structures for organisations, and changes to the structures/networks within which organisations work. These trends reflect the move towards a "Knowledge Economy" where new ideas, software, services and relationships have increasingly more value than physical products, raw materials or land.

The "Network Strategy" has influenced matters at a regional and local level and this is reflected in the strategy of North East of Scotland Economic Development Partnership (NESEDP), which is discussed in more detail in the following section.

Other Economic Strategies

The changing economic environment of the North East requires careful management. If the North East is to proactively embrace a changing local and global economy, businesses and individuals will require help and advice on how to survive and prosper as well as to seek out new markets and skills.

Helping to inform this change are the respective economic development strategies of Aberdeen City Council and Aberdeenshire Council. These strategies set out the local response to economic development and seek to stimulate and sustain economic development and growth. Both economic development strategies help to inform the North East of Scotland Economic Development Partnership or NESEDP. NESEDP is formed of four partners, Aberdeen City Council, Aberdeenshire Council, Scottish Enterprise Grampian and Aberdeen Chamber of Commerce. The partnership provides a common understanding of the strategic issues affecting the North East and seeks to examine the future economic strategy of the North East, managing strategic issues as they arise for the benefit of the area and its people.

NESEDP has published an economic framework for the North East “*Working Together in a Changing World*” (February 1999). The framework identifies four strategic objectives, the achievement of which is seen as fundamental to the long-term prosperity of the region. These are:

- To develop the North East as a **Competitive Location**, nationally and internationally, in terms of land for development, transportation, information and communications technology, and environment/quality of life;
- To continuously improve the range, quality and level of **skills** available within the community, and to encourage the enterprise and flexibility on which the region’s economic future depends;
- To develop a sustainable, highly competitive **Business Base** by providing a wide range of support to businesses, from start-ups through to multi-nationals; and
- To develop and promote a **Strong Regional Identity** for the North East of Scotland.

Running across these four objectives are the themes of Information Communication Technology (ICT) and social inclusion. The Strategy seeks to promote the use of ICT and ensure that everyone has the opportunity to participate in, and benefit from, the North East’s economic growth.

Aberdeenshire Industrial Land Partnership

A partnership has been established between Aberdeenshire Council and Scottish Enterprise Grampian that identifies land, sites and services for industrial development. The partnership provides an opportunity for the two organisations to work together for the benefit of Aberdeenshire as a whole by promoting industrial and economic growth with emphasis being focused on sustainable long-term development and the continued viability of settlements.

In keeping with the Partnership's key role as a facilitator for development, support will be given to stimulate investment in the local and regional economy. As such the following activities will be pursued:

- Encouraging the provision of an adequate supply of land and premises and site servicing;
- Encouraging economic and business development in accord with the principles of access and sustainability;
- Encouraging property development, regeneration and re-use; and
- Promotion of economic development and assistance in release of enterprise potential within local communities.

3.5 Employment Land

Introduction

National Planning Policy Guideline 2 'Business and Industry' (NPPG2) requires structure plans to allocate sufficient land to provide for a marketable supply of general industrial and business land throughout the plan period. This section examines the context for satisfying this requirement, having regard to historic trends relating to industrial and business development; the current employment land supply; demand factors; and an estimate of future requirements.

Employment Land and Marketability

For the purposes of the structure plan, employment land is defined as land for general industrial and business/office use, storage and distribution uses, business parks and specialist technology parks including research and development uses.

Marketable Land is defined in annexe 1 of NPPG2 where four criteria are listed that sites must satisfy if they are to be considered marketable. This makes it clear that sites must be available and related to some view of future demand. Land is deemed to be available, even if planning permission has been granted, until physical construction is initiated. This does not, however, include "option land" held by existing firms for their own expansion or land positively destined for non-industrial purposes.

This plan requires a marketable supply of employment land to be maintained throughout the plan period. A seven-year supply of land at any one time is normally adequate in this context. Future land requirements will be satisfied by taking into account development trends over the past ten years, in association with other significant economic factors. These include employment forecasts; assessments of market trends; appraisals of industrial land enquiries; outstanding planning permissions; and site leasing information. It is also essential therefore that business and Industrial land be monitored on an annual basis to inform local plans of the current position as to supply and demand of employment land.

