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Delivered by email

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Dear Dr Simpson

ABERDEEN HARBOUR BOARD RESPONSE TO NPF4 CALL FOR IDEAS

I am writing to you on behalf of my client, Aberdeen Harbour Board ('AHB'), to confirm their response to the initial call for ideas for the emerging NPF4. Aberdeen Harbour Board wishes to thank you for the opportunity to provide comments, particularly as an update to the allocation and development of National Development 13 'Aberdeen Harbour', as allocated in NPF3, and to inform the preparation of NPF4 through the research and masterplan prepared on their behalf. The representation is comprised of the matters set out in this letter, and the completed pro-forma cover sheet along with the Aberdeen Harbour Masterplan 2020 document, copies of which are enclosed.

This representation follows our earlier meetings of 7 January 2020 and 28 April 2020 with yourself and John McNairney, where we advised you of the body of work commissioned by AHB to inform the emerging national and local planning policy. As discussed, the masterplan and property strategy is founded on a detailed economic appraisal which has informed the growth strategy of Aberdeen Harbour Board across North and South Harbours. This work has now been completed to inform this call for ideas, and support the allocation of Aberdeen Harbour as a candidate National Development.

Whilst we are submitting an individual response to the current consultation, we have liaised with other relevant organisations, most importantly Aberdeen Council and their consultants Barton Wilmore, Opportunity North East and the Scottish Property Federation in preparing this response, and their support of the allocation of Aberdeen Harbour as a National Development is to be provided in their respective collective and individual responses.

Response to Consultation Questions

As well as providing an overview of the suitability of the proposed National Development, this submission provides a general response to address the five questions outlined in the consultation document. The masterplan provides a detailed response to the questions, as set out below:

Q1. What development will we need to address climate change?

The masterplan is focused on an securing energy transition in Aberdeen with the aim of addressing the dual challenge of addressing the climate emergency whilst ensuring inclusive economic growth and as a document

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provides a detail response to the requirement for development in Aberdeen to address climate change for the Aberdeen City and Region, and in contributing to Scotland's response to climate change.

Q2. How can planning best support our quality of life, health and wellbeing in the future?

The masterplan was supported by a range of consultants who shaped the vision to consider how energy transition in Aberdeen and placemaking objectives in the longer-term at the north harbour, could help deliver a cleaner more liveable city. Moreover, the overall aim of the masterplan was to address the future reduction in oil and gas and which seeks to act as a catalyst to diversify the economy to maintain and create jobs and to secure quality of life in Aberdeen.

Q3. What does planning need to do to enable development & investment in our economy to benefit everyone?

The masterplan is underpinned by a detailed economic assessment which demonstrates the need for investment and development at South Harbour to protect, retain and enhance the economic offer of Aberdeen to the region and Scotland. It clearly demonstrates that there is a policy consensus around the energy transition objective for Aberdeen: to stop a major haemorrhaging of high value jobs from the city; and to ensure a resilient economic future for the city. It considers that the strategy and vision to deliver energy transition, as outlined within the masterplan should be a 'win/win/win', ensuring economic resilience for the city, a long-term future for the Port/Special Economic Zone driving up volumes through the port and its long-term growth, resulting in major contributions to net zero and Green Port ambitions.

Critically, the masterplan demonstrates why Aberdeen is a better investment proposition for Government than competing energy ports, due to agglomeration benefits (due to the high density of existing firms and supply chains)

It concludes that to deliver the masterplan vision, there is a need for the planning system to secure the allocation and delivery of sufficient sites with direct port access and developable land, at scale, close to port for industrial use.

Q4. How can planning improve, protect and strengthen the special character of our places?

This can be achieved by shaping development based on a clear understanding of the priorities of the area within which it is needed and will be delivered. Within the context of an economic imperative to secure growth and energy transition around South Harbour, any development at Aberdeen Harbour would be subject to subsequent planning applications supported by detailed assessments across a range of subjects, where necessary comprising Environmental Impact Assessment (EIA) as per the previous development at South Harbour. This assessment process would inform the design of the final proposal and would inform the decision making process regarding any significant environmental effects that might impact on the character of the area.

The masterplan identifies part of the land surrounding the existing South Harbour as being allocated as green belt, green space, local landscape designations, open and amenity space and golf course. However, there is a balance which needs to be struck between protecting local greenspace and the needs of the wider economy. On the basis of the recent Covid-19 crisis an even greater weight may need to be attached to the economic imperative to support, retain and grow the local economy.

