

THE HIGHLAND COUNCIL

**PLANNING, ENVIRONMENT & DEVELOPMENT COMMITTEE
20 May 2009**

Agenda Item	14
Report No	PED 44/09

**NIGG DEVELOPMENT MASTERPLAN & STRATEGIC ENVIRONMENTAL
ASSESSMENT**

Report by Director of Planning & Development

SUMMARY

This report provides a brief summary of the agreed revisions to the Nigg Development Masterplan resulting from the representations received from the first round of public consultation on the draft document. It outlines further changes and updates to the Development Masterplan and includes reference to the Strategic Environmental Assessment and accompanying Flood Risk Assessment and Appropriate Assessment background reports that will inform and accompany the final version of the Masterplan. The Committee is asked to approve the changes and to authorise officers to publish the Final Draft of the Masterplan and associated documents for a 10 week public consultation period commencing on 1st June 2009.

1. Introduction

- 1.1 The Nigg Development Masterplan was issued for an 11 week period of consultation commencing on the 1st December 2008 which concluded on the 16th February 2009. Committee will recall that at its meeting of 18 March 2009 it received a report on representations received following the first round of public consultation and agreed to a number of amendments to the Masterplan in relation to these responses.
- 1.2 The Committee also noted at that meeting that a Final Draft of the Masterplan incorporating mitigation measures identified through the Strategic Environmental Assessment (SEA) process would be brought back to this next Committee for approval prior to publication for a second round of public consultation. This second round will provide the public with an opportunity to consider the environmental effects of the Masterplan and to comment on these prior to the Council taking key decisions and finalising the Masterplan content.

2. Background to the Masterplan

- 2.1 The Masterplan considered two principal options for the future development of the Nigg site (the oil terminal; fabrication yard and proximal land to the east of the fabrication yard). The First Option considered developing the site primarily for the Oil and Gas Sectors whilst the Second Option focussed on Green Energy/ Renewables development. These options were appraised and the strengths and weaknesses of each was considered. Rather than seeking to develop a preferred option for the site Committee agreed to maintain flexibility for future development options.

- 2.2 Consideration was given to the options to bring the site into use, ranging from a single user to a multi-user industrial facility. Possible uses and opportunities were considered for each of the sites individually, as well as collectively as a single unit. The options were based on the market assessment for the next 15 to 20 years prepared by MacKay Consultants, supplemented with engineering expertise and information provided by Halcrows available at the time of writing, to ensure the site's validity and fitness for purpose.
- 2.3 The revisions arising from the public consultation responses agreed by Committee have been incorporated into a Final Draft Nigg Development Masterplan together with updates and reappraisals by the Economic Consultants of the Market Assessments. The Executive Summary of the Final Draft of the Nigg Development Masterplan is attached as Appendix 1 of this report. Copies of the Masterplan have been placed on deposit in the Members Library and can be downloaded as .pdf files from the Council's web-site.

3. Revised Assessments

- 3.1 The economic consultants have been asked to review their original market assessments as there have been material changes affecting some of the base assumptions made and in order to ensure that the Development Masterplan is as up-to-date and robust as possible it was deemed important that these changes be taken into account.
- 3.2 The consultants concluded that it seems widely accepted that Nigg should become a multi-activity, multi-user facility that is likely to be owned or operated by one company who would lease or sub-contract some of the facilities to others.
- 3.3 They do not believe that it is necessary to make any major changes to their findings and assessments in the Oil and Gas sections of the Masterplan. However with oil prices remaining in the current low range they expect the number of rigs operating in the UK Continental Shelf may be lower than they previously assumed implying fewer opportunities to dry dock rigs at Nigg as the demand for production platforms, topsides modules, subsea facilities and other equipment would inevitably be lower with the oil price around \$50 per barrel.
- 3.4 On the positive side Mackay Consultants expect that with lower oil prices there should be more and earlier decommissioning work and that this is a key market for Nigg, particularly over the next few years. There are real commercial opportunities for the yard in this sector and in Mackay's view there would be little or no conflict between rig conversion/modification work which would make good use of the dry dock (which is the key asset in their opinion) and decommissioning work elsewhere on the site.
- 3.5 Mackay Consultants believe that Scottish involvement in the wind energy market has generally been disappointing to date but is showing signs of significant progress as demonstrated by recent developments at the Macrihanish and Arnish fabrication yards. They also believe that the marine/tidal energy market is more longer term.
- 3.6 Oil storage at the Nigg Terminal will continue for many years in Mackay's assessment and they expect a significant increase in throughput in the near future when the terminal begins to handle oil from new fields.