Development Constraints

Information on the current availability of industrial and business land supply is given in Table 8 and highlights the problems surrounding land supply in the North East. It

shows that a large proportion of the land supply is constrained and that it cannot therefore be considered to be marketable. This is due to a number of factors, including the following:

- Difficulty over land ownership and assembly;
- Access problems, both physical and legal;
- Land size or shape;
- Distorted views of land value;
- Financial or funding difficulties; and
- Infrastructure and servicing constraints.

The structure plan and local plans can allocate new industrial and business sites to address supply problems, however this may not necessarily overcome the constraints affecting new and existing sites. Therefore, other actions will be required to rectify the current situation. In this respect actions are currently being taken to address the concerns regarding land supply through NESEDP and the Aberdeenshire Industrial Land Partnership and these are covered in detail in the list of supporting documents to the Report of Survey.

Table 8: Extent of Marketable Employment Land Supply in the North East, January 1999

Settlement/site	Hectares undeveloped (gross)		
	Total Land	Marketable Land	Constrained Land
Aberdeen City	164.20	32.20	132.00
Badentoy	12.10	12.10	0
Mains of Cairnrobin	51.80	0	51.80
Peterhead	50.89	40.37	10.52
Inverurie	32.78	0.23	32.55
Stonehaven	8.09	0	8.09
Fraserburgh	13.13	5.43	7.70
Ellon	7.30	2.02	5.28
Westhill	7.97	7.95	0.02
Totals	348.26	100.30	247.96

Source: Aberdeen City & Aberdeenshire Industrial Land Schedules (1999)

Quality of the Land Supply

There is a general concern about the level of business and industrial land in the North East, in terms of the quantity, choice and quality. While there is an adequate supply of land available in the North East, much of it cannot be considered to satisfy the definition of marketable land as defined in NPPG 2. This is mainly due to the poor quality and location of sites, making them unattractive to investors and unlikely to be developed within the lifetime of the plan.

Peterhead is an extreme example of such a settlement that has poor quality land supply. There is almost 75 hectares of land available in Peterhead but only a half of it is considered to be marketable. The poor quality of the land has frustrated

development for some years and is mainly due to an over zoning of land in the 1980's and 90's and a keenness to secure inward investment in the area to offset a declining fishing industry. The result is a number of large industrial allocations where business and industry have been allowed to locate in an incremental and sporadic fashion with no development phasing or guidance in the form of Development Briefs.

The quality issue was addressed in the Grampian Structure Plan by identifying high quality business and industrial sites, business parks and specialist technology parks. This land was in addition to the land requirements for each settlement and was so zoned to provide quality land and attract inward investment. This approach has created a perception of general business and industrial sites as being only suitable for poorer quality development. To avoid this problem in the future, local plans and supplementary planning guidance will provide clear guidance to developers and landowners on the form of new development.

Brownfield Land

There is always likely to be a supply of vacant brownfield industrial sites available within settlements at any one time. Most brownfield opportunities are generally within industrial estates or inner settlement sites. The total number of sites available and their location will vary, depending on the prevailing economic circumstances and demand for and supply of industrial and business land. The reasons for such sites becoming vacant can include companies' relocating/expanding, being taken over or going into liquidation. The length of time sites are vacant also varies, with some sites only vacant for a matter of months and others, for reasons of location, site clearance costs, unsuitability of buildings on site, may remain vacant for several years. Given the short time some sites lie vacant, it is difficult to keep an accurate record of vacant sites. A further factor to take into consideration is that not all, vacant sites, remain in industrial use.

Current national planning guidance places a strong emphasis on the need to promote the use of brownfield sites for new development, in support of sustainable economic development. The structure plan encourages the use of brownfield, gap and infill sites within the existing urban fabric, for housing purposes and this will make an important contribution towards meeting the Structure Plan housing requirement, especially within Aberdeen. The Structure Plan also promotes the concept of creating Urban Villages on larger brownfield sites, with a mixture of housing, community and employment uses. The employment uses generated within an Urban Village are likely to be service sector related. Such sites do not, therefore, make any meaningful contribution to the provision of a supply of marketable land.

