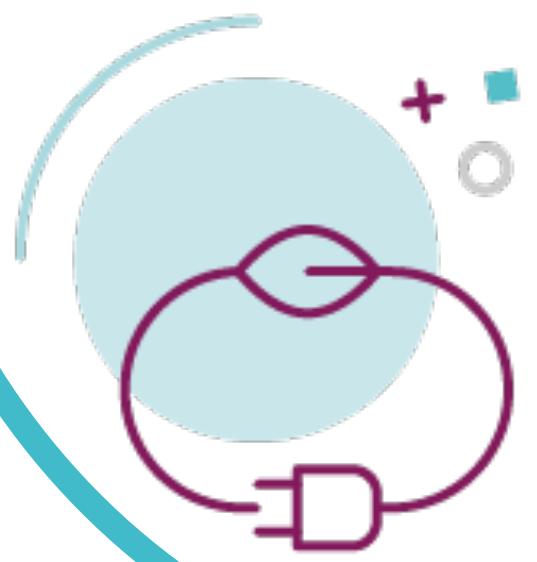


Socio-Economic Assessment of the Hurlie (Fetteresso) Substation

A report to Scottish and Southern Electricity Networks Transmission (SSEN Transmission)
November 2024





Contents

1. Executive Summary	1
2. Introduction	3
3. Economic Impacts	5
4. Impacts in Context	13
5. Tourism Assessment	32
6. Appendix A: Methodology	39
7. Appendix B: Local Tourist Attractions	43



1.

Executive Summary

The Hurlie (Fetteresso) 400kV Substation could deliver a total of £97.8 million GVA and 887 years of employment across Scotland.

Investment in Scotland's energy infrastructure is essential for advancing the nation towards a sustainable future, strengthening its economic foundation, and paving the way for the realisation of Scotland's ambitious energy goals. As energy generating capacity continues to grow, particularly in the north of Scotland, it is essential to develop new, and upgrade existing, grid infrastructure to distribute this increased energy generation from both onshore and offshore renewables across the rest of the UK.

In July 2022, National Grid, the Electricity System Operator (ESO)², published the Pathway to 2030 Holistic Network Design (HND)³, setting out the blueprint for the onshore and offshore electricity transmission network infrastructure required to enable the forecasted growth in renewable electricity across Great Britain, including the UK and Scottish Government's 2030 offshore wind targets of 50 GW and 11 GW respectively.

The extensive studies completed to inform the ESO's Pathway to 2030 HND confirmed the requirement to increase the power transfer capacity between Kintore in Aberdeenshire and Tealing in Angus to enable the significant power transfer capability needed to take power from onshore and large scale offshore renewable generation which is proposed to connect at onshore locations on the East Coast of Scotland and transport it to areas of demand.

To achieve this, SSEN Transmission is proposing a new 400 kV overhead transmission line (OHL) between Kintore and Tealing. This new connection also requires two new 400 kV substations to be constructed near Tealing and in Fetteresso Forest in Aberdeenshire to enable future connections and export routes. In addition, two of the existing 275kV OHLs from the existing substation at Tealing, and Alyth and Westfield substations require to be upgraded to 400kV and connected to the new 400kV substation near Tealing. Additional short 275kV connections between the new 400kV and existing Tealing substation are also required.

The Proposed Development could generate £7.5 million GVA and support 70 years of employment across Aberdeenshire and Aberdeen City.



In addition to its strategic role, the Proposed Development is expected to support significant employment and economic activity during its development and construction. Under the core scenario, it was estimated that the total investment by SSEN Transmission in the Proposed Development could generate:

- **£7.5 million GVA and 70 years of employment** across **Aberdeenshire and Aberdeen City**; and
- **£97.8 million GVA and 887 years of employment** across **Scotland**.

Under SSEN Transmission's community wealth building statement of intent, the scale of the economic impacts from the Proposed Development could be maximised, under the ambition scenario, through several initiatives to increase the contracts awarded to businesses within the regional and Scottish economies. This would increase the proportion of the economic benefits that would be retained within these economies and could generate:

- **£26.7 million GVA and 265 years of employment** across **Aberdeenshire and Aberdeen City**; and
- **£138.7 million GVA and 1,356 years of employment** across **Scotland**.

The Proposed Development will also look to minimise any negative impact on tourism and recreation within the local area. Following a comprehensive assessment, the overall impact on tourism and recreation has been determined to be negligible. This means that the Proposed Development is not expected to disrupt local tourism activities, nor will it significantly affect visitor numbers or the recreational use of the surrounding area. This ensures that the local tourism sector continues to thrive while contributing to the region's economic growth.



2.

Introduction

BiGGAR Economics was commissioned by SSEN Transmission to assess the potential economic impacts from the development and construction of the Proposed Development.

2.1 SSEN Transmission

SSEN Transmission is the Transmission Owner responsible for the electricity transmission network in northern Scotland. They maintain and invest in the high voltage electricity transmission network that consists of underground and subsea cables, overhead lines on wooden poles or steel towers, and electricity substations. Their primary goal is to ensure the provision of safe and reliable electricity supply to communities and do so through the onboarding of a combined mix of renewable and traditional energy sources.

2.2 Project Background

Given the rate and scale of increased generating capacity development, SSEN Transmission has identified the need to develop additional substations, necessitating the development of the Hurlie (Fetteresso) 400kV Substation near Fetteresso Forest in Aberdeenshire (the Proposed Development). This is essential to accommodate the significant power transfer capabilities needed to transmit energy from onshore and large-scale offshore renewable generation sites to the areas of demand.

To achieve this, SSEN Transmission is proposing a new 400 kV overhead transmission line (OHL) between Kintore and Tealing. This new connection also requires two new 400 kV substations to be constructed near Tealing and in Fetteresso Forest in Aberdeenshire to enable future connections and export routes. In addition, two of the existing 275kV OHLs from the existing substation at Tealing, and Alyth and Westfield substations require to be upgraded to 400kV and connected to the new 400kV substation near Tealing. Additional short 275kV connections between the new 400kV and existing Tealing substation are also required.

2.3 Report Structure

The remainder of this report is structured as follows:

- Section 3 considers the economic impact of the Proposed Development;
- Section 4 sets out the economic impacts generated by the Proposed Development in the strategic and socio-economic context of the region;



-
- Section 5 sets tourism in the area in context and considers the relationship between the Proposed Development and the local tourism economy;
 - Appendix A provides the methodology for estimating the economic impact of the Proposed Development; and
 - Appendix B includes a list of local tourist attractions.



3. Economic Impacts

The Proposed Development could generate £97.8 million GVA and support 887 years of employment across Scotland.

3.1 Capital Investment

The development and construction of the Proposed Development will involve substantial capital investment, covering the manufacturing, construction, and installation of the substation and related infrastructure. A portion of this investment, proposed by SSEN Transmission, will be allocated to local, Scottish, and UK companies, leading to increased turnover within these regions.

SSEN Transmission provided a breakdown of the investment. Based on this, assumptions were made about how the expenditure could be allocated across different categories. For each category, estimates were developed regarding the proportion of contracts that might be secured in each area and the relevant sectors for those contracts. These assumptions were informed by SSEN Transmission's experience with similar projects and BiGGAR Economics' expertise in the sector.

The economic impact analysis outlined in this chapter is based on the creation of two supply chain expenditure scenarios, which make assumptions on the location of businesses which are awarded contracts during the development and construction of the Proposed Development. The two scenarios are:

- core scenario: based on the minimum level of content that could realistically be achieved locally. This can be considered as a worst-case scenario; and
- ambition scenario: the potential local economic benefits that could be realised from the full implementation of a local supply chain development plan.

While the total investment remains the same in both scenarios, the ambition scenario retains a larger share of the expenditure within the regional and Scottish economies. The following section presents the economic impact that could be generated under the core scenario.

3.2 Economic Impact: Core Scenario

An Input-Output economic model was developed to estimate the economic impact of the Proposed Development. The first step was to consider the direct GVA supported by the Proposed Development. To estimate this, turnover by contract category was divided by a sectoral turnover per GVA ratio, as sourced from the Scottish Annual



Business Statistics¹ and the UK Annual Business Survey². Sectoral allocation of contract categories was based on a mapping of each contract against a level 2 Standard Industrial Classification (SIC) code³.

It was estimated that the development and construction of the Proposed Development could generate £6.0 million direct GVA in the combined study area of Aberdeenshire and Aberdeen City, £56.1 million direct GVA in Scotland, and £68.4 million direct GVA across the UK.

Table 3-1: Core Scenario – Direct GVA by Contract Category (£m)

		Combined Aberdeenshire and Aberdeen City	Scotland	UK
Development		2.0	15.9	19.3
Substation	Manufacturing	-	-	-
	Construction	3.2	31.8	31.8
	Installation	0.8	8.4	17.3
Total Direct GVA		6.0	56.1	68.4

Source: BIGGAR Economics Analysis. Totals may not sum due to rounding.