3.7 As far as components for wind turbines are concerned they believe that there are realistic opportunities for Nigg for both onshore and offshore windfarms – particularly the latter. There are also opportunities for Nigg to fabricate components for other sectors, such as for example the two new aircraft carriers to be built in Scotland and there will still be opportunities for fabrication work for the offshore oil and gas industry albeit on a much smaller scale, in their assessment, than in the past.

3.8 Similarly on the marine fabrication front Mackay's note that there may, in the longer term, be a potential market to build fast catamarans in Scotland but they believe this is likely to be in the form of subcontract opportunities for Nigg from existing shipyards.

5. Strategic Environmental Assessment, Flood Risk Assessment & Appropriate Assessment

5.1 A Strategic Environmental Assessment Scoping report was submitted through the Scottish Government Gateway prior to Christmas 2008. Responses were received in late January from the three Consultation Authorities - there were no surprises in the views expressed by the consultation authorities. The responses from the Consultation Authorities were reported to the March PED Committee. Consultants were engaged to prepare a first stage Appropriate Assessment and it together with the SEA Environmental Report has informed the mitigation measures that have been incorporated into the final version of the Nigg Development Masterplan.

5.2 The revised Strategic Environmental Assessment is submitted for Member approval prior to its publication for public consideration and comment in tandem with Masterplan. Copies of the Strategic Environmental Assessment and the first stage Appropriate Assessment background report have been placed on deposit in the Members Library and can be downloaded as .pdf files from the Council's web-site.

5.3 Consultants were also engaged to prepare a Flood Risk Assessment which is required by SEPA. Copies of this background report too have been placed in the Members Library and can be downloaded as .pdf files from the Council's web-site. The consultants concluded that the Nigg site will not be under a significant flood risk before 2035 i.e. before the end of the expected Masterplan's life so therefore no flood mitigation work is recommended.

6. RECOMMENDATION

6.1 That Committee:

- a) notes the agreed revisions to the draft Nigg Development Masterplan arising from the first round of public consultation;
- b) notes the updated Market Assessments in relation to the oil, gas, decommissioning and renewables sectors;
- c) notes and approves the final draft of the Masterplan incorporating mitigation measures identified through the SEA process and Flood Risk Assessment; and

d) authorises officers to publish the Final Draft of the Masterplan and associated documents for a 10 week public consultation period commencing 1st June 2009.

Signature:

Designation: Director of Planning & Development

Date: 11 May 2009

Author: Geoff Robson, Head of Environment & Development (Ext. 2252)

**NIGG DEVELOPMENT MASTERPLAN MODIFICATIONS
EXECUTIVE SUMMARY**

1.0 Introduction

- 1.1 The Nigg Development Masterplan has been modified to incorporate comments received at the first stage public consultation, as well as mitigation measures identified through the Strategic Environmental Assessment (SEA) process.
- 1.2 At a meeting of The Highland Council's (THC) Planning, Environment and Development (PED) Committee on the 18th March 2009 it was agreed to continue developing both Options in the Masterplan [Option 1 (focus on Oil & Gas); and Option 2 (focus on Green Energy/Renewables)] to maintain flexibility in developing the site as a multi-user facility. The proposed modifications to the Masterplan were agreed, as well as agreement to further develop the Masterplan to incorporate mitigation measures identified through the SEA process.
- 1.3 The final draft of the modified Masterplan and accompanying SEA is to be considered by THC's PED Committee on 20th May for approval prior to publication and a further round of public consultation.

2.0 Modifications to the Nigg Development Masterplan

- 2.1 The modifications to the Nigg Development Masterplan have been prepared on the basis of the need:
- To transparently respond to the consultation responses received during the initial round of consultation on the draft Masterplan
 - To incorporate the proposed SEA recommendations and mitigation proposals
 - To incorporate the findings of an updated Market Assessment (MacKay Consultants)
- 2.2 The resultant modified Nigg Development Masterplan has been undertaken in close collaboration with the client steering group in relation to the opportunities for the development and regeneration of the Nigg site and its surrounding environs.
- 2.3 The Nigg Development Masterplan in its final form is intended to provide the rationale that underpins the requirement to pursue a proposed Compulsory Purchase Order (CPO) should The Highland Council, as a last resort, require to invoke CPO powers.