Vacant sites have come under considerable development pressure over the past ten years to be utilised for non-industrial uses, including residential, retailing and car showrooms with associated car servicing and repairs. Whilst Local Plan policies have presumed in favour of retaining vacant industrial sites for industrial and business use, sometimes it has been more appropriate to redevelop such sites (especially on inner settlement and fringe industrial areas) for other uses. Vacant brownfield sites not previously allocated for industrial use, are unlikely to be redeveloped for industrial and business purposes due to competing demands from other higher value or more appropriate uses, especially housing.

Vacant brownfield industrial sites will continue to meet some of the demand for employment land in the North East as indeed they always have done. However, they have not previously formed any part of the base information or analysis on take-up rates, and should not therefore be considered to form part of the marketable land supply. They should however be seen as providing an element of flexibility, which supplements the marketable land supply.

3.6 Employment Land Distribution

Introduction

A supply of marketable land should be available at any one time in a range of key locations. These locations are set down in the Employment Land requirements, which identifies the range of marketable land that should be made available for each settlement. This ensures that a choice of sites and locations are available to meet the needs of business throughout the North East and provides for a range of employment opportunities. The range of figures quoted in Employment Land requirements are for gross developable areas.

Demand may exist in settlements even though they have not been identified in policy two. The land requirement in policy two seeks to address this by stating that unlisted settlements may accommodate up to 5 hectares at any one time. In doing so it satisfies any need arising from local demands for employment land. The definition of 'up to 5 hectares' is important, as it recognises there is no need to maintain provision at a specified level within a range and that zero land could equally be available as well as 5 hectares, at any one time.

Technology Parks

Scottish Enterprise Grampian in their 1999 Economic Development Strategy identified that technological advance is at the heart of economic growth in the developed world. Economic success is now based more on creativity and knowledge than on physical assets. This is borne out by the current success of the Aberdeen Science and Technology Park and the Offshore Technology Park, both situated at Bridge of Don, Aberdeen. Demand for accommodation and sites on these two technology parks remains high and evidence from the business sector suggests that this demand will continue to grow creating a requirement for further Technology Park space in Aberdeen and elsewhere in the North East.

Business Parks

The structure plan requires two business parks of between 15-20 hectares each to be provided in the North East, a requirement that is carried forward from the Grampian Structure Plan. This approach is acknowledged by consultants for Scottish Enterprise Grampian in a study '*Aberdeen: Business Park for the Future*' (EDAW, 1998). However, they recommend a high quality, single site to serve Aberdeen of between 25-40 hectares should be developed over a 10-15 year period. In doing so, the study suggests that to distribute this scale of requirement over two smaller business parks could prejudice the park's competitiveness and viability.

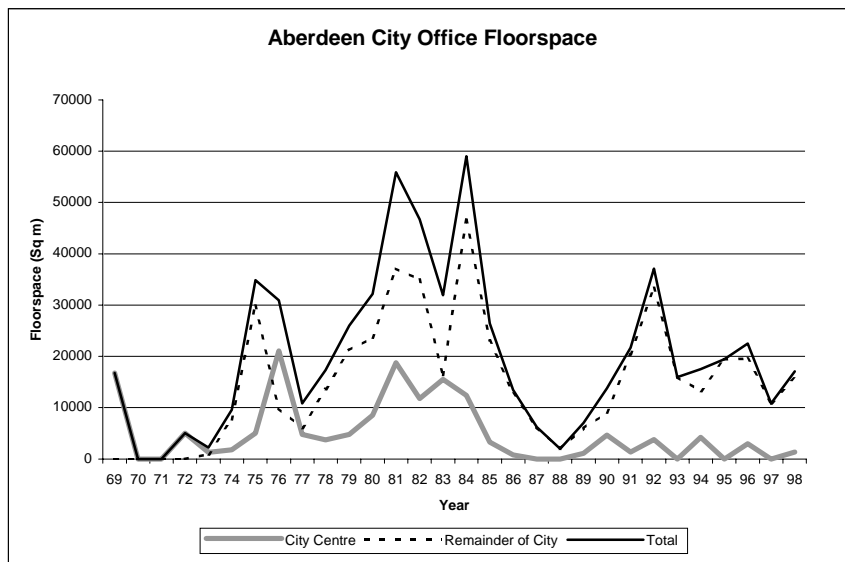
The study indicates that the decision to bring forward one large single site or two smaller ones rests ultimately on market requirements, site availability and issues of accessibility. It should be noted there is already a firm commitment to bring forward a business park at Dyce Drive and that Aberdeenshire Council will seek to bring forward a business park south of Aberdeen as an amendment to the Aberdeenshire Local Plan.