Similarly, the direct employment generated by each of the contract categories was estimated by dividing the turnover of each contract by the relevant sectoral turnover per job ratio. It was estimated that the development and construction of the Proposed Development could support 57 direct years of employment in the combined study area of Aberdeenshire and Aberdeen City, 528 direct years of employment in Scotland, and 660 direct years of employment across the UK.

¹ Scottish Government (2023), Scottish Annual Business Statistics 2021.

² UK Government (2024), UK Annual Business Survey 2022.

³ Office for National Statistics (2009), UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007).



Table 3-2: Core Scenario – Direct Employment by contract Category (Years of Employment)

		Combined Aberdeenshire and Aberdeen City	Scotland	UK
Development		22	176	224
Substation	Manufacturing	-	-	-
	Construction	25	254	254
	Installation	10	98	181
Total Direct GVA		57	528	660

Source: BiGGAR Economics Analysis. Totals may not sum due to rounding.

To estimate the indirect (supply chain) and induced (staff spending) impacts, it was necessary to multiply the direct GVA and direct employment supported by each contract category by the relevant sectoral GVA and employment Type 1 and Type 2 economic multipliers⁴.

It was estimated the GVA impact associated with the multiplier effects could generate £1.5 million GVA in the combined study area of Aberdeenshire and Aberdeen City, £41.7 million GVA in Scotland, and £117.7 million GVA across the UK.

Table 3-3: Core Scenario – Multiplier GVA (£m)

	Combined Aberdeenshire and Aberdeen City	Scotland	UK
Indirect GVA	0.9	25.3	66.1
Induced GVA	0.6	16.3	51.6
Total Multiplier GVA	1.5	41.7	117.7

Source: BiGGAR Economics Analysis. Totals may not sum due to rounding.

It was estimated the employment impact associated with the multiplier effects could support 13 years of employment in the combined study area of Aberdeenshire and Aberdeen City, 359 years of employment in Scotland, and 1,159 years of employment across the UK.

⁴ More details on the methodology are provided in the Appendix A: Methodology.

Table 3-4: Core Scenario – Multiplier Employment (Years of Employment)

	Combined Aberdeenshire and Aberdeen City	Scotland	UK
Indirect Employment	8	229	648
Induced Employment	5	130	511
Total Multiplier Employment	13	359	1,159

Source: BiGGAR Economics Analysis. Totals may not sum due to rounding.

The combined direct, indirect, and induced impacts of the development and construction of the Proposed Development are estimated to generate a total of £7.5 million GVA and 70 years of employment in the combined study area of Aberdeenshire and Aberdeen City, £97.8 million GVA and 887 years of employment in Scotland, and £186.0 million GVA and 1,819 years of employment across the UK.

Table 3-5: Core Scenario – Total GVA (£m) and Employment Impact (Years of Employment)

	Combined Aberdeenshire and Aberdeen City	Scotland	UK
Total GVA	7.5	97.8	186.0
Total Employment	70	887	1,819

Source: BiGGAR Economics Analysis. Totals may not sum due to rounding.

3.3 Maximising Economic Impact

The scale of the economic impacts from the development and construction of the Proposed Development could be maximised. The recommendations outlined include both sectoral guidance and suggestions to maximise impact in both the short and long term.

3.3.1 Sectoral Guidance

Grid infrastructure plays a crucial role in delivering clean, affordable energy and is key to achieving a just transition to net zero. In addition to reducing emissions, energy developments offer significant potential for driving local economic growth. However, to fully realise these local benefits, developers and stakeholders must actively aim for a high level of local content in their projects.

To support this objective, guidance has been developed, offering strategies for developers to maximise local economic benefits. A key resource is RenewableUK's Local Supply Chain in Onshore Wind: Good Practice Guid. While this is aimed at



onshore wind, the principles are applicable to grid infrastructure. It provides the following recommendations:

- maximise local presence and start early: begin identifying potential local suppliers as early as possible by engaging and maintaining visibility in the community;
- leverage partnerships: collaborate with local business groups and authorities to enhance opportunities;
- act as an enabler: use information on local suppliers to ensure primary contractors prioritise local opportunities;
- provide timely information: adopt an iterative communication process with businesses, allowing them time to adapt and respond to opportunities.
- communicate technical requirements early: this allows local businesses time to upskill or form consortia where necessary; and
- demonstrate local content in planning: where feasible, include a clear commitment to local content in planning submissions and perform post-project audits.

While these principles are broadly applicable, developers can amplify their local economic impact by implementing more targeted actions, depending on whether the interventions are short- or long-term.

Some of these initiatives can be integrated quickly, delivering immediate benefits to the local content of the Proposed Development. Others require more time and engagement across a wider range of stakeholders, but they offer the potential for substantial future benefits.

3.3.2 Maximising Economic Benefits in the Short Term

In the short term, the focus should be on areas with the greatest potential for regional content, particularly within construction and installation contracts. Key actions include:

- prioritising regional and Scottish content during the Tier 1 tendering process;
- collaborating with Tier 1 suppliers to open opportunities for new entrants in the sector, especially businesses with experience in other industries that could transition to these contracts;
- developing an online portal to advertise all contracts associated with the Proposed Development; and
- engaging local communities to identify job opportunities that could be filled by local workers during the construction phase.

3.3.3 Maximising Economic Benefits in the Long Term

In the long term, efforts should focus on building a local supply chain in areas where current capacity is limited within the local area, and Scotland as a whole. Gathering data can help establish a baseline, enabling future projects to set higher targets for local content. Key long-term actions include:



- integrating Scottish content requirements into the Tier 1 tender process, encouraging suppliers to estimate the proportion of Scotland-based content. While this need not be a scored element, it can promote early-stage consideration of local content;
- formalising reporting requirements for Tier 1 suppliers to track their use of local and Scottish content;
- requiring Tier 1 contractors to support local skills development through initiatives such as apprenticeships; and
- evaluating the effectiveness of both developer and Tier 1 contractor engagements to inform and improve future projects.

3.4 Economic Impact: Ambition Scenario

Implementing these recommendations is expected to result in an increase in contracts awarded to businesses within the regional and Scottish economies. This would increase the proportion of the economic benefits that would be retained within these economies.

The economic impact analysis of the ambition scenario follows an identical modelling process as the core scenario, but with a greater proportion of the development and construction expenditure apportioned to the regional and Scottish economies.

Estimates based on the same method indicate that under the ambition scenario, the development and construction of the Proposed Development could generate £21.8 million in direct GVA within the combined study area of Aberdeenshire and Aberdeen City, £82.0 million in Scotland, and £130.7 million across the UK.

Table 3-6: Ambition Scenario – Direct GVA by Contract Category (£m)

		Combined Aberdeenshire and Aberdeen City	Scotland	UK
Development		4.0	15.9	19.3
Substation	Manufacturing	-	-	17.7
	Construction	9.9	39.8	39.8
	Installation	7.9	26.3	53.9
Total Direct GVA		21.8	82.0	130.7

Source: BIGGAR Economics Analysis. Totals may not sum due to rounding.

Similarly, under the ambition scenario it was estimated that the development and construction of the Proposed Development could support 215 direct years of employment in the combined study area of Aberdeenshire and Aberdeen City, 799



direct years of employment in Scotland, and 1,276 direct years of employment across the UK.

Table 3-7: Ambition Scenario – Direct Employment by contract Category (Years of Employment)

		Combined Aberdeenshire and Aberdeen City	Scotland	UK
Development		44	176	224
Substation	Manufacturing	-	-	168
	Construction	79	318	318
	Installation	92	306	566
Total Direct Employment		215	799	1,276

Source: BiGGAR Economics Analysis. Totals may not sum due to rounding.

It was estimated under the ambition scenario that the GVA impact associated with the multiplier effects could generate £4.9 million GVA in the combined study area of Aberdeenshire and Aberdeen City, £56.7 million GVA in Scotland, and £208.8 million GVA across the UK.

Table 3-8: Ambition Scenario – Multiplier GVA (£m)

		Combined Aberdeenshire and Aberdeen City	Scotland	UK
Indirect GVA		2.8	33.4	111.2
Induced GVA		2.0	23.3	97.6
Total Multiplier GVA		4.9	56.7	208.8

Source: BiGGAR Economics Analysis. Totals may not sum due to rounding.

It was estimated under the ambition scenario the employment impact associated with the multiplier effects could support 49 years of employment in the combined study area of Aberdeenshire and Aberdeen City, 557 years of employment in Scotland, and 2,027 years of employment across the UK.



Table 3-9: Ambition Scenario – Multiplier Employment (Years of Employment)

	Combined Aberdeenshire and Aberdeen City	Scotland	UK
Indirect Employment	29	333	1,070
Induced Employment	20	224	957
Total Multiplier Employment	49	557	2,027

Source: BiGGAR Economics Analysis. Totals may not sum due to rounding.

