

## **SDPA Bulletin – June 2012**

### **1 Local Development Plans Update**

#### **Aberdeen City**

- 1.1 Aberdeen City Council adopted their Local Development Plan on 29 February 2012 and were the first council in Scotland to do so. The plan replaces the Local Plan of 2008 and was prepared to implement the current structure plan.
- 1.2 Since adoption, a legal challenge was lodged with the Court of Session by Tesco which is being defended by the council. The case relates to supermarket development on the Lang Stracht, Aberdeen. A hearing at the Court of Session will take place in due course.
- 1.3 The Local Development Plan still stands and the challenge does not prevent the Council from determining planning applications - the fact of the legal challenge will be a material consideration for planning applications determined while the case is outstanding.

#### **Aberdeenshire**

- 1.4 Aberdeenshire Council adopted their Local Development Plan on 1 June 2012, replacing their Local Plan of 2006, the third council in Scotland to do so.
- 1.5 This followed receipt of the report of the Local Development Plan examination on 9 March 2012 and consideration by Aberdeenshire Council on 26 April 2012.
- 1.6 The early adoption of the two Local Development Plans was a critical action to implement the current structure plan and both councils have done very well to adopt these plans less than three years after the approval of the structure plan. This is particularly significant given the scale of change required by the structure plan in both council areas.

### **2 Other SDPAs**

- 2.1 In addition to Aberdeen City and Shire there are three other SDPAs in Scotland tasked with preparing strategic development plans (SDPs). During the last month two of these have been approved by Scottish Ministers.

#### **Glasgow and the Clyde Valley SDPA**

- 2.2 The Strategic Development Plan for Glasgow and the Clyde Valley was [approved](#) (with modifications) by Scottish Ministers on 29 May 2012 and was the first SDP in Scotland.
- 2.3 A total of 75 representations were made to the proposed plan giving rise to 36 issues. Modifications were made to 18 of the 36 issues raised in representations. The [Report of the Examination](#) was published in April 2012.

### **TAYplan SDPA**

- 2.4 The Strategic Development Plan for TAYplan was [approved](#) (with modifications) by Scottish Ministers on 8 June 2012. This plan covers Dundee, Perth, Angus and North Fife. The TAYplan area shares a boundary with Aberdeen City and Shire.
- 2.5 A total of 188 representations were made to the proposed plan giving rise to 24 issues. Modifications were made to 15 of the 24 issues raised in representations. The [Report of the Examination](#) was published in April 2012.

### **SESplan SDPA**

- 2.6 The Proposed Strategic Development Plan for is expected to be submitted for examination in early August 2012 following 180 representations to the plan which raised around individual comments. These have been summarised into 29 issues to for consideration at the examination.
- 2.7 Figure 1 below summarises the timescales for the three SDPs.

Figure 1: SDP Timetables

	GCV	TAYplan	SESplan
Main Issues Report Published	30/9/2010	12/4/2010	31/5/2010
Proposed Plan Published	30/6/2011	6/6/2011	7/11/2011
Proposed Plan Submitted for Examination	31/10/2011	1/12/2011	
Report of Examination Published	30/3/2012	13/4/2012	
SDP Approved by Scottish Ministers	29/5/2012	8/6/2012	

## **3 River Dee Abstraction Multi-Agency Working Group**

- 3.1 Previous meetings of the SDPA, including that in March 2012, considered reports dealing with the issue of water abstraction from the River Dee. The current structure plan recognises the importance of the river both as a Special Area of Conservation but also as the area's main source of drinking water. In light of this, water efficiency is highlighted as an important issue for new development.
- 3.2 Scottish Natural Heritage (SNH) raised concerns around water abstraction issues in their response to the Main Issues Report in late 2011, particularly around uncertainty over the Habitats Regulations Appraisal (HRA).
- 3.3 Following an exploratory meeting in late December 2011, a multi-agency working group comprising Scottish Environment Protection Agency (SEPA), Scottish Water, SNH, the Dee District Salmon Fishery Board, Aberdeenshire Council and the SDPA have met on two occasions with a third meeting planned for 28 June 2012. The remit of the working group is to *“develop a shared understanding ... of water supply and abstraction issues relating to the River Dee, enabling a conclusion to be reached for the HRA (including any appropriate mitigation in the plan or actions in the action programme) on the sustainability of water supply for the SDPA region”*.

- 3.4 Significant progress has been made and the last meeting considered two draft reports by Scottish Water and the Dee District Salmon Fishery Board exploring current and anticipated water abstraction and the potential impacts on the River Dee in the context of climate change.
- 3.5 All parties are coming to the table in a positive manner and this joint work will help the SDPA and SNH as the proposed strategic development plan, proposed action programme and habitats regulations appraisal are finalised later in the year and as SNH respond to these.