Offices

The construction of major office development in Aberdeen and the principal settlements in Aberdeenshire has been considerable over the past thirty years. This is as a direct result of the importance of the service sector to the area and the establishment of the oil and gas industry in particular. Office development saw spectacular growth from the mid 70's through to the mid 80's, followed by a slump due to the oil price collapse. Completions have since stabilised, but seem unlikely to reach previous levels due to the majority of oil and oil-related companies now being established in the North East and the impact of new technology and the changing nature of working practices. Future demand is anticipated in the main to come from a growing service sector.

A strong office sector has been essential to the North East's economic vitality, particularly in view of the need to service the oil and gas sector over the last thirty years. The future role and location of offices will be less clear when the oil and gas sector begins to decline. However, the forecast growth in service sector business is likely to maintain demand for office space.

Figure 2: Office Floorspace Built in Aberdeen 1969-98



Source: Aberdeen City Council

NPPG 8 'Town Centres and Retailing' states that a sequential approach to office space provision should be made. The sequential approach means that the first preference should be for town centre sites, followed by edge-of-centre sites, and only

then by out-of-centre sites in locations that are or can be made accessible by a choice of means of transport. This guidance is intended to apply in circumstances where there are large numbers of employees who could benefit from public transport and service of a central location and is not intended to preclude small offices, homeworking or teleworking initiatives in off centre or rural locations.

The advance in technology in recent years has made the exchange of information faster and easier. Many individuals have access to computers at home and their role in shopping, banking and entertainment should not be underestimated. The impact of computer technology has real potential to affect existing land use patterns, not least in the high street. It also has a powerful potential to provide services in rural areas. Businesses of all sizes are employing the technology to trade across the world, using workers from home or in telecentres. While this suggests that transportation costs will be reduced and the environment improved it also means that business can utilise workers anywhere in the world and should be seen as a threat as well as an opportunity.

Employment land requirement

The forecasts indicate there may be a decline in the economy. If this is to be addressed we must look for the opportunity to diversify the economy from oil and gas based employment into other sectors of the economy, whilst seeking to retain existing the existing skill base. If we are to plan for a future with less manufacturing, smaller premises and businesses that are not so site 'sensitive', the land requirements will be different. There will be a greater demand for higher quality and smaller sites close to existing communities in an effort to reduce the need to travel.

Planning for the North East economy in a period of forecast decline requires the formulation of policies that enable responsiveness to wider economic influences and that seek to promote the economy within the structure plan period. Therefore, in providing allowances in the structure plan, the range of hectareage for each key location will be wider than before. This recognises that a realistic level of land must be provided during the lean times, but provides flexibility for local plans to zone more land should a recovery occur.

The locations identified in policy 2 have been chosen as the most appropriate for meeting the criteria outlined above and also the structure plan's strategic aims. They include Aberdeen City, Inverurie and other key Aberdeenshire settlements. The policy requires an amount of marketable land to be available at any one time, within the boundary of a particular settlement, as defined in local plans. It does not mean within the locality of a particular settlement. For example existing business and industrial allocations such as at Thainstone, Port Elphinstone are considered to meet a local need unrelated to the needs of Inverurie itself. It therefore cannot contribute to Inverurie's Land requirement.