The combined direct, indirect, and induced impacts under the ambition scenario of the development and construction of the Proposed Development are estimated to generate a total of £26.7 million GVA and 265 years of employment in the combined study area of Aberdeenshire and Aberdeen City, £138.7 million GVA and 1,356 years of employment in Scotland, and £339.5 million GVA and 3,303 years of employment across the UK.

Table 3-10: Ambition Scenario – Total GVA (£m) and Employment Impact (Years of Employment)

	Combined Aberdeenshire and Aberdeen City	Scotland	UK
Total GVA	26.7	138.7	339.5
Total Employment	265	1,356	3,303

Source: BiGGAR Economics Analysis. Totals may not sum due to rounding.



4. Impacts in Context

The Proposed Development will generate economic opportunities across Aberdeenshire and Aberdeen City, and has the opportunity to drive progress towards the strategic priorities of the region.

4.1 Key Socio-Economic Indicators

4.1.1 Study Areas

This section considers the socio-economic structure of the following study areas:

- Combined Aberdeenshire and Aberdeen City; and
- Scotland.

4.1.2 Population Estimates

In 2022, the combined population of Aberdeenshire and Aberdeen City was 490,100, accounting for 8.9% of Scotland’s total population (5,479,900).

The working-age population (aged 16 to 64) in Aberdeenshire and Aberdeen City accounted for 64.2% of the total population in the region, slightly above average when compared to Scotland as a whole (63.8%).

In the same year, 18.5%, of the population across Aberdeenshire and Aberdeen City was over the age of 65, below the national average of 19.6%.

Table 4-1: Population Estimates, 2022

	Combined Aberdeenshire and Aberdeen City	Scotland
Total	490,100	5,479,900
0-15	17.2%	16.6%
16-64	64.2%	63.8%
65+	18.5%	19.6%

Source: ONS (2023), Population Estimates – Local authority based by five-year age band.

4.1.3 Population Projections

Over the period of 2022 to 2043, the population of Aberdeenshire and Aberdeen City is expected to decrease by 2.2%, a decline of approximately 10,600 people. In contrast, the population of Scotland is projected to increase by 1.7%, to approximately 5.6 million.



Over the same period, the share of the working-age population across Aberdeenshire and Aberdeen City is projected to fall by 2.4 percentage points (equivalent to a reduction of approximately 5,050 people), while the share of those aged 65+ is projected to rise from 4.6 percentage points.

Scotland is predicted to follow a similar trend, with the share of the working-age population projected to decrease by 3.5 percentage points, and the share of those aged 65+ projected to rise by 5.3 percentage points.

These demographic trends suggest that a declining working-age population will have to support an increasingly ageing population, and it is therefore crucial for Aberdeenshire and Aberdeen City to attract and retain working-age individuals.

Table 4-2: Population Projections, 2022-2043

	Combined Aberdeenshire and Aberdeen City		Scotland	
	2022	2043	2022	2043
Total	490,100	500,700	5,479,900	5,574,800
0-15	17.2%	15.0%	16.6%	14.8%
16-64	64.2%	61.8%	63.8%	60.3%
65+	18.5%	23.2%	19.6%	24.9%

Source: ONS (2023), Population Estimates – Local authority based by five-year age band; National Records of Scotland (2020), Population Projections for Scottish Areas (2018-based).

4.1.4 Industrial Structure

As illustrated in Table 4-3, in 2022 the highest proportion of employment in Aberdeenshire and Aberdeen City was in human health and social work activities, accounting for 13.4% of total employment. This was below average compared to Scotland as a whole where the sector accounts for 15.1% of employment.

The share of employment in the professional, scientific and technical activities sector, usually associated with project development activity, is overrepresented in Aberdeenshire and Aberdeen City, accounting for 12.0% of employment, compared to 7.4% across Scotland.

Of those working in Aberdeenshire and Aberdeen City, 5.2% were employed in the construction industry, compared to 5.6% across Scotland. This sector is one of the primary areas of opportunity for contracts associated with the construction phase of the Proposed Development.

The electricity, gas, steam and air conditioning sector, which may also support some of the installation works, accounted for 0.4% of employment across Aberdeenshire and Aberdeen City, compared to 0.7% across Scotland as a whole.



Table 4-3: Industrial Structure, 2022

	Combined Aberdeenshire and Aberdeen City	Scotland
Human health and social work activities	13.4%	15.1%
Professional, scientific and technical activities	12.0%	7.4%
Wholesale and retail trade	11.2%	12.8%
Mining and quarrying	8.5%	1.0%
Manufacturing	7.7%	6.6%
Accommodation and food service activities	7.5%	8.2%
Education	7.0%	8.4%
Administrative and support service activities	6.8%	7.8%
Construction	5.2%	5.6%
Agriculture, forestry and fishing	4.9%	3.4%
Transportation and storage	4.0%	4.0%
Public administration and defence	3.9%	6.2%
Arts, entertainment and recreation	2.3%	2.9%
Information and communication	1.8%	3.1%
Other service activities	1.3%	1.7%
Real estate activities	0.9%	1.4%
Financial and insurance activities	0.7%	3.1%
Electricity, gas, steam and air conditioning supply	0.4%	0.7%
Water supply activities	0.4%	0.7%
Total Employment	272,000	2,622,000

Source: ONS (2023), Business Register and Employment Survey, 2022.

4.1.5 Economic Activity

In Aberdeenshire and Aberdeen City, the unemployment rate was 2.8%, 0.7 percentage points lower than the Scottish average of 3.4%. Additionally, the economic activity rate was 79.6%, which is higher than the Scottish average of 77.9%.



Table 4-4 also shows that the median annual gross wage in 2022 for residents in Aberdeenshire and Aberdeen City was £27,351, 1.2% lower than the national average of £27,683.

Table 4-4: Labour Market Indicators, 2022

	Combined Aberdeenshire and Aberdeen City	Scotland
Economically Active (%)	79.6%	77.9%
Unemployment Rate (%)	2.8%	3.4%
Median Annual Gross Wage (resident analysis)	£27,351	£27,683

Source: ONS (2024), Annual Population Survey Oct 2022-Sept 2023; ONS (2024), Annual Survey of Hours and Earnings – resident analysis (data for 2022).

4.1.6 Education

Across Aberdeenshire and Aberdeen City, 51.9% of people have achieved at least a National Vocational Qualification Level 4 (NVQ4) qualification, equivalent to a higher education certificate. This is higher than the share of people in Scotland (50.0%) with a higher education certificate.

The proportion of people who have achieved no qualifications across Aberdeenshire and Aberdeen City (5.6%) is lower than across Scotland as a whole (7.8%).

Table 4-5: Qualification Levels, 2022

	Combined Aberdeenshire and Aberdeen City	Scotland
NVQ4+	51.9%	50.0%
NVQ3+	65.3%	64.8%
NVQ2+	82.5%	79.6%
NVQ1+	89.3%	86.4%
Other Qualifications	5.1%	5.8%
No Qualifications	5.6%	7.8%

Source: ONS (2023), Annual Population Survey Jan 2022 – Dec 2022.

4.1.7 Scottish Index of Multiple Deprivation

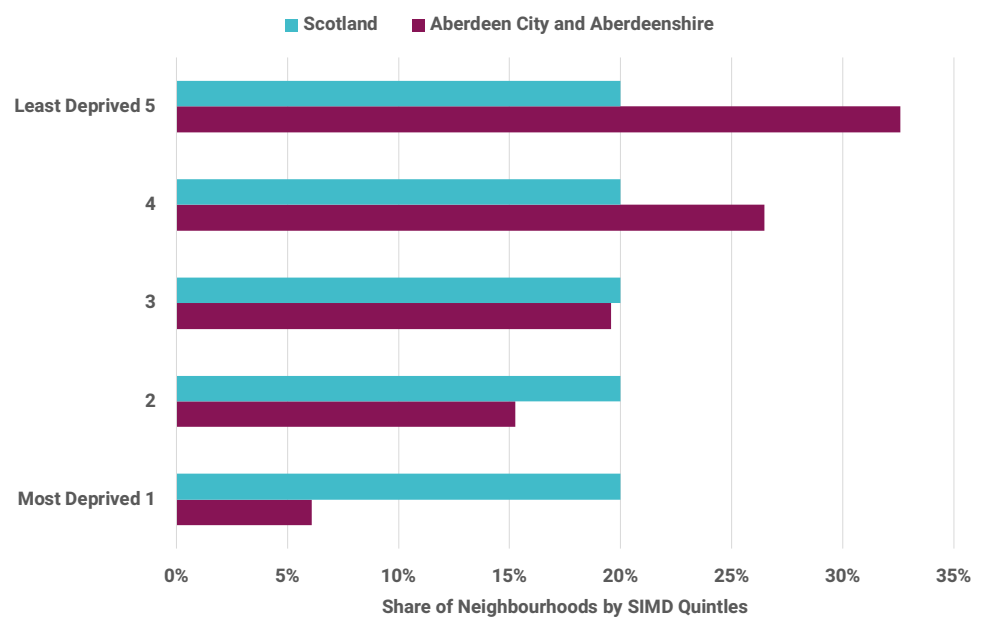
The Scottish Index of Multiple Deprivation (SIMD) is a relative measure of deprivation which ranks small areas across seven dimensions: income, employment, education, health, access to services, crime and housing. These areas can be ranked based on which quintile (fifth of the distribution) they belong to, with a small area in the first quintile being in the 20% most deprived areas in Scotland.