Should specialised oil and gas jobs and cluster of energy companies be lost to Aberdeen, then so would the associated agglomeration benefits of building upon a highly specialised and skilled workforce, hence the priority to bring forward the aims of the masterplan to secure the energy transition when it is still possible to capitalise on the unique benefits of the existing Aberdeen economy.

The masterplan consolidated vision, identifies the land-take required in the immediate term through allocation, and also identifies further areas which should be safeguarded for further assessment as to their suitability to support the masterplan vision, including areas which are currently allocated as greenbelt or local amenity space.

Q5. What infrastructure do we need to plan and build to realise our long term aspirations?

A key element of the masterplan is ensuring that existing infrastructure is utilised as far as possible, and in the case of Aberdeen Harbour, making the most of the investment and delivery of the new South Harbour.

It clarifies that in order to support the masterplan vision that there are two key requirements, suitable land and access. A STAG appraisal is already underway to provide additional infrastructure to connect the existing south harbour, but the vision will require additional connectivity and this is set out, in detail, within the masterplan.

Aberdeen Harbour Masterplan and Property Strategy

The masterplan is founded on a detailed economic appraisal which has confirmed the imperative to support and build upon the investment in the existing Harbours and to secure an energy transition from oil and gas in Aberdeen, using Aberdeen Harbour as a catalyst. It demonstrates the suitability of the proposed development of North and South Harbours to be identified as a new National Development, building upon the previous allocation and subsequent investment and ongoing delivery of South Harbour (Nigg Harbour) as a National Development in NPF3.

Aberdeen Harbour is Europe's premier marine support centre for the oil and energy industry and the main commercial port serving North East Scotland. The Aberdeen Harbour Masterplan 2020 provides an ambitious and transformational vision outlining how AHB will diversify their business and lead Scotland's energy transition from oil and gas over the next 30 years to 2050 and beyond to help deliver Scottish Government's target of Net Zero Carbon by 2045. It sets out the timeframe and required land and access requirements necessary to deliver this significant economic opportunity for the Aberdeen region and for Scotland. It builds upon the investment of Aberdeen Harbour at South Harbour and recognises the significant opportunity to continue to diversify and expand Aberdeen Harbour's core business services, which include oil and gas operations, servicing renewables, cruise and ferry facilities and servicing, cargo activities, property rental and storage. It also creates the opportunity to include an energy transition zone of national importance, which supports port-centric manufacturing and distribution; renewables; offshore technology; decommissioning and energy transition.

The future role of North and South Harbours

There are two key elements to the proposed National Development – the allocation of land surrounding South Harbour to support growth and energy transition, and the safeguarding of additional land for further technical assessment and future release where it is demonstrated to be appropriate and necessary, to fully realise the potential for a Freeport or Special Economic Zone. The proposed allocation is supported by the attached plan, the consolidated vision drawing developed through the masterplan process. Essentially, this seeks to maximise the transformational potential of current infrastructure investment at South Harbour by unlocking additional growth through short-term allocations and long-term safeguarding of adjoining land.

Should the aspirations for the enhancement of south harbour be realised, then this provides the ability to consider longer-term aspirations to redevelop the North Harbour to secure improved transformative placemaking and a sustainable location to improve the City Centre offer, creating a new City Centre waterfront destination, an operating harbour for work, art, music, food, culture, technology, energy and living, a place of quality and distinction within Aberdeen Energy City. This would help realise long-term aims of Aberdeen City Council to connect the city centre to the waterfront. Its sustainable location, close to public transport hubs, means that development at North Harbour has the potential to provide a central, sustainable location to live, work and visit. There are also a number innovations identified by the masterplan, which could be explored in a move towards a cleaner, greener harbour. These innovations include the exploration of moving vehicular trips away from Market Street and investigating shore-power and alternative fuel infrastructure shore-side, to attract low emissions hybrid

and electric vessels (as marine fleet transition to zero-carbon) and which could enable vessels to switch off diesel auxiliary engines whilst docked improving air quality. This could deliver a competitive advantage over other ports as demand for services change. The incorporation of renewable technology such as solar, battery storage, hydrogen, wind, heat pumps alongside the potential for district heating networks will be explored to help achieve a sustainable future for Aberdeen Harbour.