General Employment Land Trends

Information on the take up of industrial and business land in Aberdeen and Aberdeenshire over the past ten years is given in Table 9. The information, which identifies land take-up in hectares (gross developable areas), demonstrates the

continuing importance of Aberdeen, as the major employment and business centre in the North East. It also confirms the important role played by principal settlements in Aberdeenshire and the increasing importance that areas such as Westhill and Badentoy have had in meeting demand for business and industrial land during periods of acute land shortages in Aberdeen.

Business and Industrial development in the past has largely taken place on general business and industrial estates. However, the nature of demand has been changing in recent years with the development of specialised research and development uses on the Science and Technology and Offshore Technology Parks at the Bridge of Don in Aberdeen. This illustrates a growing trend, by particular types of business and industry, to be in locations distinct from general business and industrial uses. These locations tend to be of generally higher visual quality and in more prominent locations.

Table 9: Land Take-up over the last ten years 1990-99

Place	Take-up rates (hectares)									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<i>Aberdeen</i>	4.6	15.7	26.5	2.3	5.6	12.3	6.7	9.5	5.7	2.6
<i>Badentoy</i>	-	18.6 2	1.21	3.64	8.90	3.84	2.63	0	4.02	4.19
<i>Mains of Cairnrobin</i>	0	0	0	0	0	0	0	0	0	0
<i>Inverurie</i>	1.1	2.8	2.0	0	0.9	0.6	0.2	0.2	0.2	0
<i>Stonehaven</i>	0	0	0	0	0	0	0	0	0	0
<i>Peterhead</i>	0.7	0.4	1.3	0.9	0.1	2.9	0.5	1.8	1.2	3.3
<i>Fraserburgh</i>	0.4	0	0.4	0.1	0.4	0.7	0.8	0.6	0.4	0.8
<i>Westhill</i>	0	0.3	0	0	1.6	2.4	1.2	1.2	0.4	3.2
<i>Ellon</i>	0.4	0.5	0.2	1.2	0.7	0	0.4	0.4	0	0.4
Totals	7.2	38.2	31.6	8.1	18.2	22.74	12.4	13.7	11.9	14.5

Take-up rates based on the summation of the net area of individual plots upon which a building has first been constructed in the year.

Source: Aberdeen & Aberdeenshire Industrial Land Schedules (1999)

Employment Land Supply & Demand in Aberdeen

At the beginning of 2000 the supply of undeveloped land in Aberdeen stood at 129 hectares (net developable area). This has recently been boosted by the inclusion of land at Airport South West and North Raiths. Despite this amount of land being available, the marketable land supply is currently 32 hectares. This is the minimum amount of land that the structure plan requires at any one time. However, the present size of the plots available are not large enough to meet the requirements of many of the companies, particularly in the oil and gas sector, seeking to expand, relocate or move into the city. In addition, not all of the plots are immediately available for development. These factors, together with uncertainty created by a fluctuating oil price in 1998, has temporarily dampened down demand in the city with only 2.3 hectares of land developed in 1999.

The 1998 Aberdeen Industrial Land Review confirmed that Grampian Enterprise had received several major inward investment inquiries amounting to a total site requirement in excess of 40 hectares. All of these requirements were immediate and included 12 major enquiries from companies, 75% of which were oil related. More recent analysis of demand for industrial and business land suggests that despite

elements of uncertainty created by a fluctuating oil price in 1998, there is still an acute shortage of industrial and business land in Aberdeen, leading to rising land prices in certain locations. Recent and historic experience during periods of rapidly rising and falling oil prices would appear to indicate that there is a direct link between this and the demand for industrial land and property. As the downturn in oil price arrived during a period of relatively low vacant stock, it is likely that the property market will stage a quick recovery when economic conditions improve.

An analysis of the past ten year's take-up rates suggests that some 3-4 years supply of marketable land remain. This is disadvantaging Aberdeen, as local companies and inward investment look to locations outwith the City, such as at Badentoy and Westhill. The net effect of this has been to create a distorted pattern of business and industrial allocations, particularly in the City South area, that are poorly related to other business, housing, and markets.