## **4 Graphic Communication of Strategic Development Plans**

- 4.1 The four Strategic Development Planning Authorities, in partnership with the Scottish Government and Architecture and Design Scotland have commissioned research to look at improving the graphical communication of strategic development plans.
- 4.2 A lot of effort was put into the text of the Aberdeen City and Shire Structure Plan to ensure it was accessible and easy to understand – achieving a Plain English Campaign ‘Crystal Mark’ for clarity. However, the communication of the graphic elements of the plan did not receive such rigorous attention and were variable in quality.
- 4.3 Following an informal review of the structure plan and the three Proposed Strategic Development Plans it was recognised that none of these were meeting collective aspirations for clarity of graphical communication. It was therefore decided that a short piece of research would help to improve both the product (the plan itself) but also focus on the processes required to achieve it.
- 4.4 The timing of the research is designed to feed into the Proposed Aberdeen City and Shire Strategic Development Plan later this year. In order to facilitate this, Aberdeen City and Shire was used as the case study and a workshop took place in Aberdeen on 15 and 16 May 2012 with a range of local stakeholders and Key Agencies.
- 4.5 A final report is anticipated in the next few weeks and will be reported to the September meeting of the SDPA.

## **5 Strategic Transport Fund**

- 5.1 The SDPA agreed “Supplementary Planning Guidance: Delivering Identified Projects through a Strategic Transport Fund” at its meeting in December 2011. Aberdeenshire Council unanimously ratified the SPG at a meeting of the Infrastructure Services Committee on 15 March 2012. This followed ratification by Aberdeen City Council on 31 January 2012.
- 5.2 A number of planning agreements have now been signed which incorporate a Strategic Transport Fund contribution and there are many more progressing through the system.

- 5.3 Work is ongoing around project prioritisation, with engagement due to take place with the development industry over the next few months.
- 5.4 The SDPA joined with Nestrans, Aberdeen City Council and Aberdeenshire Council submit the Strategic Transport Fund for the Scottish Transport Awards 2012. The submission was shortlisted in two categories - "Innovative transport project of the year" and "Integrated transport project of the year". The winners of the awards will be announced on 14 June 2012.

## 6 Carbon Capture and Storage

- 6.1 As was reported in a previous Bulletin, Scottish Power's proposal for a Carbon Capture and Storage (CCS) plant at the Longannet coal fuelled power station in Fife was abandoned due to the inability of Scottish Power and the UK Department for Energy and Climate Change (DECC) to agree a financial support package.
- 6.2 A proposal (by Summit Power) was reported in the [media](#) in March 2012 for a potential new coal fuelled power station at Grangemouth fitted with CCS technology. Early indications are that, were the plan to be successful, CO<sup>2</sup> would be transported from Grangemouth to St Fergus in the same pipeline envisaged for the now abandoned Longannet proposal, with onward storage under the North Sea.
- 6.3 On 3 April 2012 a new '[Commercialisation Programme](#)' was launched by DECC. Bidders have until 3 July 2012 to submit final proposals, with up to £1bn being available in financial support for successful proposals. There are 16 potential bidders at the current time but it is possible that not all of these will result in final submissions. Scottish and Southern Energy's proposals for Peterhead Power Station is among the potential bidders, as is Summit Power's Grangemouth proposal. The timeline for the competition process is shown in figure 2 below.

Figure 2: CCS Commercialisation Programme Timeline



## 7 Gross Value Added – Aberdeen growing through recession

- 7.1 It was reported in March 2012 that Aberdeen was the only UK city to create more wealth in 2009 than the year before.
- 7.2 The analysis, by accountancy firm UHY Hacker Young, showed that Gross Value Added (GVA) per person increased by 1.1% in Aberdeen between 2008 and 2009 but fell for all other major UK cities. GVA is a measure of a city's contribution to the UK economy according to the value of the goods and services it produces.
- 7.3 Scotland's four largest cities all performed better than the UK average (-2.7%) and better than the average of the top 40 cities (-2.4%), as shown in figure 3 below.

Figure 3: GVA Growth 2008-2009

UK Rank (out of 40)	Town/City	GVA 2008 (£ per head)	GVA 2009 (£ per head)	Change
1	Aberdeen	28,422	28,731	1.1%
2	Edinburgh	35,134	34,950	-0.5%
6	Glasgow	29,897	29,472	-1.4%
15	Dundee	17,393	17,011	-2.2%

<http://www.uhy-uk.com/resources/news/aberdeen-only-uk-city-to-create-more-wealth-this-year>

- 7.4 The report concluded that “the situation in Aberdeen is unique within the UK...Not only is it benefitting from a revival in North Sea exploration but Aberdeen is now a global leader in oil services companies. Many Aberdeen headquartered oil & gas exploration companies and oil services companies operate on a global basis. Aberdeen has become a global centre of excellence for oil services companies so it directly benefits from the exploration boom in emerging markets. While the economies of all other major UK cities suffered as a result of the financial crisis, Aberdeen was able to remain largely unaffected.”
- 7.5 This reflects well on the Aberdeen City and Shire economy and is reflected in many other reports, including that Aberdeen is the [easiest city in the UK to find a job](#). Reports suggest 0.88 unemployed people per vacancy in Aberdeen compared to 79.64 in Hull at the bottom of the list. Aberdeen was also identified as the best place in the UK to find work in the construction industry. These findings were widely reported in the media across the UK.