Alignment with emerging Local Development Plan

The masterplan supports the proposed allocation of an Energy Transition Zone in the Aberdeen Proposed Local Development Plan 2020 which confirms:

“Energy transition refers to the global energy sector’s shift from fossil-based systems of energy production and consumption including, oil, natural gas and coal – to renewable energy sources like wind, tidal and solar. Aberdeen is ideally placed, geographically, to capitalise on energy transition opportunities which will help to safeguard the City region’s economic future. It also has the skills and workforce to diversify within the energy sector. The construction of Aberdeen South Harbour creates the opportunity to help accommodate energy transition-related uses. An Energy Transition Zone is therefore identified at St Fitticks Park (OP56) and Doonies (OP61) and a new Policy B5 will allow for the development, production, assembly, storage and/or distribution of infrastructure required to support low-carbon and renewable energy related industries”.

However, it should be noted that as well as the allocated sites, the Aberdeen Harbour masterplan considers the requirements for this area over a longer time period than the Local Development, and accordingly, seeks a larger allocation and broader safeguarding to realise the identified economic opportunity, indeed imperative, and potential for Freeport or Special Economic Zone. It is this larger area, which we consider should be included within the Aberdeen Harbour National Development, as well as the North Harbour which is intrinsically linked as part of the masterplan strategy.

Since the preparation of the masterplan, the Covid-19 global crisis has brought into sharp focus the need for energy transition to sustain the Aberdeen City and Shire economy. Whilst the masterplan recognises a mid-to-long term transition from oil and gas, the recent destabilising of this sector highlights the reliance of Aberdeen’s economy on oil and gas and the imperative to promote and secure transition and embrace a more resilient and diversified future for the economy on a much shorter timeframe. This is particularly important if the agglomeration benefits identified by the masterplan are to be realised before experienced personnel and skills are lost to Aberdeen. The allocation of Aberdeen Harbour, comprising North and South Harbours as a National Development will provide a critical catalyst to support the necessary consolidation and transition of the harbour to help address issues raised by this emerging crisis and help Aberdeen to consider how best to secure economic recovery.

Addressing the dual challenge of climate emergency and inclusive economic growth

The Infrastructure Commission (IC) report ‘A Blueprint for Scotland’ January 2020 advises:

“As we tackle the dual challenges of a climate emergency and the desire to create an inclusive growth economy, we urgently need to re-think what infrastructure we use and how we use it. This is not just a challenge for government, although political vision and determination is going to be essential. Crucially it is a call to all of us who plan, build, invest in, own, operate, regulate and, as importantly, use the infrastructure of Scotland.”

AHB recognises their pivotal role in addressing climate change and in contributing to achieving net zero emissions and the associated opportunities to support and evolve the Aberdeen and Scottish economy to secure an energy transition from oil and gas, to protect its future. This is clearly set out within submitted masterplan which forms the evidence and justification for the allocation of Aberdeen Harbour as a National Development and critically sets out the economic imperative for realising that opportunity.

There is a need for NPF4 to recognise and support proposals which are aligned with the principles set out in the IC's report, projects which make best use of existing assets and which support energy transition whilst securing inclusive growth. Allocation of Aberdeen Harbour as a new national development would help it retain its strengths in the existing mixed portfolio of business sectors, including the nationally important oil and gas industry and significant international trading links, whilst contributing to resilience and diversification of the local, regional and national economies. This would help it lead in the transition to renewables and clean energy and support Aberdeen's ambition to become a globally recognised Energy City.

The purpose of the masterplan outlines:

"Whilst Aberdeen Harbour remains highly successful, it recognised significant future changes to the industries on which the harbour depends. Accordingly, it set in motion ambitious plans to diversify and improve its portfolio and infrastructure to avoid any potential of a managed decline.

The need for the development of South Harbour was identified as the solution and promoted by Aberdeen Harbour and, recognised as being critical to the economies of Aberdeen City and Shire and to Scotland, allocated as a national development.

South Harbour represents a significant investment by Aberdeen Harbour to secure its future through the retention of existing and transitioning business and through diversification to attract new future industries and opportunities. However, at its inception there was a future need to provide further evidence to identify and inform the allocation of land and access requirements to support its growth. Aberdeen Harbour continues to perform a pivotal role in the wider economy of Aberdeen and Scotland. The masterplan presents the economic opportunity and vision for the future of the port. It confirms the need to secure total planning policy alignment across the Aberdeen Local Development Plan, Regional Spatial Strategy and National Planning Framework 4 (NPF4) to ensure that sufficient land and infrastructure are safeguarded to secure this transformational opportunity.

