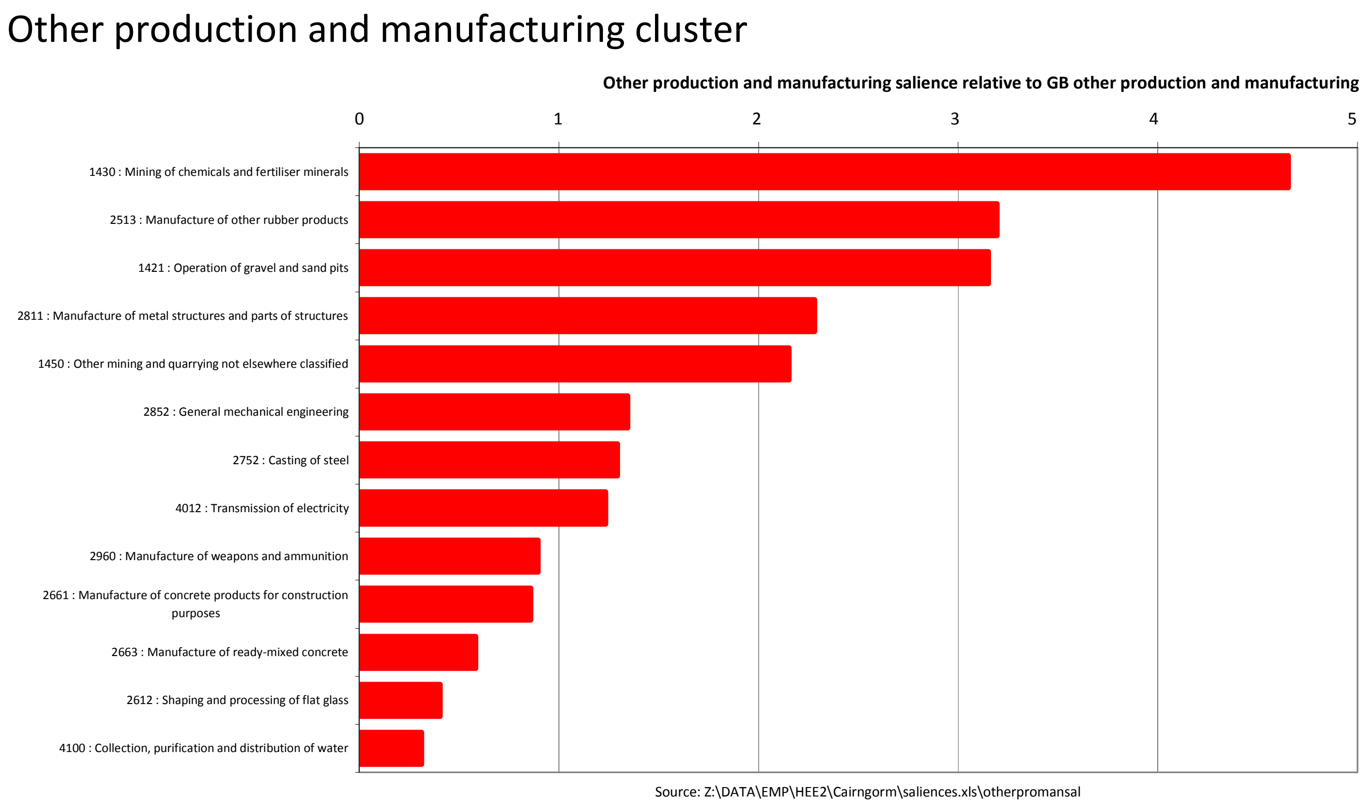
8.6 Other production and manufacturing industries

There are a small number of significant manufacturing operations in the Park. Figure 75 shows some of the other distinctive production and manufacturing industries in the Park.

Figure 75 Distinctive industries in the other production and manufacturing cluster



Those which are most distinctive, relative to national norms, are in mineral extraction of various forms. Historically there was iron ore extracted at the Lecht from 1730, smelted at Nethy Bridge, and although closed, in 1841 the mine was reopened to extract manganese ore for use in Newcastle in the bleach trade (Shaw and Thompson). A number of rare and unusual minerals occur in the Cairngorms, including lithium-bearing zinwaldite, semi precious quartz known as Cairngorm Crystal (near Loch Avon), and rare combined ores containing more than one rare metal.

Several of the cluster's other local members are connected with the North Sea oil market, providing equipment and structures for offshore installation. It might be considered that these firms have located in a place where logistically and from a management point of view they are able to access industry centres in and around Aberdeen, but from a labour market point of view they are in a less completive labour market. However it is noteworthy that McKellar's engineering fabricators have found it necessary to open a design office in Dyce, near Aberdeen and its airport.