## 8 Homes for Scotland 2012 Awards

- 8.1 Two developments in Aberdeenshire were recognised in the Homes for Scotland 2012 Awards, both in the “Best Low Carbon Initiative’ category.
- 8.2 Stewart Milne Homes was the winner in the category for developments in Portlethen and Prestonpans (East Lothian) which incorporated homes built to

higher insulation standards on the back of a timber framed product which can be rolled out more widely.

- 8.3 Bancon received a commendation in the same category for its biomass district heating at its development in Banchory – delivering heat and hot water to a growing number of homes and commercial buildings in the town.
- 8.4 Both of these schemes represent good practice and it is important that such initiatives are rolled out more widely as we seek to reduce the social and environmental cost of energy.
- 8.5 The Aberdeen City and Shire Planning Modernisation Group also received a commendation in the ‘Best Partnership in Planning’ category for its role in bringing about a culture change in the way everyone in the planning system works together to achieve the best results for Aberdeen City and Shire. The judges were impressed by the wide range of participants involved, allowing for a wide variety of views to be expressed.

## **9 National Registers of Scotland Population Projections**

- 9.1 Population and household projections are published every two years by the National Records of Scotland (formerly General Register Office for Scotland). [2010-based population projections for council areas](#) were published on 29 February 2012<sup>1</sup>. Population projections for the four Strategic Development Plan areas are due to be published on 12 July 2012<sup>2</sup>.
- 9.2 These are trend-based rather than policy-based projections and do not therefore take into account the many social, political and economic factors which influence population at local, national and international levels.
- 9.3 Appendix 1 provides a brief analysis of the 2010-based projections alongside the growth scenario used in the Housing Need and Demand Assessment (HNDA) used to inform the Main Issues Report last year. The new projections suggest a faster rate of population growth than was used as a scenario in the HNDA.
- 9.4 Strong population growth in Aberdeen City and Shire between 2005 and 2010 means that, when projected into the future, substantial levels of population growth are envisaged. However, the analysis in Appendix 1 questions whether such growth is realistic given the wider policy environment around migration in the UK as well as national and international economic factors.
- 9.5 The Aberdeen City and Shire Strategic Housing Market Partnership met on 30 May 2012 and agreed that the current HNDA still provided a solid evidence base to inform the Strategic Development Plan and Local Housing Strategies

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<sup>1</sup> 2010-based Household Projections for Council Areas are due to be published on 14 June 2012

<sup>2</sup> 2010-based Household Projections for Strategic Development Plan Areas are due to be published in September 2012

given that the HNDA will need to be reviewed, along with the SDP and two LHS within five years.

## 10 Broadband Infrastructure

- 10.1 BT have recently added two more exchanges to its list of exchanges to be upgraded in Aberdeen City and Shire. Next generation broadband (40-100Mb/s) is now available from two exchanges in Aberdeen (the Ashgrove and Denburn exchanges). The Balgownie, Kincorth, Lochnaggar and Aberdeen West exchanges in Aberdeen, along with the Portlethen and Stonehaven exchanges in Aberdeenshire are due to be upgraded by September 2012. The recent additions to the planned programme are the Aberdeen North and Fraserburgh exchanges which are now on the future programme to be upgraded by the end of 2013. This leaves 93 out of the 103 exchanges with no announcement of a timetable for upgrade yet made.
- 10.2 Aberdeen is one of 27 UK cities eligible to apply for [phase 2 of the UK 'Super-Connected Cities Initiative'](#). A share of £50m is available to ten or more smaller UK cities through the UK Government's 'Urban Broadband Fund'. Submissions must be made by 17 September 2012 and the winning cities will be announced in the Chancellor's Autumn Statement 2012. Aberdeen City Council is currently working on its bid.
- 10.3 Following the Scottish Government's '[Scotland's Digital Future - Infrastructure Action Plan](#)' on 31 January 2012, a '[Step Change 2015 Procurement Plan](#)' has been published on 25 May 2012. The core requirement of the procurement is to invest in infrastructure that will have the capacity to deliver speeds of 40 - 80Mbps for between 85% to 90% of premises, with a significant uplift in speeds for those where delivery of 40 - 80Mbps is not possible at this stage, including those areas where there is currently no level of service.
- 10.4 The procurement plan sets out the context, scope and key decisions concerning the procurement and the issues that remain to be considered between now and the launch of the procurement exercise in September 2012.
- 10.5 Officers held a recent meeting with BT Openreach to highlight the scale and location of new development coming through the structure plan and two local development plans. This follows discussions on a number of occasions over the last three years. It is further proposed to facilitate engagement between infrastructure providers and builders in Aberdeen City and Shire to enable a better understanding within the industry of the advantages of (and requirements for) enabling super-fast broadband (around 200Mb/s) in new development.

## 11 Aberdeen Western Peripheral Route

- 11.1 The Aberdeen Western Peripheral Route (AWPR) is a key piece of strategic transport infrastructure which is vital for the future development of Aberdeen and Aberdeenshire. However, following the decision to progress with the

scheme on 21 December 2009 it has been delayed for the past two and a half years due to legal challenges to the scheme by objectors.