It recognises the role of the port, not only for existing businesses within the oil and gas and port-centric manufacturing sectors, but in retaining and supporting the future of Aberdeen's economy through energy transition and tourism.

It provides a critical, evidence based, long-term strategy, recognising the economic imperative to secure the necessary changes at Aberdeen Harbour to realise the economic opportunities at a regional and national level and reflects the need to maximise the investment at South Harbour".

We consider that NPF4 should recognise Aberdeen Harbour as nationally important infrastructure and a key economic driver and catalyst for growth. It is one of Scotland's key international gateways and a crucial link to the world post-Brexit.

The economic assessment undertaken as part of the masterplan confirms that energy in the Aberdeen City region (including oil and gas and renewables) accounts for 52% of the national employment in energy. This underscores the dominance of the energy sector but also highlights the degree of vulnerability within the economy as a whole to fluctuation in oil and gas employment.

The energy sector contributed £13 billion of GVA to the Aberdeen City Region economy in 2017 and represents almost 72% of the total Scottish GVA generated by the energy sector. This demonstrates the high spatial concentration of, and specialisation in, energy employment present in Aberdeen City Region and the disproportionately high GVA contribution. However, this dominance of energy employment highlights the importance of the diversification of this economy and in particular transitioning into new forms of energy usage.

This transition process is underway and the Harbour plays a catalytic role for the Regional economy to ensure its long-term resilience.

The recent expansion at South Harbour offers a once in a generation opportunity to establish a port-centric cluster of high value jobs and create a new Energy Transition Zone to reduce the dependency on oil and gas, and diversify the economy, whilst utilising and retaining the region's high value skills. This transition will help to position the City Region towards decarbonisation through offshore renewables, new forms of energy & storage, new technology and innovation, establishing Aberdeen as Europe's Energy City.

Expansion of the port will bring about a step-change in the value of trade to the Region across a range of sectors making a significant contribution to the regional and national economy post-Brexit.

The following are the areas in which South Harbour can act as a catalyst for the economy:

- Increase of port traffic, revenues and income for Aberdeen City and Shire;
- Investment in renewables, green tech, clean tech and associated technology innovations to support the circular economy;
- Exploration into energy transition alongside decommissioning projects;
- Growth in port-centric cluster of manufacturing & distribution;
- Further expansion of South Harbour on land to the south and west to retain and support business and accommodate future diversification;
- Immediate fulfilment of renewable innovations, technology and manufacturing creating a competitive advantage; and
- Expansion of revenue from sustainable tourism with the capacity for larger cruise ships at South Harbour.

Specifically, with regards to clean energy, South Harbour presents the following opportunities:

- Encourage low-carbon energy development and alternative fuels production;
- Encourage local industry growth through energy-centric assembly and distribution;
- Create an "Energy Transition Zone" aimed at supporting the delivery of low and zero carbon technologies; and
- Placing Aberdeen at the forefront of this emerging industry and a key beneficiary of the clean energy generation facilitating a circular economy.

Agglomeration Benefits and wider sector support

The masterplan confirms that Aberdeen has a unique economic climate, with an existing critical mass of activity and skills that can be diversified.

"The economic opportunity around energy transition is immense and the benefits significant. The redeployment of skills, expertise and technology from the oil and gas sector into renewables would, over time, help retain high value businesses, jobs and skills in the region. Creating a critical mass of activity and technology around energy transition in one location offers the potential to maximise the impact as the cluster attracts investment, skills, and technology and becomes the natural home for associated activities such as centres of excellence and specialist research. This would have the dual effect of reinforcing Aberdeen's profile as Europe's Energy City whilst retaining its high GVA contribution".

This represents a once in a generation opportunity. Aberdeen's competitor ports do not have this critical mass of high value jobs and skilled labour in their hinterlands. Therefore investment in the Aberdeen cluster as an Energy Transition Zone, Free Port or Special Economic Zone demonstrate a stronger economic case with genuine agglomeration effects and wider economic benefits. Whereas, the evidence presented in the masterplan demonstrates that there is a risk that the 'do nothing' approach would lead to the haemorrhaging of high value jobs

in the Aberdeen Region, a significant reduction in GVA contribution to the Scottish economy and a failure to reach Scottish Government zero carbon aspirations. The economic impacts of COVID19 may exacerbate this position.