Masterplan Consultation Responses

2.4 The draft Nigg Development Masterplan was published for an 11 week consultation period commencing on the 1st December 2008. A total of 16 responses were received by the end of the consultation period and subsequently a further 7 responses were received after the 16th February deadline, resulting in a total of 23 responses.

2.5 These responses have been analysed by both THC and Halcrow and proposed changes to the Masterplan have been considered. There were a wide and diverse range of views expressed and these are detailed in the modified Nigg Development Masterplan outlining how the Masterplan has responded to these comments.

SEA recommendations & mitigation proposals

2.6 In addition to the SEA Environmental Report a Flood Risk Assessment (FRA), as required by SEPA, was also undertaken, together with the first stage of an Appropriate Assessment.

2.7 These reports will inform the mitigation measures that require to be included in the final version of the Nigg Development Masterplan. The SEA Environmental Report recommends minor changes to the development principles of the Masterplan. There are no detailed physical mitigation measures recommended at this strategic development framework stage. The Flood Risk Assessment findings conclude that the Nigg site will not be under a significant flood risk before 2035, to the end of its expected life and therefore no mitigation work is recommended. This is dependent on the OD level of the site being +3.73m. Should further investigation show the site to be lower, particular if lower than the minimum formation level of +3.58 OD level then some limiting mitigating measures may be necessary to protect key areas. The Masterplan should not hinder any potential future mitigation requirements, in particular the protection of specific buildings on site.

Market Assessment update

2.8 The Market Assessment prepared separately by Mackay Consultants shows that the Nigg site is well placed to accommodate a number of market sectors, particularly from the oil and gas and renewable energy (wind and marine) sectors.

2.9 Nigg and the wider Cromarty Firth continue to offer a considerable upstream oil and gas capability, both in terms of companies with ability and the skills base to match.

2.10 With regard to renewable energy Mackay Consultants considers that there are realistic market opportunities for Nigg, both on-and offshore wind, with particular emphasis offshore, but timing the start of significant engagement will be important. The UK currently lacks facilities capable of the large scale of aggregation and deployment of turbines, especially in the offshore context. The UK also currently lacks a significant manufacturing capability, either home grown or imported via inward investment.

2.11 With regard to marine renewables, Mackay Consultants considers that it is important to factor this activity into the Masterplan despite the lack of a clear investment horizon for marine renewables, except that the first Crown Estate Round covering a small part of the Pentland Firth has been launched and a framework for demonstrators elsewhere has been published. Nigg is physically well placed for the construction and load-out of such devices for deployment, especially around the Scottish coastline.

2.12 There are, of course, physical challenges. For Nigg to function efficiently as a base for large-scale manufacture and completion of wind turbines, whether large units for offshore deployment or much smaller ones for onshore location, it is already accepted that significant reconfiguring of the existing site would be required, including the addition of proximal land to the east. There are models such as Germany's Luneort project that will provide vital pointers as to how Nigg could be adapted.

2.13 In the opinion of Mackay Consultants, offshore renewables especially are at a similar stage to the oil and gas industry in the early 1970s. This was a period when bold decisions were made at central government and regional level to establish offshore fabrication facilities and develop a UK capability. Although beset by significant labour and quality control issues Nigg was among the most successful and longest lived of those yards.

3.0 Recommendation

3.1 The final draft of the Nigg Development Masterplan (incorporating initial consultation responses and mitigation measures identified through the SEA process) is recommended to be taken forward for a further round of public consultation accompanied by the Strategic Environmental Assessment.