Aberdeenshire and Aberdeen City are made up of 623 small areas. As shown in Figure 4-1, a large proportion of these areas are concentrated across the three least deprived quintiles, with 20% being in the third, 26% in the fourth, and 33% within the least deprived quintile. Of the remaining areas, 6% are located in the most deprived quintile, and 15% are in the second.

Larger shares of small areas in the least deprived quintiles may indicate favourable economic conditions for the Proposed Development, as it suggests that the Local Area is also more likely to have the necessary infrastructure and services to support growth and development. However, there are still neighbourhoods across the region falling within the most deprived quintile. By generating economic activity and social benefits, the Proposed Development holds the potential to contribute to more inclusive and equitable growth.

Figure 4-1: SIMD Distribution of Aberdeenshire and Aberdeen City



Source: Scottish Government (2020), Scottish Index of Multiple Deprivation 2020.

4.1.8 Fuel Poverty

Scottish legislation defines a household as being in fuel poverty when more than 10% (or 20% for extreme fuel poverty) of income is required to pay for heating. Fuel poverty statistics have been provided for Aberdeenshire and Aberdeen City in Table 4-6. Whilst the latest available data has been used, it is likely, given the rise in energy prices beginning in 2022, that there has been a further increase in the number of households that are in fuel poverty.

Residents aged 65 and older are particularly vulnerable to fuel poverty, as they are more likely to be living on a fixed income, spending long periods of time at home, and living in substandard housing.



The proportion of people living in fuel poverty is 26% in Aberdeen City and 24% in Aberdeenshire, giving a combined rate of 25%. This is in line with the Scottish average.

In Aberdeen City, 13% of households are experiencing extreme fuel poverty, while the rate in Aberdeenshire is 15%. This results in a combined rate of 14%, which is two percentage points higher than the national average of 12%.

Table 4-6: Fuel Poverty, 2019

	Aberdeen City	Aberdeenshire	Combined Aberdeenshire and Aberdeen City	Scotland
Fuel Poverty	26%	24%	25%	25%
Extreme Fuel Poverty	13%	15%	14%	12%

Source: Scottish Government (2021), Scottish House Condition Survey: Local Authority Analysis 2019.

4.2 Community Wealth Building

Community Wealth Building (CWB) is an approach to local economic development that offers a way of understanding whether any wealth created from a project is likely to remain in the local community. It is formed of five pillars:

- plural ownership of the economy
- ensuring financial power works for local places;
- fair employment and just labour markets;
- progressive procurement of goods and services; and
- socially productive use of land and property.

By addressing each of these pillars, it makes it more likely that any economic benefit coming to the area circulates around the local economy and have deeper and longer lasting effects.

Both segregated and combined community wealth building indicators have been provided in Table 4-7 to provide a more comprehensive overview of the regions in which the Proposed Development is located.

Aberdeen City has a lower number of social enterprises, at 9 per 10,000 of the population, compared with 11 per 10,000 of the population in both Aberdeenshire and Scotland-wide. This shows that the Aberdeen City is in need of more locally owned businesses with a social purpose to help retain wealth locally.

With respect to land ownership, there is significant variation between Aberdeenshire and Aberdeen City, with community land ownership standing at 0.01% in Aberdeen City and 0.09% in Aberdeenshire, compared to the Scottish average of 0.13%



(excluding the Outer Hebrides). For Aberdeen City particularly, this could limit the potential for wealth to be retained in the local community.

The gender pay gap also varies across the region, with Aberdeen City reporting a gap of 0.2%, compared to 12.4% in Aberdeenshire. Additionally, 12.4% of employees in Aberdeenshire earn below the real living wage, a figure notably higher than the 8.1% in Aberdeen City and the Scottish average of 10.1%. These statistics illustrate that there may be limited opportunities for fair employment in the region, particularly in Aberdeenshire.

However, in contrast, of those living in Aberdeen City, only 12.7% feel that they have an influence over local decisions, compared to 24.4% in Aberdeenshire, and 17.8% of people across Scotland who feel this way⁵.

Whilst this data doesn't fully cover the CWB pillars, it does suggest that there is an opportunity to develop CWB in conjunction with local anchors institutions across Aberdeenshire and Aberdeen City.

⁵ Wellbeing Economy Monitor: Excel Tool – Updated July 2023 - <https://www.gov.scot/publications/wellbeing-economy-toolkit-supporting-place-based-economic-strategy-policy-development/documents/>



Table 4-7: Community Wealth Building Indicators

	Aberdeen City	Aberdeenshire	Combined Aberdeenshire and Aberdeen City	Scotland
Social enterprises per 10,000 of the population (2021)	6	11	9	11
Community land ownership (2022)	0.01%	0.09%	0.06%	2.73% (0.13% excl. Outer Hebrides)
Gender pay gap (2023)	0.2%	12.3%	6.7%	8.7%
Employees earning below the real living wage % (2023)	8.1%	12.4%	10.4%	10.1%
Influence over local decisions (2022)	12.7%	24.4%	19.0%	17.8%

Source: Community Ownership in Scotland 2022, Scottish Government (2022); Wellbeing Economy Monitor: Excel Tool

By addressing each of the five CWB pillars through initiatives such as prioritising local procurement and investing in skills development, SSEN Transmission can help to maximise the economic benefits of the Proposed Development and retain long-lasting wealth within local communities.

4.2.1 Wellbeing

One way of gauging the social welfare of a local area is through calculating the Wellbeing-Adjusted Life Years, known as WELLBYs. WELLBYs are calculated by multiplying life expectancy of an area by its average self-reported life satisfaction on a 0 to 10 scale⁶. WELLBYs can be compared and contrasted across Scotland and the UK.

Underpinning this approach is the 2021 World Happiness Report, Layard and Oparina⁷, which makes the case that people want to experience lives that are both long and happy. With that in mind, they advocate that a society should aim to maximise the number of WELLBYs across their population both now and in the

⁶ BIGGAR Economics (2023). Toward a Wellbeing Economy: The Distribution of Wellbeing in the UK.

⁷ Layard, R. and Oparina, E (March 2021)., Living Long and Living Well: The WELLBY Approach, Chapter 8 of World Happiness Report 2021 (Sustainable Development Solutions Network).



future. That is, maximising a combination of both life expectancy and self-reported wellbeing.

As shown in Table 4-8, the combined life expectancy for Aberdeenshire and Aberdeen City is 79.9 years, one year greater than the Scottish average of 78.9 years. The region also reports a combined life satisfaction score of 7.5, which is slightly higher than the national average of 7.4. This gives Aberdeenshire and Aberdeen City, an overall WELLBY score of 602, which is greater than the Scottish average of 587.

Table 4-8: WELLBYs

	Aberdeen City	Aberdeenshire	Combined Aberdeenshire and Aberdeen City	Scotland
Life expectancy (years)	79.1	80.7	79.9	78.9
Life satisfaction	7.4	7.6	7.5	7.4
WELLBYs	587	614	602	587

Source: BIGGAR Economics (2023). *Toward a Wellbeing Economy: The Distribution of Wellbeing in the UK.*

Self-reported life satisfaction, and consequently WELLBY scores, are dependent upon a variety of factors, including local economic conditions, community vitality and involvement, as well as culture and the natural environment.

While the WELLBY score demonstrates that the quality of life in the region is greater than Scotland as a whole, it is important to consider indicators of wellbeing across each local authority, as illustrated by Table 4-9.

For example, the proportion of people who consider themselves as having good or very good health in both Aberdeenshire and Aberdeen City is comparable, giving a combined rate of 77%, which is higher than the Scottish average (72%). Additionally, feelings of loneliness (combined rate of 19% in the region vs 23%) and suicide rates (12 per 100,000 vs 13.9 per 100,000) are lower across the combined region, with Aberdeenshire performing particularly well.