Industrial land supply in the City South Area of Aberdeenshire is influenced by the demand for land in Aberdeen. Generally, the impact of the acute land shortage in the City at sites such as Altens, West and East Tullos, Wellington Road and the constrained Moss-side/ Mains of Cairnrobin site, continues to place strain on land in Aberdeenshire, and at Westhill and Badentoy in particular. Development rates at these two sites have been high over the past few years and the availability of plots is reducing. This has been exaggerated by the high take-up of land at Badentoy by oil service companies and the commencement at Westhill of developments totalling 7.3 hectares. Despite the possibility of a further allocation of 24 hectares extending Badentoy to the north, The marketable supply of land at Badentoy now stands at 12.10 hectares (gross) and at some 8 hectares (gross) at Westhill.

Aberdeen remains acknowledged as the Offshore Energy Capital of Europe. The energy industry based in the North East has always shown itself to be robust to external challenges. Following on the experience of the mid 1980's, the present difficulties could, if opportunities are identified and taken, provide the catalyst for a stronger, more vibrant sector.

Table 10: Extent of Marketable Employment Land Supply in Aberdeen

Site	Undeveloped Land (hectares)		
	Total Land	Marketable Land	Constrained land
Altens	3.6	3.6	0
East Tullos/Redmoss	-	-	-
Lochside/Newlands	5.7	-	5.7
Moss-side/ Mains of Cairnrobin	9.8	-	9.8
Peterseat	11.9	11.9	0
Wellington Road	0.7	0.7	0
West Tullos	-	-	-
Links Road	0.9	0.9	0
Mastrick	-	-	-
Northfield	-	-	-
St. Machar	-	-	-
Bridge of Don	-	-	-
Denmore	-	-	-
Newton of Murcur	-	-	-
Off-shore Technology Park	7.5	-	7.5
Science & Technology Park	4.7	-	4.7
Airport South West	58	-	58
Dyce Drive	4	4	0
Farburn/Stoneywood	-	-	-
Kirkhill	1.7	0.5	1.2
Mugiemoss Road	8.5	-	8.5
North Raiths	3	-	3
Pitmedden Road	-	-	-
Pitmedden Road East	2	2	0
Raiths	5.4	5.4	0
Wellheads	-	-	-
Wellheads West	1.3	1.3	0
Total	128.7	30.3	98.4

Note: Both the science and on/offshore technology parks are unlikely to come forward for anything other than the specialist uses which currently exist there. All Figures are net.

Source: Aberdeen City Industrial Land Schedules (1999)

Employment Land Supply & Demand in Aberdeenshire

The take-up of industrial land in Aberdeenshire has averaged some 11 hectares per annum over the past 8 years, with the majority of the land being developed in the commuter settlements around Aberdeen. It is estimated that at the beginning of this year some 277 hectares of undeveloped industrial and business land was available in Aberdeenshire, with over 70% of this supply located in Peterhead and the Aberdeen commuter settlements (*see Table 8*). However, only 80-90 hectares of that total figure can be considered to be marketable land. Similarly to Aberdeen the supply of marketable and immediately available land is very limited, particularly in certain key settlements. In addition, the land supply in parts of Aberdeenshire does not meet the needs of users and does not match up to current market interests. There is a need to address this situation in order to provide a greater element of choice to businesses in Aberdeenshire, both in the key commuter settlements and in identified priority rural settlements.

Both Aberdeenshire Council and Grampian Enterprise have expressed concerns about the quality and quantity of industrial and business land in Aberdeenshire. The quality of the supply is variable, and there is a shortage of serviced and immediately available sites within the travel to work area of Aberdeen City, in particular, in Stonehaven, Banchory and Inverurie. Development activity has been particularly high at Westhill and Badentoy over the past two years and the availability of plots at these locations is reducing. There has been a high take-up of land at Badentoy by oil service companies and at Westhill by companies such as the North of Scotland Water Authority and Costco.