Consultation responses

Item number	Comment	Amend	Amendments to masterplan
LANDOWNERS AGENTS			
12	DSM in a position to take on responsibility for the future of Nigg as preferred developer. DSM welcome the flexibility of the principles and development Strategy.	text	Add text – flexible commercial enterprises as well as decommissioning
15	Dow believe the Masterplan must acknowledge the range of appropriate alternative business, industrial, storage and distribution uses that could be developed successfully at this location in isolation from Nigg.	text	Add text – appropriate alternative business, industrial, storage and distribution (show Dow Chemical land as an option developed independently from Nigg)
19	KBR feel that the document fails to acknowledge the possibility that operations at Nigg Yard/Oil Terminal could recommence in isolation of the ongoing masterplan process.	text	Add text – Nigg Yard/Oil Terminal operations could recommence in isolation of masterplan and in their own right.
ORGANISATIONS			
8	SEPA would expect the final SPG to include clear guidance to developers on what is actually expected of them.	text	Add text – Clear guidance to be given to developers – note what this should be (refer to SEA) and have as a separate section. Specify that development should minimise negative impacts on the environment and offer environmental improvements.
9	SNH want to see chart on p117 showing masterplan going out for consultation after the SEA has been carried out.	text and chart	Amend chart on p117 to show changes to be done to the masterplan after SEA consultation etc. See notes of fuller actions and mitigation measures to be considered in the masterplan. Add these to the document.
18	Historic Scotland highlighted their statutory remit.	text	Add mitigation measures as described by Historic Scotland

2	HSE stipulate the consultation distance is 1000m. No available 3 zone map.	text and drawing if 3 zone map can be produced by HSE.	Consultation distance of 1000 meters. 3 zone map to be produced. Work places provided to be in building for less than 100 occupants and less than 3 storeys within the inner zone of a 3 zone map. Show safeguarding zones on the plans.
20	HIE's energy team support of proposals. Development of marine energy sector is positive.	noted	
MSPs			
17	Jamie stone MSP believes graving dock is one of the finest in the world – a National asset.	text	Add text – Emphasise the strategic position of the graving dock. Note that marine based renewable energy devices and modular ship assembly are possibilities.
21	Rob Gibson MSP supports the Green Energy centre approach.	noted	
COMMUNITY COUNCILS			
13	Nigg and Shandwick CC states that the planning process should be used to protect local residents and the environment.	text if available	Get information from THC on the road safety improvements. (Local Transport Strategy document)
INDIVIDUALS			
1	Stuart Clifford MA believes options are 'rusty'	noted	
3	James Filler	text and drawing if revised junction dwgs available	Improved road junction with B9175 to be shown on the plans following input from the Local Transport Strategy.
14	Gwyneth Lock Add Former coastal mining station	drawings. Add revised junction dwgs if	Find out what the former Coastal Mining Station is (where is it to be shown on the plan) Show on the masterplan drawings. Improvements to the vehicular access to the site (larger turning circles) Consider reducing the amount of sea access.

		available.	
16	Christine Asher	text	Find out more about the Nigg Bird Hide and when it was completed. 5 years ago? Update text at 2.6.2 Adjust text at 2.6.3 to say 'still is'
23	John Wood	noted	Add text to show the potential environmental economic and social impacts of future developments. Long term sustainability to be a focus.
OTHER ORGANISATIONS			
6	Falck Renewables Plc support a redevelopment which encompasses a renewable energy facility.	noted	
4	RSPB require more biodiversity and wildlife information within the document. Enhancement or restoration of priority habitats and species in accordance with the UK BAP and Ross & Cromarty East LBAP.	text	Add text – Biodiversity and wildlife to be mentioned more in the document. Proposals to enhance or restore priority habitats and species. Add text – Hides are in place and operational all year round at Udale Bay and nigg bay – 5000 visitors a year each.
5	Cromarty Firth Port Authority. Old Training school owned by KBR to be added.	noted, drawings	Find out where the location is for the Old Training School and add this to the plan. Add any sectoral changes noted by McKay Consultants and amend on plan.
7	Scottish Wildlife Trust would like to see improvements in the environmental setting.	text	Masterplan to include all possible measures to minimise further loss of habitat and to remediate those areas which have been damaged wherever possible.
10	A Lowe – APT states that the document is too complex.	noted	
10A	A Low – APT would like more plain English used in the document.	text	Go through the document and amend any 'complex' language to plain English. See examples that are mentioned.
11	Archaeology Scotland request that full consideration be given to cultural heritage or historic environment assets and values.	text	Add text – consideration to be given to cultural heritage or historic environment assets and values. Discuss what these are and what is being done to protect them? Para 2.6