- 11.2 The first case was brought to the Outer House of the Court of Session where a [judgement](#) was given on 11 August 2011 in favour of the Scottish Ministers. This was subsequently challenged again and the [judgement](#) of the Inner House of the Court of Session was given on 29 February 2012. This time three judges again found in favour of the Scottish Ministers.
- 11.3 In spite of the strong judgements in both hearings before the Court of Session, the case has subsequently been appealed again and is due to be heard in the UK Supreme Court in London on 9 and 10 July 2012.

## 12 National Planning Framework 3

- 12.1 On 28 March 2012 Derek Mackay, the Minister for Local Government and Planning made a [statement](#) to the Scottish Parliament setting out the Scottish Government's proposals for future reform of the planning system. The [Planning Reform – Next Steps](#) document summarises the package of proposals which aim to help the planning system reach its potential in supporting economic recovery.
- 12.2 [National Planning Framework 2](#) (NPF2) was published in June 2009 and is a strategy for Scotland's long-term development over a 20-25 year period. Among the announcements made in the March statement was that the Scottish Government would commence the preparation of National Planning Framework 3 in the autumn of 2012.
- 12.3 This announcement was made on the same day that the Scottish Government published a [Monitoring Report](#) for NPF2. This provides an update on progress in implementing the development strategy since the publication of NPF2 as well as highlighting the challenges and emerging issues to inform the revision of the framework. The Scottish Government's initial belief is that the spatial strategy in NPF 2 remains relevant and that NPF 3 should focus strongly on economic recovery and the transition to a low carbon economy.
- 12.4 A preliminary indication of likely timescales for the preparation of NPF3 is provided below:

Participation Statement	Autumn 2012
Engagement with public and other stakeholders	Autumn 2012
Targeted engagement around potential National Developments	Winter 2012
Consultation on a Main Issues Report	Spring 2013
Proposed NPF3	2014
Scrutiny by Scottish Parliament	2014
NPF3 published	2014

12.5 It will be important that the SDPA engage with the Scottish Government in the preparation of NPF3, not least because this will set a key element of the context for the second strategic development plan.

### **13 Structure Plan Proposals**

13.1 Two proposals set out in the structure plan have been subject to announcements regarding their preferred option and timescales over recent months. These are in addition to the Aberdeen Western Peripheral Route covered above.

#### **Inveramsay Bridge**

13.2 Following the Scottish Government allocation of additional funding to a number of transport infrastructure projects in early February 2012 (including provision to start work on the new bridge on the A96 to remove the single-file traffic restriction on this part of the trunk road north of Inverurie), a preferred option was announced in April 2012.

13.3 Appendix 2 shows the selected option which followed consultation on a range of options in October 2011.

13.4 Transport Minister Keith Brown said “following the public consultation last October, the ‘road over rail river route’ option has been identified as delivering the best value for money, whilst minimising disruption to existing road users. It also offers additional safety benefits relating to the height restriction on the existing structure and separates local agricultural traffic from other vehicles.”

13.5 The works are expected to be completed during this Parliamentary term, subject to the satisfactory completion of statutory processes.

#### **Community Stadium**

13.6 In late May Aberdeen Football Club announced that the timetable for the construction of a new stadium had slipped and that the new stadium would not now be ready until the start of the 2014/15 season instead of a year earlier as originally hoped.

13.7 A knock-on implication of this decision is that the redevelopment of the existing stadium will also be delayed by a year.

# APPENDIX 1

## Assessment of the 2010-based population projections produced by National Records of Scotland

### 1. Summary

- 1.1 National Records of Scotland (formerly the General Register Office for Scotland) published their 2010-based sub-national population projections on 29 February 2012. A summary of the results for Aberdeen City and Aberdeenshire is shown in Figure 1.

*Figure 1: NRS population projections*

	2010	2035	Change	%
Aberdeen City	217,120	271,705	+54,585	25.1%
Aberdeenshire	245,780	299,404	+53,624	21.8%
<b>Aberdeen City &amp; Shire</b>	<b>462,900</b>	<b>571,109</b>	<b>+108,209</b>	<b>23.4%</b>

- 1.2 In addition to the principal projections shown above, NRS published seven variant projections based on different assumptions about migration, fertility and life expectancy. For Aberdeen City & Shire, these variants produced population projections at 2035 ranging from 467,034 (zero migration) to 601,387 (high migration) – see Figure 2.

*Figure 2: Variant NRS population projections (Lowest and Highest only)*

	2010	2035	
		Lowest	Highest
Aberdeen City	217,120	214,788	291,778
Aberdeenshire	245,780	252,246	309,609
<b>Aberdeen City &amp; Shire</b>	<b>462,900</b>	<b>467,034</b>	<b>601,387</b>

### 2. Components of change

- 2.1 Most of the projected population growth in Aberdeen City & Shire between 2010 and 2035 is due to migration. Based on the assumptions used by NRS, migration accounts for 74% of the increase, compared with 26% for natural change (i.e. births minus deaths). Figure 3 shows the migration assumptions that were applied in the 2010-based NRS population projections.