The wider manufacturing, tourism and decommissioning sectors are also supported by the ongoing investment in and potential to grow the South Harbour. With regard to the Cruise Sector, the new capacity at South Harbour enables much larger vessels to visit Aberdeen, some of which can carry up to 3,500 passengers. Furthermore, the new expanded Aberdeen Harbour can offer a total turnaround system for cruise ships providing:

- Deep water quays of sufficient length to bring vessels alongside;
- Fuelling;
- Waste water recycling;
- Stevedore services;
- Embarkation and disembarkation procedures;
- Baggage handling and portage;
- Security services;
- Hospitality staffing and assistance;
- Ground transportation; and
- Pre-cruise, post-cruise programs.

Aberdeen Harbour is unique in that it is located close to Aberdeen University which offers the world's first and only Masters degree in decommissioning oil rigs, platforms and offshore structures (MSc Decommissioning) and the National Decommissioning Centre in Newburgh, Aberdeenshire (a global technology R&D hub and partnership between the University of Aberdeen and Oil and Gas Technology Centre). Enhanced facilities at South Harbour would form a strong cluster and supply chain alongside world class research and R&D facilities to position Aberdeen as a highly competitive location for decommissioning activities.

Economic Impact Assessment

An economic impact assessment formed part of the masterplan and the calculations, figures and assumptions are contained within that document. This identifies the potential economic benefits of the scheme, during construction and operational lifetime. A caveat which should be added, is that the assessment work was undertaken prior to covid-19 crisis and whilst there is perhaps more of an imperative to deliver work at south harbour, the time to deliver work at north harbour may be affected and see it delivered over a longer time period than previously predicted.

Construction benefits

It is estimated that the level of construction investment required to deliver these development proposals will amount to circa £1.56 billion, supporting circa 12,500 person-years of employment. As an illustration, it follows that the construction of the entire Harbour Masterplan would support an average of 420 gross full-time equivalent (FTE) construction jobs per annum, were it to be built out over a 30-year period.

This level of construction activity would also make a significant contribution to economic productivity at a local and national level. Applying workplace-based estimates of productivity per FTE construction sector employee in Aberdeen City (sourced from Experian), it is estimated that this scale of employment could make a gross direct productivity contribution of almost £31 million GVA annually.

This therefore indicates that its construction could make a total contribution of £920 million GVA to the Scottish economy over a 30-year construction and delivery period.

Operational benefits

Once occupied, the employment floorspace at the North and South Harbours will have the capacity to accommodate significant levels of economic activity, supporting employment in a range of industries and making a substantial productivity contribution to the Scottish economy.

Estimates of average employee occupation densities for the types of uses and quantum of floorspace as envisaged by the Harbour Masterplan Document indicate that, once the North and South Harbours are both fully occupied, a gross total of 22,600 direct FTE jobs could be accommodated on-site.

Based on the relevant GVA per employee figures it is estimated that this scale of employment could support a gross annual contribution of £2.91 billion GVA to the Scottish economy. This illustrates the potential scale of the opportunity, which would be transformational once fully delivered and operational.

Summary and Conclusions

The identification of Aberdeen Harbour as a National Development would help to secure a once in a generation economic opportunity to build upon the investment of South Harbour, and maintain and attract existing and emerging economic sectors and secure the benefits of energy transition for the Aberdeen and wider economies. The scale and economic impact means that it is a development of national importance with a vision to build a positive and sustainable legacy for Aberdeen Harbour, the people of Aberdeen and Scotland. If the opportunity is missed, then there is a significant economic risk that the potential agglomeration benefits of utilising the existing skills, experience, technology and cluster of existing energy businesses, would be lost. If policy alignment can be achieved, including allocation within NPF4, this will ensure that Aberdeen Harbour can act as a catalyst to securing the future of Aberdeen as Europe's Energy City.

We trust that, based on this compelling evidence provided, you will give due consideration to the retention and expansion of Aberdeen Harbour as a national development when preparing NPF4, and would be pleased to provide any further information you require, or to meet with you to further discuss the economic opportunity presented by Aberdeen Harbour.

Yours sincerely,



Lisa Russell

Associate Director



cc. Michelle Handforth, Aberdeen Harbour Board
Matt North, Aberdeen Harbour Board
Jon Oakley, Aberdeen Harbour Board