However, there are other indicators of wellbeing in which Aberdeenshire and Aberdeen City do not perform so well compared to Scotland as whole. For instance, at 11.4 tonnes of CO2 per capita, Aberdeenshire has a significantly higher rate of greenhouse gas emissions compared to both Aberdeen City (at 5.4 tonnes) and Scotland as a whole (at 7.4 tonnes). Furthermore, only 51% of residents living in Aberdeen City are within a 5-minute walk of a green or blue space, which is significantly less than Aberdeenshire (71%) and the Scottish average (70%). With this in mind, improvements to wellbeing across Aberdeenshire and Aberdeen City are important.



More generally, with respect to the National Performance Framework, Scotland’s wellbeing framework, Aberdeen City exhibits a strong wellbeing performance on fair work & business, and economy outcomes, whilst Aberdeenshire performs strongly on health, human rights, and poverty.

Table 4-9: Wellbeing Indicators

	Aberdeen City	Aberdeen-shire	Combined Aberdeen City and Aberdeen-shire	Scotland
Mental health (WEMWBS, 2018-2022)	49.5	49.6	49.6	48.9
Suicide rates per 100,000 (2022)	11.8	12.1	12.0	13.9
Good or very good health (2018-2022)	78%	76%	77%	72%
Feelings of loneliness some or most of the time (2022)	24%	14%	19%	23%
Within a 5-minute walk of a green or blue space (2022)	51%	71%	62%	70%
Children living in low-income families (2022)	16.4%	12.1%	14.1%	20.8%
Low or no qualifications (2022)	7.2%	9.6%	8.5%	9.9%
Very low physical activity levels (2018-2022)	17%	16%	17%	20%
Greenhouse gas emissions (tonnes of CO2 per capita, 2021)	5.4	11.4	8.6	7.4

Source: Community Ownership in Scotland 2022, Scottish Government (2022); Wellbeing Economy Monitor: Excel Tool, Public Health Scotland, Scottish Health Survey.



4.3 UK Strategic Context

This section outlines the primary strategies that support the UK government's energy ambitions as well as its broader socio-economic objectives. These include:

- Build Back Better: Our Plan to Growth;
- Net Zero Strategy: Build Back Greener; and
- Strategy and Policy Statement for Energy Policy in Great Britain.

Overall, the Proposed Development will support a considerable number of the key priority areas of these national strategies, including:

- supporting the delivery of a just transition;
- enabling net zero infrastructure;
- supporting the security of domestic energy production;
- improving the long-term sustainability of the UK's energy systems; and
- enhancing inclusive growth across the regions of the UK.

4.3.1 Build Back Better: Our Plan to Growth

In 2021, the UK government introduced its "Build Back Better" economic growth plan, replacing the previous industrial strategy. This new plan reflects the evolving economic environment and aims to create growth in both new and emerging industries, as well as in established sectors across the UK. The plan is built on three key pillars of investment – infrastructure, skills, and innovation. The strategy notes that all growth generated must be inclusive and equal and aims to:

- level up the whole of the UK;
- support the transition to net zero; and
- support vision for Global Britain.

The strategy highlights opportunities in achieving net zero for economic growth and job creation across the country. Additionally, the UK industrial base provides a strong foundation for securing new market opportunities arising from the transition to net zero.

4.3.2 Net Zero Strategy: Build Back Greener

Following the recommendations made by the UK Climate Change Committee in 2019, the UK Government legislated a net zero emissions target for 2050. The UK's Net Zero Strategy⁸ sets out policies and proposals for decarbonising all sectors of the UK economy to meet this target.

The strategy consistently emphasises that achieving carbon neutrality across various sectors requires the electrification of economic activity. Whilst this is not true for all industries, the strategy highlights that the supply of electricity will need to

⁸ UK Government (2021) Net Zero Strategy: Build Back Greener.



increase considerably by 2050 to match demand, with an increasing share from renewables.

The strategy acknowledges that increasing electricity generation will rely on transforming the infrastructure needed to deliver them, including building out a flexible grid. By supporting the electrification of the energy system, the Proposed Development will play a strategic role in providing the transmission infrastructure necessary for the UK to transition to Net Zero.

4.3.3 Strategy and Policy Statement for Energy Policy in Great Britain

In 2024, the UK Government published the Strategy and Policy Statement for Energy Policy in Great Britain. This statement complements key publications, including the Net Zero Strategy⁹, British Energy Security Strategy¹⁰, and the Transmission Acceleration Plan¹¹. It aims to provide guidance to the energy sector on the actions and decisions needed to achieve the government's policy goals, emphasising areas where a strategic shift in the energy industry is expected.

The statement outlines a series of priorities aimed at achieving three key objectives of Great Britain's energy policy. These priorities are organised under the following headings:

- enabling clean energy and net zero infrastructure;
- ensuring energy security and protecting consumers; and
- ensuring the energy system is fit for the future.

The strategy acknowledges that, in order to enable clean energy deployment and meet the demands of a decarbonised energy system, a network infrastructure needs to be built at scale and pace. Additionally, it prioritises building reliable and sustainable network infrastructure that is effectively connected to broader markets.

4.4 Scotland's Strategic Context

The Proposed Development will support several national strategies, including:

- Scotland's National Performance Framework;
- Programme for Government 2024-25: Serving Scotland;
- Scotland's National Strategy for Economic Transformation;
- National Planning Framework (NPF) 4;
- Green Industrial Strategy 2024; and
- Tourism Strategy: Scotland's Outlook 2030.

Overall, the Proposed Development will support a considerable number of the key priority areas of these national strategies, particularly Scotland's focus of improving sustainability and the transition to Net Zero by:

⁹ Department for Energy Security and Net Zero (2021) Net Zero Strategy: Build Back Greener.

¹⁰ Department for Energy Security and Net Zero (2022) British Energy Security Strategy.

¹¹ Department for Energy Security and Net Zero (2023) The Transmission Acceleration Plan.



- enabling the increased generation, transmission and utilisation of renewable electricity throughout Scotland and the rest of the UK;
- investing in essential infrastructure;
- generating economic benefit in the form of GVA and job creation;
- supporting wider skills development;
- aiding population attraction and retention through job opportunities;
- developing and utilising the local businesses and supply chain.

4.4.1 Scotland's National Performance Framework

The National Performance Framework¹² sits at the top of the policy hierarchy in Scotland, with all other policies and strategies designed to meet its purpose and outcomes. The purpose of the National Performance Framework is “to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth”.

The National Performance Framework is designed to give a more rounded view of economic performance and progress towards achieving sustainable and inclusive economic growth and well-being across Scotland and aims to:

- create a more successful country;
- give opportunities to all people living in Scotland;
- increase the well-being of people living in Scotland;
- create sustainable and inclusive growth; and
- reduce inequalities and give equal importance to economic, environmental and social progress.

The National Performance Framework sets out 11 outcomes, underpinned by 81 indicators, that combine to give a better picture of how the country is progressing towards these goals. As well as Gross Domestic Product (GDP) and employment measures, the Framework's outcomes reflect the desired fabric of communities and culture, education, the environment, health and well-being and measures to help tackle poverty. It is these indicators on which the Scottish Government focuses its activities and spending to help meet the national outcomes.

The 11 national outcomes are that people:

- **children and young people:** grow up loved, safe and respected so that they realise their full potential;
- **communities:** live in communities that are inclusive, empowered, resilient and safe;
- **culture:** are creative and their vibrant and diverse cultures are expressed and enjoyed widely;
- **economy:** have a globally competitive, entrepreneurial, inclusive and sustainable economy;
- **education:** are well educated, skilled and able to contribute to society;

¹² Scottish Government (2023), Scotland's National Performance Framework.



- **environment:** value, enjoy, protect and enhance their environment;
- **fair work and business:** have thriving and innovative businesses, with quality jobs and fair work for everyone;
- **health:** are healthy and active;
- **human rights:** respect, protect and fulfil human rights and live free from discrimination;
- **international:** are open, connected and make a positive contribution internationally; and
- **poverty:** tackle poverty by sharing opportunities, wealth and power more equally.

4.4.2 Programme for Government 2024-25: Serving Scotland

Published in September 2024, the Programme for Government¹³ sets out the Scottish Government's commitments with the purpose of improving people's lives by focusing on four clear priorities, including:

- eradicating child poverty;
- growing the economy;
- tackling the climate emergency; and
- ensuring high quality and sustainable public services.

The programme outlines key initiatives under each of the four priorities, several with relevance to the Proposed Development. In particular, the Scottish Government highlights the economic opportunities associated with the path to Net Zero, and the importance of creating the right enabling environment to support businesses which generate jobs and wealth for communities.

4.4.3 Scotland's National Strategy for Economic Transition

In March 2022, the Scottish Government published the National Strategy for Economic Transformation¹⁴ (NSET), which set out its ambition for Scotland's economy over the next decade. The Scottish Government's vision is to create a wellbeing economy where society thrives across economic, social and environment dimensions, and delivers prosperity for all Scotland's people and places.