Westhill

Westhill has thrived in the last seven years. This is mainly due to the proximity of Westhill to the City of Aberdeen, its good access to the trunk road network and the constrained nature of business and industrial land in the City. The structure plan requires between 5 and 15 hectares of land to be provided at Westhill at any one time. This requirement reflects the past growth in this settlement and demand for land, which is likely to remain high in this location from companies seeking economies of scale and complimentary business and industrial activity.

Inverurie

The take-up of business and industrial land has been high in Inverurie when new grants of planning permission have made in the past, indicating a strong demand. However, in recent years the shortfall in employment land has meant that business has had to locate elsewhere in Aberdeenshire, at sites such as Thainstone, Westhill and Badentoy. Indeed, evidence suggests that Inverurie has been artificially restrained since before 1990. This is so long ago that it is now unreasonable to consider historic take-up rates as a method to inform demand.

Stonehaven

Stonehaven has a high demand for industrial land but the delivery of this is frustrated by a lack of land within the settlement boundary itself. Brownfield opportunities within Stonehaven are limited but are expected to make up for the majority of the supply over the structure plan period. It is recognised that meeting even a five year supply at any one time will be difficult and the continued leakage of business to other sites in the North East is likely to continue unless positive planning for Stonehaven's future is made in local plans.

The employment land requirement is for between 5 and 15 hectares to be available at any one time. The lower limit in the requirement recognises the limited existing land supply in Stonehaven and that significant take-up rates are unlikely. However, the upper limit in the range provides an incentive for the delivery of a larger business and industrial site to be delivered beyond the settlement boundary shown in the Aberdeenshire Local Plan. This is provided the development is well related to Stonehaven and does not otherwise conflict with other structure plan policies and aims. Indeed, the Secretary of State has already expressed a willingness to grant an appeal for business and industrial development at East Newtonleys. The topography of the land surrounding the settlement highlights potential land to the west of the A90.

Some limited development is feasible here although significant development would be constrained by the wayleave for oil pipelines. The pipes present particular technical difficulties as well as health and safety issues.

Peterhead

Peterhead has a high level of business and industrial land. However, much of this land is of such poor quality that it is unlikely to come forward for development within the lifetime of the structure plan. The 1999 industrial Land Schedules indicate that there are 50 hectares of land available in Peterhead of which 40 hectares are considered to be marketable. More recent surveys suggest that there is 70 hectares of land available of which 38 hectares are marketable.

The high level of marketable land and the low take-up rate over the last ten years suggests that there is an oversupply of land in Peterhead. The structure plan requires between 5 and 20 hectares to be provided at any one time in Peterhead. This figure is wider than the previous structure plan allowed, recognising a need to be responsive to an upturn in the economy and flexibility to inward investment generally.

Ellon & Fraserburgh

The employment land requirement is for between 5 and 10 hectares in Ellon. This reflects a need to be responsive towards inward investment initiatives in settlement that become very much a commuter town for the City. Fraserburgh also has a requirement for between 5 and 10 hectares. This in order to support a local need for economic development.

3.7 Providing for Employment Opportunities outside Settlements

Introduction

The past has seen industry develop in and around the urban areas of the North East and more recently, the rapid expansion of oil and gas related business and industry in key North East settlements such as Peterhead and Aberdeen. The forecasts suggest this period of rapid growth is to decline and that service sector activity will come to the fore. These changes are forecast to occur at a time when rural businesses are also restructuring. The consequences of the common agricultural policy, the BSE crisis, fishing quotas and high interest rates has forced many farmers and fishermen to diversify into other sectors, while many others have gone out of business altogether. In other sectors, business has become less reliant on being located within Aberdeen and the principal Aberdeenshire towns and the forecast growth in self-employment and information technology will propagate this.

The loosening of geographical ties for business and industry, with the development of e-commerce, presents an opportunity for the North East in the future. As such a policy is required that will guide business related development to the most appropriate locations.

Controlling Development Outwith Settlements

A policy is required that uses development control criteria and is based upon the structure plan's strategic aims. This is to ensure that suitable development can be successfully assimilated within the North East, taking advantage of existing transport networks and previously used land and buildings, without adversely affecting the environment. Residential amenity and the environment are particularly at risk from unforeseen proposals.