Figure 3: Migration assumptions (persons per annum)

	2010 / 2011	2011 / 2012	2012 / 2013	2013 / 2014	2014 / 2015	2015 / 2016	Long – term
Aberdeen City	2,000	2,200	2,100	2,000	1,750	1,700	1,500
Aberdeenshire	2,000	2,050	2,000	1,900	1,750	1,700	1,500
<b>Aberdeen City &amp; Shire</b>	<b>4,000</b>	<b>4,250</b>	<b>4,100</b>	<b>3,900</b>	<b>3,500</b>	<b>3,400</b>	<b>3,000</b>

The long-term migration assumptions cover the remainder of the projection period, i.e. up to 2034/2035

- 2.2 The above assumptions were based on recent migration trends. During that period, Aberdeen City and Aberdeenshire both experienced strong population growth, mainly due to net-migration gain. For example, Aberdeen City had the highest rate of estimated population growth in Scotland (at LA-level) between mid-2008 and mid-2009, and the second highest rate between mid-2009 and mid-2010, after Edinburgh.

### 3. Comparison with earlier projections

- 3.1 The 2010-based projections indicate a significantly higher rate of population growth in the Aberdeen City & Shire area than the previous (2008-based) NRS projections. In the period common to both sets of projections, i.e. 2010 to 2033, the latest projections show a population gain of over 100,000. This is almost 45,000 more than the projected population gain in the 2008-based projections – see Figure 4.

Figure 4: Comparison of 2008 & 2010-based projections

	2010	2033	Change	%
<b>2008-based (NRS)</b>				
Aberdeen City	212,199	219,630	+7,431	3.5%
Aberdeenshire	245,999	295,353	+49,354	20.1%
<b>Aberdeen City &amp; Shire</b>	<b>458,198</b>	<b>514,983</b>	<b>+56,785</b>	<b>12.4%</b>
<b>2010-based (NRS)</b>				
Aberdeen City	217,120	268,012	+50,892	23.4%
Aberdeenshire	245,780	295,965	+50,185	20.4%
<b>Aberdeen City &amp; Shire</b>	<b>462,900</b>	<b>563,977</b>	<b>+101,077</b>	<b>21.8%</b>

- 3.2 Almost of all of the change between the two sets of projections is due to the higher rate of population gain in Aberdeen City. The 2010-based projections for the city produce a population gain of more than 50,000 between 2010 and 2033, compared with less than 7,500 over the same period in the 2008-based projections. In Aberdeenshire, the 2010-based projections show almost the same level of population gain as the previous set of projections.

- 3.3 The 2010-based projections are also significantly higher than the revised 2008-based population projections produced by Aberdeen City Council and Aberdeenshire Council in February 2011. These used the same fertility and mortality rates as the NRS, but different assumptions about migration. The revised projections assumed a net long-term migration gain of 1,200 per year for Aberdeen City & Shire, compared with the NRS assumption of 1,850. A comparison of the revised projections with the latest NRS projections is shown in Figure 5.

*Figure 5: Comparison of 2008 (Revised) & 2010-based projections*

	2010	2033	Change	%
<b>2008-based (Revised)</b>				
Aberdeen City	212,021	233,796	+21,775	10.3%
Aberdeenshire	244,487	264,642	+20,155	8.2%
<b>Aberdeen City &amp; Shire</b>	<b>456,508</b>	<b>498,439</b>	<b>+41,931</b>	<b>9.2%</b>
<b>2010-based (NRS)</b>				
Aberdeen City	217,120	268,012	+50,892	23.4%
Aberdeenshire	245,780	295,965	+50,185	20.4%
<b>Aberdeen City &amp; Shire</b>	<b>462,900</b>	<b>563,977</b>	<b>+101,077</b>	<b>21.8%</b>

*Note: totals may not sum due to rounding*

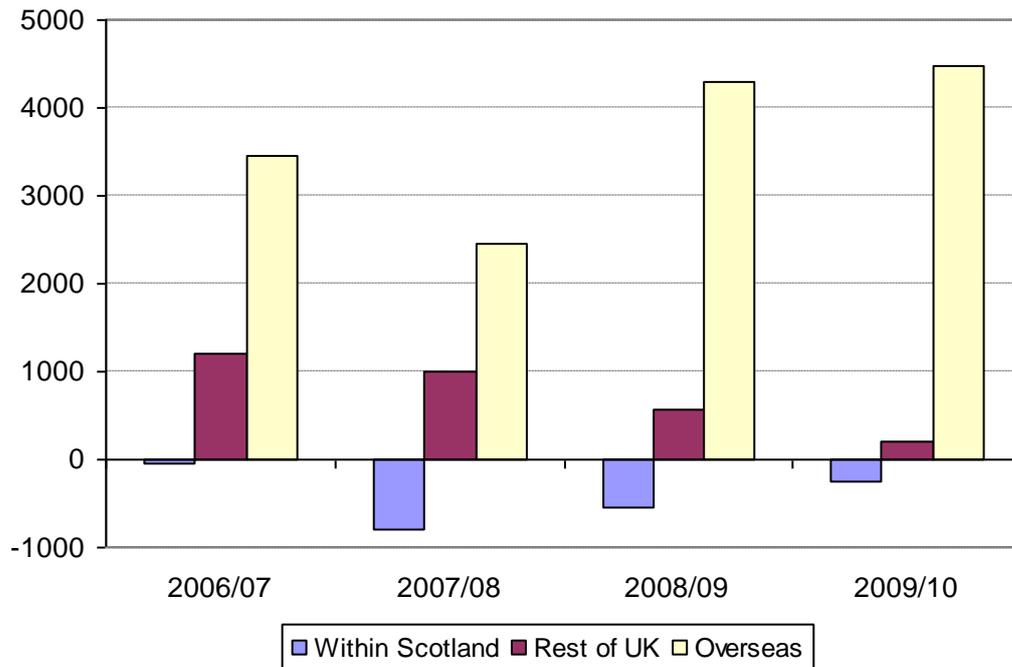
- 3.4 The revised 2008-based population projections were produced to inform the 2011 Housing Need and Demand Assessment as it was felt the NRS projections did not reflect the likely impact of the global/national economic downturn on future levels of migration. The NRS projections used a start date of 30 June 2008 and were based on assumptions derived largely from data relating to the preceding five years – i.e. before any of the consequences of the economic downturn had become evident. The arguments for assuming a lower level of migration in the revised projections for Aberdeen City & Shire are set out in a report: “*Assessment of the 2008 based GROS Population and Household Projections*”.