To deliver its vision, the strategy outlines six initiatives, including:

- establishing Scotland as a world-class entrepreneurial nation;
- strengthening Scotland's position in new markets and industries, generating new, well-paid jobs from a just transition to Net Zero;
- making Scotland's businesses, industries, regions, communities and public services more productive and innovative;
- ensuring that people have the skills they need to meet the demands of the economy, and that employers invest in their skilled employees;
- reorienting the economy towards wellbeing and fair work; and
- creating a culture of delivery.

¹³ Scottish Government (2024), Programme for Government 2024-25: Serving Scotland.

¹⁴ Scottish Government (2022), Scotland's National Strategy for Economic Transformation.



The strategy highlights Scotland's significant energy potential and its expanding green industrial base. Whilst these characteristics provide a strong foundation for securing new market opportunities arising from the transition to Net Zero, the strategy recognises the need for continued investment and support to maximise the benefits associated with these opportunities.

4.4.4 National Planning Framework (NPF) 4

The Fourth National Planning Framework (NPF4)¹⁵ is Scotland's national spatial strategy, setting out the principles to be applied to planning decisions, regional priorities and national developments.

The first of six spatial principles to be applied is a just transition that ensures the transition to Net Zero is fair and inclusive, as is rural revitalisation, supporting sustainable development in rural areas. Applying these and other principles is intended to support the planning and delivery of sustainable places, where emissions reduce, and biodiversity is restored and better connected.

As part of the Policy 11(a), all forms of renewable technologies will be supported. This is subject to the test outlined in Policy 11(c), which states that: "development proposals will only be supported where they maximise net economic impact, including local and community socio-economic benefits such as employment, associated business and supply chain opportunities".

Policy 11(e) also sets out a number of impacts that should be addressed during project design and mitigation. That list does not include tourism. Whilst not required by NPF4, Chapter 5 of this report considers whether there could be any implications for tourism since it is an important contributor to the local economy.

4.4.5 Green Industrial Strategy

The Green Industrial Strategy¹⁶, published by the Scottish Government in September 2024, aims to help Scotland realise the economic benefits of the global transition to Net Zero. The strategy highlights Scotland's strengths and opportunities during the transition and outlines six key enabling factors that the Scottish Government and partners will do to foster a positive environment for investment and growth. These include:

- supporting investment, ensuring an investment-friendly ecosystem;
- investing in strong research and development foundations;
- supporting the development of a skilled workforce;
- helping supply chain businesses to seize opportunities;
- delivering an agile planning and consenting system; and
- delivering required housing and enabling infrastructure.

The strategy provides a clear direction and focus, highlighting the importance of prioritising resources and investment. The strategy also emphasises the need for

¹⁵ Scottish Government (2023), National Planning Framework 4.

¹⁶ Scottish Government (2024), Green Industrial Strategy.



coordinated policies to create the right environment and working collaboratively with partners to maximise economic benefit from the opportunities created by the transition to Net Zero.

4.4.6 Tourism Strategy: Scotland's Outlook 2030

A collaborative network of industry experts created Scotland's Outlook 2030¹⁷, which is focused on creating a world-leading tourism sector in Scotland that is sustainable in the long-term.

The strategy is focused on four key priorities: people, places, businesses and experiences. The strategy recognises the effects on tourism of climate change, technological advancements, Brexit and changing consumer behaviour and highlights the need for collaboration between government, communities, and the public and private sectors.

There are six conditions that the strategy has highlighted as being crucial for success:

- using technological advancements and information to understand changes and trends in tourist behaviours;
- ensuring policies are in place that support the vision;
- enabling investment opportunities into Scotland's tourism market;
- improving transport and digital infrastructure;
- greater collaboration between businesses in the industry; and
- positioning Scotland as a great place to live and visit locally and globally.

A main commitment of the strategy is to address the effects of energy demand associated with tourism and make the sector commit fully to Scotland's ambition of becoming a net-zero society by 2045.

The Proposed Development will look to minimise any negative impact on tourism and recreation within the local area, which is assessed within this report.

4.5 Regional Strategic Context

In addition to supporting the national objectives and economic strategies, the Proposed Development will also contribute to the economic aims of stakeholders within Aberdeenshire and Aberdeen City.

4.5.1 Regional Economic Strategy: A Sustainable Economic Future for the North East of Scotland

In 2024, Aberdeenshire Council, Aberdeen City Council, and Opportunity North East (ONE), published a strategy setting out a long-term plan for the North East region of Scotland to take advantage of the opportunities being created by the transition to a net zero economy. The strategy highlights the challenges facing the region, and the

¹⁷ Scottish Tourism Alliance (2020), Scotland Outlook 2030.



implications for the region of the growth of the energy sector in areas such as offshore wind, carbon capture and green hydrogen production.

The strategy outlines the strategic context of the plan. Aberdeen is currently at the centre of the UK's largest source of fuel, oil and gas, but 90% of the UK's offshore oil and gas operators are cutting back investment. As the UK reduces the extraction of oil and gas domestically, the need to invest in the infrastructure required to enable other sources of domestic energy production, in order to avoid reliance on high cost and higher carbon imports, increases significantly. The strategy recognises that this transition, if not handled correctly, could result in job losses in the region. It is therefore vital to enable and deliver a just transition which benefits communities and takes advantage of North East's existing expertise and workforce in offshore activity.

The strategy sets out a vision for what the region will be like in 2035, focused on five key objectives:

- Objective 1: To establish the North East as a pioneer of the energy transition, by delivering an 80% reduction in carbon emissions per head;
- Objective 2: Maintain regional GVA as a share of Scotland's overall GVA while increasing the share of regional employment from the region's growth sectors;
- Objective 3: Maintain a healthy, sustainable, working age population through increasing economic participation rates;
- Objective 4: Become a Real living Wage region with 95% of overall employment offering a real living wage or higher; and
- Objective 5: Protect and enhance the natural capital of the region by aligning to national ambitions to manage 30% of the region for people and nature by 2030.

The Proposed Development will contribute to these objectives, by delivering infrastructure that will help enable the transition to net zero, generating GVA, and creating well-paid jobs which will help to attract people of working age and retain the population of the region.

4.6 Corporate Strategic Context

Advanced under Ofgem's Accelerated Strategic Transmission Investment (ASTI) framework, SSEN Transmission's 'Pathway to 2030' programme will enhance electricity transmission infrastructure across northern Scotland by 2030, contributing to Scotland and the UK's net zero ambitions.

4.6.1 Accelerated Strategic Transmission Investment (ASTI) Framework

In 2022, Ofgem introduced a new regulatory framework, Accelerated Strategic Transmission Investment (ASTI), to streamline the regulatory process for Transmission Owners, such as SSEN Transmission, to support the accelerated delivery of transmission projects.

The ASTI framework provides a new process with a reduced number of regulatory assessment stages for Transmission Owners and earlier access to funding to



support the delivery of necessary onshore transmission projects required to meet the UK Government's 2030 renewable electricity generation ambitions.

Ofgem has identified an initial list of projects to be progressed under the ASTI framework, including SSEN Transmission's Pathway to 2030 Programme.

4.6.2 Pathway to 2030 Programme

SSEN Transmission is investing over £20 billion, under their Pathway to 2030 programme, to contribute to the delivery of several projects designed to develop and upgrade overhead lines, substations, and subsea links, to meet the 2030 offshore wind connection dates.

The East Coast 400kV Phase 2 Projects, of which the Proposed Development is a part of, is among the projects under the Pathway to 2030 programme and will contribute to the delivery of Scotland and the UK's net zero targets for 2030.

4.6.3 Community Wealth Building (CWB)

CWB is an internationally recognised approach designed to keep wealth circulating locally to ensure more inclusive, resilient, and sustainable local economic development. Acting as a framework for activity, CWB is based on five interlinked pillars:¹⁸:

- plural ownership of the economy;
- ensuring financial power works for local places;
- fair employment and just labour markets;
- progressive procurement of goods and services; and
- socially productive use of land and property.

SSEN Transmission is committed to investing in the energy transition in a way which contributes to society by adding value, supporting jobs and maximises net economic benefits in the areas in which it operates. To embed this framework, SSEN Transmission is in the process of publishing a 'statement of intent' that incorporates initiatives aligned with the five pillars of CWB, demonstrating a commitment to fostering resilient local economies, reducing inequality, and promoting sustainable development.

4.7 Conclusions on Impact in Context

The Proposed Development represents critical investment in Scotland's grid infrastructure, facilitating the transmission of clean energy and contributing to delivering SSEN Transmission's corporate strategy, Pathway to 2030. In this way, the Proposed Development aligns with Scotland's national energy strategy and the UK's Net Zero agenda.