Providing and maintaining new access and infrastructure is key to creating satisfactory developments that do not place an unnecessary burden on existing facilities. Many sites are not marketable because of the high cost of providing services and infrastructure. Some brownfield development provides an opportunity to take advantage of existing infrastructure and services and reduce the overall cost of development. However, this may only be the case where sites are not contaminated or require significant clearance or preparation.

In certain cases there will be opportunities throughout the plan period for developers to take advantage of a range of economic initiatives. Such initiatives include the Aberdeen Industrial Land Partnership and European funding for areas in the north of the structure plan area in the Objective 2 zone.

3.8 Tourism

Tourism is currently one of the fastest growing industries in the world and, in global terms, is becoming increasingly more competitive. Over the past 30 years there have been dramatic changes in the tourism industry, with tourism in Scotland having grown by 43% overall. There has been an increase in the number of overseas visitors, an increase in the money spent by tourists, an increase in employment in tourism related industries and, an increase in the number of hotel bedrooms and in the quality of accommodation on offer.

The North East of Scotland has a wide range of visitor attractions on offer both natural and man made and they are a major factor in attracting tourists to the area. In the last ten years, visits to the north East by overseas tourists has grown steadily. In 1991, overseas visitors made 0.17 million trips, stayed for 1 million bednights and spent £39million. This has risen to 0.20 trips, 1.3 million bednights and £51 million in 1998.

Table 11: Overseas Tourism in North East Scotland

Year	Trips (millions)	Bednights (millions)	Expenditure (1998 Prices)
1991	0.17	1.0	£39m
1992	0.17	1.2	£48m
1993	0.19	1.5	£57m
1994	0.15	1.3	£62m
1995	0.20	1.3	£49m
1996	0.18	1.3	£57m
1997	0.22	1.2	£51m
1998	0.20	1.3	£51m

Source: "Tourism in Aberdeen and Grampian 1998" Scottish Tourist Board

UK residents visiting the North East have remained reasonably constant over the last 10 years but this has been against a backdrop of national decline. The national trend indicates that UK residents are spending fewer nights in Scotland but are spending more money when they are here, reflecting the disappearance of the main holiday market and the rise of the short break. The North East markets indicate a similar pattern of change in holiday provision.

Table 12: Domestic (UK) Tourism in North East Scotland

Year	Trips (millions)	Bednights (millions)	Expenditure (1998 Prices)
1991	1.0	4.6	£167m
1992	0.9	4.4	£134m
1993	0.9	4.2	£142m
1994	0.9	4.5	£144m
1995	1.1	4.7	£146m
1996	1.2	4.7	£140m
1997	1.0	4.9	£151m
1998	1.2	4.6	£150m

Source: "Tourism in Aberdeen and Grampian 1998" Scottish Tourist Board

The supply of new and modern hotel bedroom accommodation has continued to grow over the past ten years, particularly in Aberdeen where some 900 new hotel bedrooms have been constructed since 1989. This has covered a wide choice of accommodation, but with an increasing emphasis on travel lodges and budget hotels. Hotel bedroom accommodation currently amounts to just under 1000 bedrooms with a further 150 bedrooms under construction. Table 13 shows the completions between 1984 and 1994, at which point annual surveys ceased.

Table 13: Hotel bedroom completions 1984-95

Hotel Developments – Number of Bedrooms												
Area	Completions											
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 - outstanding planning perms.
Aberdeen	0	0	11	41	0	41	4	77	140	248	0	371
Aberdeenshire	10	50	10	18	34	0	21	52	75	0	7	151
Total	10	50	21	59	34	41	25	129	215	248	7	522

Source: Grampian Regional Council, Commercial schedules (1995)

Business Tourism has been a major growth area in recent years and this is expected to continue. This sector is particularly important because of the all season activity, potentially high yield per trip and the wider economic potential. The Success in the North East highlights the strength of the area's venues and facilities, business and commercial success and leading edge technology but this must be viewed within the context of oil and gas sector. This sector is forecast to decline and so attention must be paid to diversifying business tourism into different sectors.