#### 4. Assessment of the 2010-based NRS population projections

##### Migration

- 4.1 Since 2006/07, there has been a consistent pattern of migration to and from Aberdeen City & Shire. It can be seen from Figure 6 that there have been net migration losses in each year to other parts of Scotland and net gains from the rest of the UK and overseas. Apart from 2006/07, the net migration losses to other parts of Scotland have been balanced by gains from the rest of the UK. This means that net migration gains have been almost entirely due to people moving to Aberdeen City & Shire from overseas. (Note: the ‘overseas’ category was introduced in 2006/07. Prior to that, migration data for overseas migrants and migrants from the rest of the UK were combined in a single ‘outside Scotland’ category.)

Figure 6: Net migration to/from Aberdeen City & Shire

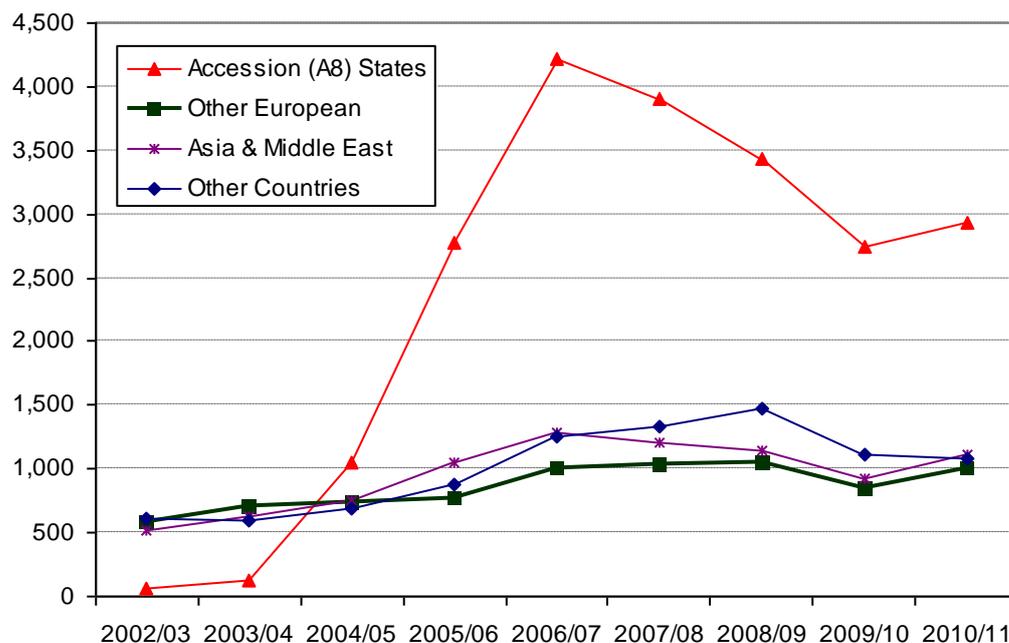


4.2 In their 2010-based population projection for Scotland (published on 26 October 2011), to which the sub-national projections are constrained, NRS state that: “migration from A8 and A2 countries is projected to converge to zero by 2016”. Assuming that happens, the impact on Aberdeen City and Shire will be disproportionately greater than in most other parts of Scotland as much of its recent in-migration from overseas has been from these eastern European countries.

4.3 The extent of A8 migration on Aberdeen City & Shire is clear from an examination of National Insurance Number (NINo) allocations to non-UK nationals<sup>3</sup>. It can be seen from Figure 7 that NINo allocations to migrants from these countries has been high since 2004/05 onwards, and in 2010/11 they accounted for almost half of all NINo allocations in Aberdeen City & Shire to non-UK migrants.

<sup>3</sup> The Department of Work and Pensions (DWP) has been publishing data on NINo allocations to overseas nationals each year since 2002/03. Although the DWP data does not show the overall stock of migrant workers at a particular time, their length of stay in the country, or the outflow of migrants when they leave the UK, it gives a good indication of the inflow of migrant workers.