¹⁸ See Centre for Local Economic Strategies - <https://cles.org.uk/community-wealth-building/how-to-build-community-wealth/>



At a regional level, the Proposed Development could help to address key strategic priorities for Aberdeenshire and Aberdeen City by creating high-quality employment opportunities, diversifying the region's economic base and generating spend in the local economy. Given that employment in the manufacturing, and professional, scientific and technical activities, sectors are overrepresented in the region, the workforce is well-placed to secure contracts associated with the Proposed Development.

To maximise economic benefits and ensure long-lasting wealth within local communities, SSEN Transmission could contribute to CWB, under their statement of intent, through initiatives such as prioritising local procurement, investing in skill development and increasing the contracts awarded to businesses within the regional and Scottish economies.



5.

Tourism Assessment

The impact of the Proposed Development on tourism and recreation has been assessed as negligible.

5.1 Local Tourism Context

5.1.1 Sustainable Tourism GVA and Employment

In its 2015 economic strategy¹⁹, the Scottish Government identified sustainable tourism as one of six key growth sectors where Scotland has a comparative advantage.

In 2021, the sustainable tourism sector in Aberdeen was estimated to generate £186.7 million GVA, and in Aberdeenshire the sector generated £106.0 million GVA, together accounting for 8.7% of Scotland's total tourism sector value (£3.4 billion GVA) (Table 4-1).

Table 5-1: Sustainable Tourism: Employment and GVA, 2021

	Combined Aberdeenshire and Aberdeen City	Scotland
GVA (£m)	292.7	3365.8
Employment	18,000	209,000

Source: Scottish Government (2023), Growth Sector Database.

5.1.2 Visitors

In 2023, Aberdeen, Aberdeenshire and Moray Speyside attracted 1.1 million domestic overnight visitors, who spent an average of £236 per visit, amounting to £252 million. This accounted for 8% of the total spend in Scotland from domestic overnight visits in 2023.

As illustrated in Table 5-2, the region also drew approximately 278,000 international visitors, contributing £158 million in spending to the region and accounting for 7% of all international visits to Scotland.

¹⁹ Scottish Government (2015), Scotland's Economic Strategy.



Table 5-2: Visits and Visitor Spending, 2023

	Aberdeen, Aberdeenshire and Moray Speyside	Scotland
Visitor Numbers (million)		
Domestic Overnight Visitors	1.1	12.4
International Overnight Visitors	0.3	4.0
Spend (£ million)		
Domestic Overnight Visitors	252	3,189
International Overnight Visitors	158	3,593

Source: Kantar (2024), Great Britain Tourism Survey and ONS (2024), International Passenger Survey

5.1.3 Regional Attractions

The most visited attractions in Aberdeen City, Aberdeenshire and Moray, are shown in Table 5-3. Of these attractions, one is located within 15 km of the Proposed Development.

Table 5-3: Top Attractions in Aberdeen City, Aberdeenshire and Moray

Attraction	Annual Visitors	Distance to Site (km)
Crathes Castle	153,217	12
Pets Corner	71,660	21
Duthie Park	1,007,982	23
David Welch Winter Gardens	287,367	23
Aberdeen Maritime Museum	78,415	25
Castle Fraser	56,822	27
Bennachie Forest	86,234	35
Fyvie Castle	66,039	53
Scottish Dolphin Centre	94,993	90
Brodie Castle	79,634	108

Source: Visit Scotland (2021), Insight Department: Grampian Factsheet 2019 (Aberdeen City, Aberdeenshire & Moray).

5.2 Local Tourism Assets

Since tourism is an important contributor to the regional economy, with 14.1% of employment in the local area²⁰ accounted for by sustainable tourism in 2022²¹, this

²⁰ The local area is defined as the electoral wards of Mearns, and Stonehaven and Lower Deeside.

²¹ ONS (2024), Business Register and Employment Survey 2022



report considers all tourism assets located within 15km of the Proposed Development. This includes:

- local tourist attractions;
- local accommodation providers; and
- recreational trails and core paths.

5.2.1 Local Tourist Attractions

Through online research on the Visit Scotland portal and Google Maps, approximately 24 visitor attractions within 15km from the Proposed Development were identified. These are set out in Appendix B: Local Tourist Attractions, alongside their distance from the Proposed Development.

Of these visitor attractions, 16 are located in Stonehaven (2-11km from the site), of which there are a large variety of attractions. These attractions include golf courses, a beach, a centre offering boat trips, a museum, a nature reserve for birds, a water sports centre, a farm, a museum, an open air swimming pool, an annual folk festival, and historical sites including standing stones, a memorial to Robert Burns, two houses and two castles. Among these, Dunnottar Castle, Stonehaven Open Air Swimming Pool, RSPB Fowlsheugh, the Tolbooth Museum and Stonehaven Beach are relatively popular.

A cluster of four local attractions were also identified in Banchory to the North of the site. Attractions in this area include three historical stone circles and a golf course.

Out with these clusters, local attractions were identified in Peterculter to the North (14km from the site), and Laurencekirk (11km from the site) and Montrose (13km from the site) to the South of the Proposed Development. These attractions included a golf club, a history exhibition, and a historical church.

5.2.2 Local Accommodation Providers

Through online research on the VisitScotland portal and Google Maps, 62 accommodation providers were identified in the area surrounding the Proposed Development.

Self-catering providers, accounting for 45% of all accommodation providers identified within 15km of the Proposed Development, are clustered mainly between Stonehaven and Banchory, with some smaller clusters located in Laurencekirk, Montrose, and Peterculter.

Almost two-thirds of all self-catering providers identified within 15km of the Proposed Development are located in Stonehaven, whilst the remainder are clustered around Banchory, Montrose, Laurencekirk, and Maryculter. The majority of B&Bs were also located in Stonehaven, as are over two fifths of the hotels. One third of the caravan parks and holiday parks in the area are located in Stonehaven, with another third being located in Banchory, and the remaining third split between Montrose and Maryculter.



The vast majority of providers were located in Aberdeenshire, with one B&B within 15km of the site being located within Aberdeen City, and three providers (one self-catering provider, one hotel, and one holiday park) being located in Maryculter on the border between Aberdeenshire and Aberdeen City.

Table 5-4: Local Accommodation Providers

Type of Accommodation Provider	Total
Self-Catering	28
B&Bs	10
Hotels	18
Holiday Parks / Hostels	6
Total	62

Source: Visit Scotland (2024), Accommodation Near Stonehaven, Visit Scotland (2024), Accommodation Near Banchory and Visit Scotland (2024), Accommodation Near Montrose. Google Maps.

5.2.3 Recreational Trails and Core Paths

Several trails were identified on Walkhighlands (2024) within 15km of the Proposed Development. These are shown in Table 5-5, alongside a brief description and their distance from the site.

Several of the recreational trails are designed for hill walking and hiking. In addition to these hill walks, several other trails traverse through woodland, with others passing by historical sites. The remaining trails include a coastal walk and a route along the River Dee.



Table 5-5: Recreational Trails

	Description	Distance to Site (km)
Cairn-mon-earn, Durriss Forest	7km route on forestry tracks up to the summit of Cairn-mon-earn	4
Dunnottar Woods, near Stonehaven	4km circular woodland walk	7
Dunnottar Castle, from Stonehaven	5km coastal route towards the ruins of a fortress	8
Kerloch, from the north	10km trail on forestry tracks up the hill Kerloch	9
Ley Way, Crathes Castle	7km route through woodland on the grounds of Crathes Castle	11
Crathes Castle and the River Dee from Banchory	8km walk along the River Dee	11
March Trail, Scolty, near Banchory	4km walk through woodland and up part of Scolty Hill	13
Clachnaben, Glen Dye	9km route to the summit of a hill	14
Scolty Hill, near Banchory	3km route up to the summit of Scolty Hill featuring a tower monument	14
Inverbervie to Johnshaven	8km walk along the coastline	14
Mount Battock via Clachnaben	25km route up a mountain	15

Source: Walkhighlands (2024).

There were also approximately 52 core paths²² identified within 15 km of the Proposed Development in Aberdeenshire and Aberdeen City.

5.3 Impact on Recreation and Tourism

The assessment considers whether the Proposed Development would affect any of the tourism assets identified, accounting for any significant effects identified in the following chapters:

- Airborne Noise and Vibration;
- Traffic and Transport; and
- Landscape and Visual Assessment.

²² Scottish Government Spatial Data (2024). Core Paths - Scotland



5.3.1 Local Attractions

As outlined in the baseline assessment, there is a diverse range of attractions within 15 km of the Proposed Development, clustered mainly around Stonehaven, with a smaller cluster located in Banchory, and the remaining attractions located in Montrose, Laurencekirk and Peterculter.

The motivation to visit the identified attractions in Stonehaven include an interest in history, with the majority of attractions being types of historical sites such as standing stones, castles, and houses. Visitors would also be motivated to visit if they have an interest in taking part in outdoor sports such as golf, paddleboarding, and outdoor swimming, activities provided by a number of attractions. The beach located in the area would also attract visitors interested in taking part in outdoor sports, as well as those who wish to experience coastal views. Visitors interested in experiencing coastal views and viewing wildlife would be motivated to visit the RSPB Nature Reserve, as well as the local boat trip operator which would also attract visitors interested in recreational fishing. A local farm attracts visitors who are interested in experiencing a petting zoo with farm animals, and the annual folk festival attracts visitors who wish to see live music. It is not expected that the Proposed Development would impact the motivations to visit these attractions.

In Banchory, the bulk of the attractions within 15km of the Proposed Development are stone circles, with three located approximately 8km from the site. The main motivation to visit these attractions would be an interest in history. The remaining attraction location in Banchory is a golf course, which would attract people interested in taking part in the outdoor sport. It is not expected that these motivations to visit would be impacted by the Proposed Development.

The remaining attractions include a golf course located in Peterculter, which would attract visitors interested in taking part in the sport, as well as a 13th century church in Montrose and a museum in Laurencekirk which would attract visitors with an interest in history. It is not expected that motivations would not be impacted by the Proposed Development.

The assessment of tourism impacts on local tourist attractions was carried out in consideration of the assessment of impacts as outlined in the abovementioned chapters. There were no significant effects on local attractions identified.

5.3.2 Local Accommodation Providers

There are a variety of accommodation providers within 15 km of the Proposed Development, including self-catering, B&Bs, hotels, holiday parks and hostels, mainly clustered in Stonehaven and Banchory, with some smaller clusters in other areas.

For accommodation providers located in Stonehaven, the primary motivation for guests to choose these providers is an interest in visiting local attractions and walking routes. Providers in this area also frequently highlighted their location near the coast. As a result, the Proposed Development is not expected to affect the motivations to visit these accommodation providers.



In Banchory, providers also marketed their proximity to local attractions and walking routes, a number of which are out with 15km of the Proposed Development. Visitors would be likely to be driven to visit based on access to woodland and walks along the River Dee. Therefore, the Proposed Development is not expected to affect the motivation to visit these accommodation providers.

The assessment of tourism impacts on local accommodation providers was carried out in consideration of the assessment of impacts as outlined in the abovementioned chapters. There were no significant effects on accommodation providers identified.

5.3.3 Recreational Trails and Core Paths

Several recreation trails within 15km of the Proposed Development were identified, many of which were designed for hill walking and hiking, whilst others followed the coastline, traversed through woodland, or along the River Dee. Given that the motivation to use these trails is likely to be associated with an interest in hiking, or to visit the River Dee and other nearby attractions, it is not expected the Proposed Development will impact the motivation to use the trails.

There are also several core paths in the area. These core paths tend to be used by local residents or are part of the recreational trails described above. As a result, the Proposed Development is unlikely to have an impact on activity along them.

The assessment of tourism impacts on recreational trails and core paths was carried out in consideration of the assessment of impacts as outlined in the abovementioned chapters. There were no significant effects on recreational trails and core paths identified.

5.4 Summary of Local Tourism Impact

Visitors are typically motivated to visit the areas within 15km of the Proposed Development due to their connection to history and culture, as well as opportunities to take part in outdoor sports such as golfing, paddleboarding, and recreational fishing and activities such as viewing animals. As a result, the Proposed Development is not expected to affect the motivations to visit the identified tourism assets.

Accounting for any significant effects identified in the Airborne Noise and Vibration, Traffic and Transport, and Landscape and Visual Assessment chapters, the impact on recreational amenities has been assessed as negligible.



6.

Appendix A: Methodology

An Input-Output economic model was developed to estimate the economic impact of the Proposed Development.

6.1 Metrics of Assessment and Study Areas

The following of economic impact have been considered:

- **Gross Value Added (GVA):** a measure of economic activity expressed as the difference between an organisation's turnover and its non-staff operational expenditure; and
- **Years of Employment:** a measure of employment used in the context of jobs associated with construction activity and lasting over a short period of time, or to express cumulative employment impacts over a project's lifespan.

The economic impacts have been presented at the regional, Scottish, and the UK level.

6.2 Types of Impact

There are three types of economic impact associated with development and construction of the Proposed Development:

- **Direct impact:** this is the direct impact associated with Tier 1 suppliers, including from employing and paying staff, and generating profits. The direct impact is estimated by dividing the expenditure on a contract by the turnover/GVA and turnover/employee ratios for the relevant sectors to estimate the direct GVA and employment impacts;
- **Indirect impact:** this is the impact associated with spending in the supply chain of Tier 1 suppliers. This is captured by applying Type 1 economic multipliers to the direct economic impacts; and
- **Induced impact:** this is the impact associated with staff spending their wages in the wider economy and is captured by subtracting Type 1 multipliers from Type 2 multipliers and applying this to the direct impact.

6.3 Methodology

6.3.1 Approach to Modelling Economic Impacts

The approach followed throughout the economic impact assessment is shown in the figure below. The analysis involved estimating levels of expenditure by contract and study area, and then considering GVA and employment impacts (including indirect and induced effects).



The economic analysis is based on high-level cost estimates provided by SSEN Transmission, and where necessary, detailed assumptions were made regarding how this expenditure might be distributed across different categories. For each category, assumptions were made about the proportion of contracts that could be secured in each area, along with the relevant sectors for each contract. These estimates were informed by SSEN Transmission's experience with similar projects and BiGGAR Economics' understanding of UK supply chains and expertise in the sector.

Figure 6-1: Economic Impact Methodology





6.4 Economic Impact Modelling

The first step in conducting the economic analysis was to make assumptions regarding the capacity of businesses to secure contracts and to assign each contract to the appropriate Standard Industrial Classification (SIC) sector. This allowed for the calculation of the direct GVA, and direct years of employment supported by the Proposed Development. These estimates were derived by applying sector specific turnover per job and turnover per GVA ratios from the UK Annual Business Survey²³, as illustrated in the figure below.

Figure 6-2: Direct GVA Calculation



The economic activity generated by the Proposed Development extends beyond the direct contributions of awarded contracts to the turnover of recipient businesses. Contract-related spending also stimulates activity within the supply chain of businesses involved in the development and construction phases (indirect impacts). Furthermore, employees working on the Proposed Development contribute to the economy through their personal spending (induced impacts).

Indirect impacts were estimated by applying Type 1 GVA and employment multipliers, as sourced from UK Input Output Tables²⁴ to the direct GVA and employment supported by development and construction contracts. Similarly, induced impacts were estimated by applying Type 1 and Type 2 GVA and employment multipliers to the direct GVA and employment supported. This is demonstrated in the figures below.

Figure 6-3: Indirect GVA Calculation

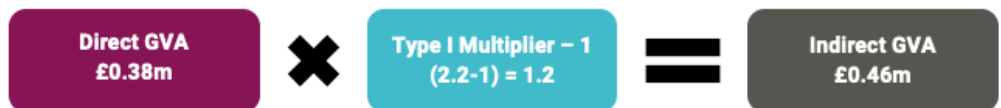
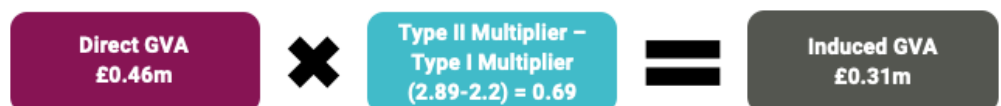


Figure 6-4: Induced GVA Calculation



²³ UK Government (2024), UK Annual Business Survey 2022.

²⁴ ONS (2024), UK Input-Output Supply and Use Tables 2022.



The total economic impact associated with the Proposed Development is calculated by the sum of direct, indirect and induced impact, as demonstrated in the figure below.

Figure 6-5: Total GVA





7.

Appendix B: Local Tourist Attractions

Table 7-1: Local Tourist Attractions

Attraction	Distance to Site (km)
Grains Farm	2
Dunnottar Stone Circle	5
Robert Burns Family Memorial Cairn	5
Auquhollie Standing Stone	5
Castle of Fiddes	6
Glenbervie House	7
Stonehaven Golf Club & The View Restaurant	8
Stonehaven Shellfish & Boat Trips	8
Stonehaven Heated Open Air Swimming Pool	8
Stonehaven Folk Festival	8
Stonehaven Paddleboarding	8
Tolbooth Museum	8
Stonehaven Beach	8
Dunnottar Castle	9
Nine Stanes Stone Circle	9
Eslie the Lesser stone circle	9
Eslie the Greater stone circle	9
Auchenblae Golf Course	10
Grassic Gibbon Centre	11
RSPB Scotland Fowlsheugh	11
Crathes Castle	12
Kinneff Old Church	13
Elsick House	13
Peterculter Golf Club	14
Inchmarlo Golf Centre	15

Source: Google Maps (2024). Visit Scotland (2024).

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

info@biggareconomics.co.uk

biggareconomics.co.uk

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