Figure 7: NINo allocations to overseas nationals, Aberdeen City & Shire



4.4 The factors that are likely to restrict the in-flow of A8 migrants (and also potential migrants from other European and non-European origins) are:

- sluggish economic growth in the UK
- the relative strength of some other northern European economies
- the effect of the Coalition Government's aim of reducing immigration to 'tens of thousands' by 2015
- the fluctuating value of sterling on international currency markets
- fewer job prospects.

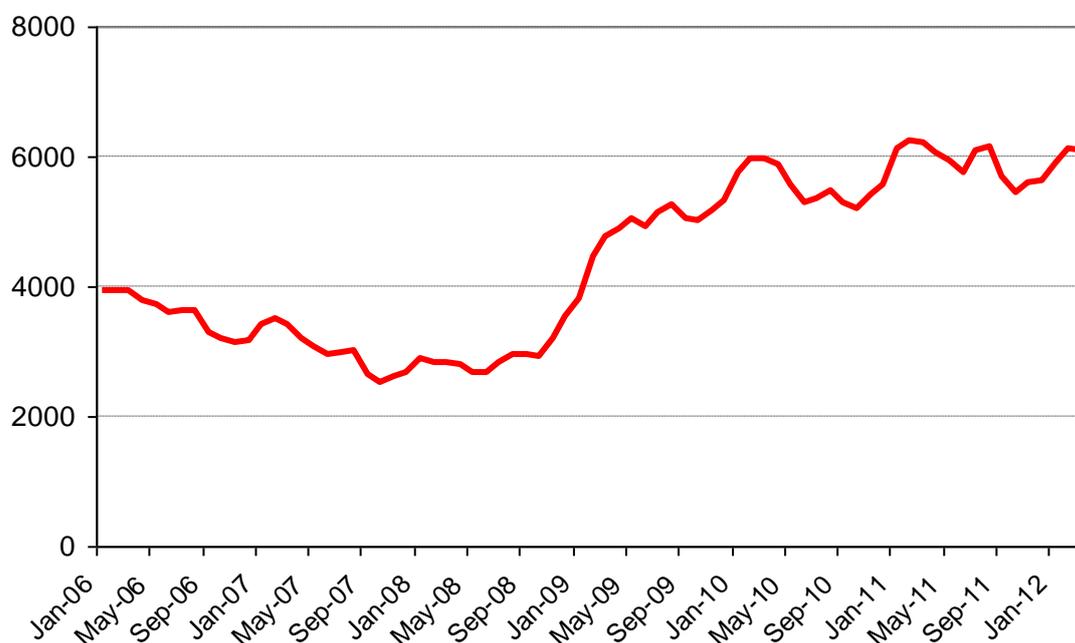
#### Socio-economic factors

4.5 Most of the major national economies have experienced periods of **recession** following the slowdown in global economic activity. The UK recession began in the second quarter of 2008 and lasted for 18 months. The decline of 4.9% recorded in 2009 made it the worst year since records began in the 1950s. The Bank of England responded to the economic crisis by cutting the base lending rate to an historic low of 0.5% and creating additional liquidity in the banking sector through a process of quantitative easing. Interest rates are still at 0.5% and quantitative easing remains a key feature of monetary policy.

4.6 Since mid-2010, the UK economy has been alternating between quarters of growth and contraction, and the Bank of England expects that situation to continue throughout 2012. Part of the reason is that some of the UK's main **export markets** have even greater economic concerns. While the US is slowly recovering, the eurozone remains in the midst of a financial crisis. The Scottish economy contracted by 0.1% in the final quarter of 2011, due mainly to falling output in the construction and manufacturing sectors.

- 4.7 The Aberdeen City & Shire economy is not immune from these global and national forces. **Unemployment** has been rising since mid-2008. In January 2011 the number of unemployed claimants exceeded 6,000 for the first time, reaching a peak of 6,241 the following month – see Figure 8. The impact of the downturn is evident in the persistently high claimant total.

*Figure 8: Unemployed claimants, Aberdeen City & Shire*



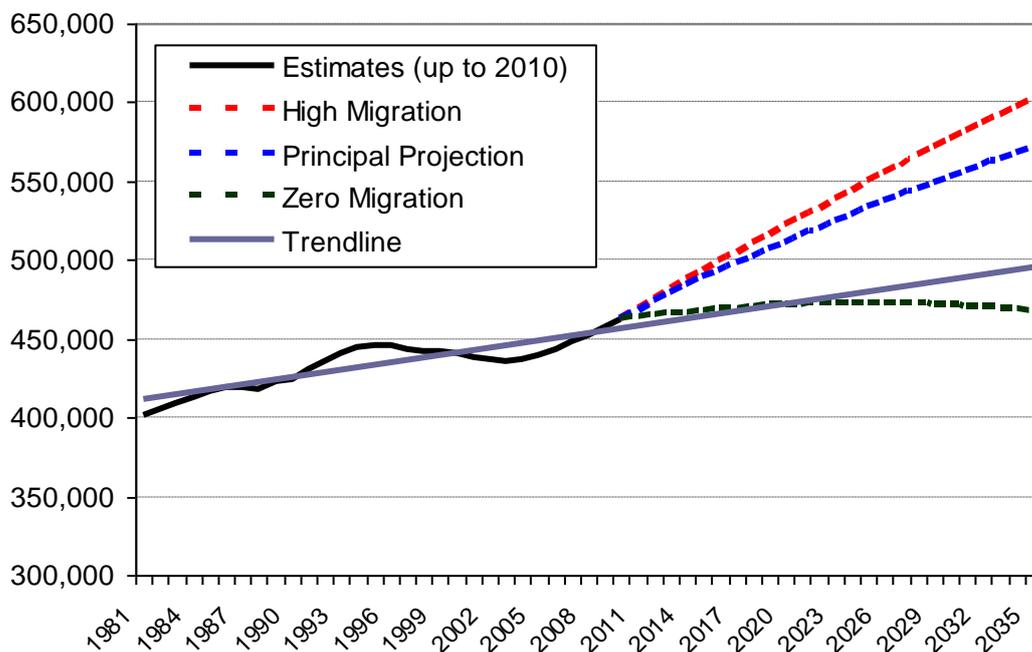
- 4.8 Based on the Annual Population Survey, which uses the International Labour Organisation definition of unemployment, Aberdeen City & Shire had an unemployment rate of 5.4% in the year to September 2011, compared with 8.0% in both Scotland and the UK.
- 4.9 Although the average monthly **oil price** reached a peak of US\$133 a barrel in July 2008, this was followed by a sharp fall to just over US\$40 at the end of that year. The price exceeded \$100 again in February 2011, since when it has remained above that level. By the end of Q1 2012, the oil price was averaging around \$120. While that is sufficient to maintain a significant level of activity and investment in the UKCS, the incentives are possibly less than they were in previous years.
- 4.10 **Oil production** in the UKCS has continued its gradual decline. In the first half of 2008, average daily production was 1.4 million barrels; but by 2011, production had fallen below 1 million barrels per day. Prospectivity has also declined, although there have been some important recent discoveries. The level of exploration **drilling** in the UKCS fell sharply in 2011, when only ten wells were started in the northern area (i.e. Northern North Sea, Central North Sea and West of Shetland.) Also, fewer appraisal wells were started in 2011 than in previous years.
- 4.11 Cuts in **public expenditure** have already had an impact on employment in the public sector, and further severe cuts are expected for a number of years into the

future. Although the full extent of these cuts is not yet known, job cuts will undoubtedly increase and there will be even fewer employment opportunities for school and college leavers.

### Long-term population trend

- 4.12 Demographic change tends to be cyclical and happens over a long time-scale, not the five-year period that NRS use to calculate the migration assumptions for their population projections. Figure 9 shows the Aberdeen City & Shire population estimates for the 1981-2010 period together with a linear trendline based on these values. If the population trends that were observed in the thirty-year period to 2010 continued up to 2035, the Aberdeen City & Shire population would rise to around 495,000. This is in line with the revised 2008-based projection produced by Aberdeen City Council and Aberdeenshire Council.

*Figure 9: Population estimates (1981-2010) and 2010-based population projections (2010-2035) with trendline*



- 4.13 Figure 9 also shows the principal projection and zero/high migration variants from the 2010-based NRS population projections. The 2035 population produced by the high migration assumption is around 105,000 greater than the linear projection (and the revised 2008-based population projection), while the NRS principal projection is around 75,000 greater. The zero migration variant is around 28,000 lower than the linear projection.

## 5. Conclusion

- 5.1 Despite the short-term population increases in recent years, the long-term outlook for Aberdeen City & Shire is little different to what it was in early-2011 when the revised 2008-based population and household projections were produced.

- 5.2 The UK economy is a long way from achieving a sustained period of high growth; unemployment remains high; and there are relatively few job opportunities, especially for school and college leavers. The local economy is more robust, but the conditions do not exist to support a population growth of 108,000 over the next 25 years, especially as migration from overseas is anticipated to be much lower in future years.
- 5.3 It remains the case that the revised 2008-based population projections provide a realistic basis for the likely level of population growth we can expect to see in Aberdeen City & Shire in the period up to 2035. The projection is also in line with what we would expect to see if the 1981-2010 population trend is extended to the end of the projection period.

### **Note**

It would be incorrect to state that the NRS population projections are inaccurate. They indicate what would happen to the number of people in an area if certain assumptions are made. They are trend-based (rather than policy-based) and do not incorporate the many social and economic factors that can influence demographic change, including policies adopted by both local and central government.

### **Links**

NRS Population projections

<http://www.gro-scotland.gov.uk/statistics/theme/population/projections/sub-national/index.html>

Revised 2008-based population and household projections

<http://www.aberdeencity.gov.uk/nmsruntime/saveasdialog.asp?IID=34458&SID=332>

2011 Housing Need and Demand Assessment

[http://www.aberdeencity.gov.uk/housing/council\\_housing/hoa\\_housing\\_needs\\_assessment.asp](http://www.aberdeencity.gov.uk/housing/council_housing/hoa_housing_needs_assessment.asp)

# Appendix 2: Proposed Realignment of Inveramsay Bridge