Nevertheless Grantown-on-Spey remains the company's main production facility and head office. From a modest beginning in premises rented from the RAF, it has developed a 10-hectare purpose-built facility consisting of a 1,400 square metre fabrication shop and a 500 square metre machine shop, with office space, stores, stock yard and assembly area. Grantown also houses the firm's production, MRP, engineering, draughting function and have office accommodation for client inspectors and engineers. When the large scale construction yards at Ardersier closed in the early 1990s, the company successfully reoriented itself to cater for the growing subsea engineering sector.

Another example of a company in this sector is Hydrasun of Aviemore, an operation which was once 'Aviemore Engineering'. The factory is now part of a large group specialising in hydraulics and hoses for oil exploitation, particularly in offshore provinces (see picture).

Some of the projects are occasionally short-lived, leading to considerable fluctuations in both wealth generated and numbers employed within the cluster. Figure 76 and **Error! Reference source not found.** indicate that currently companies in the cluster employ 200 people and annually generate over £10m of wealth for the Park's economy.

Figure 76 **Other areas of the manufacturing and production sectors, employment**

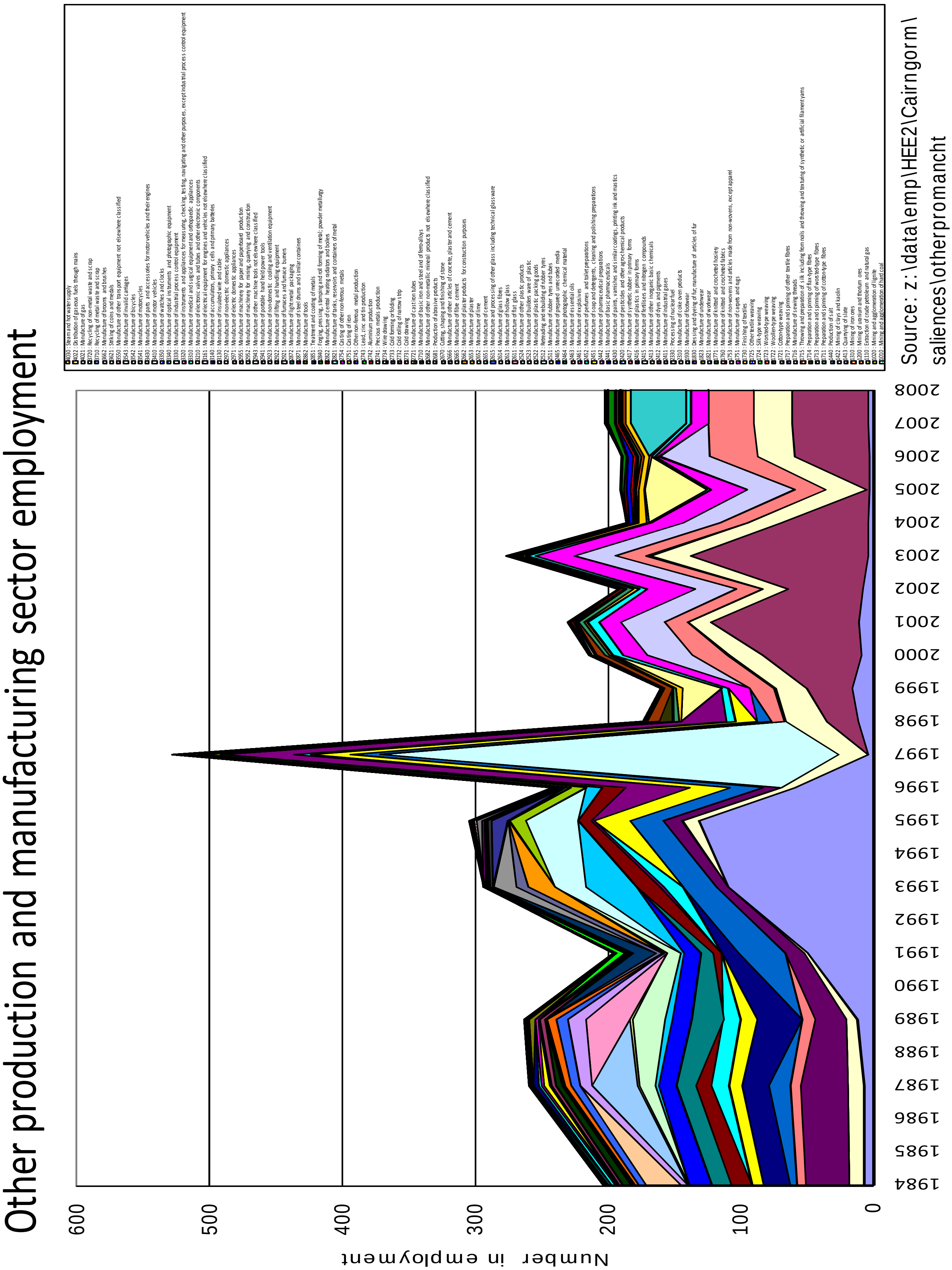
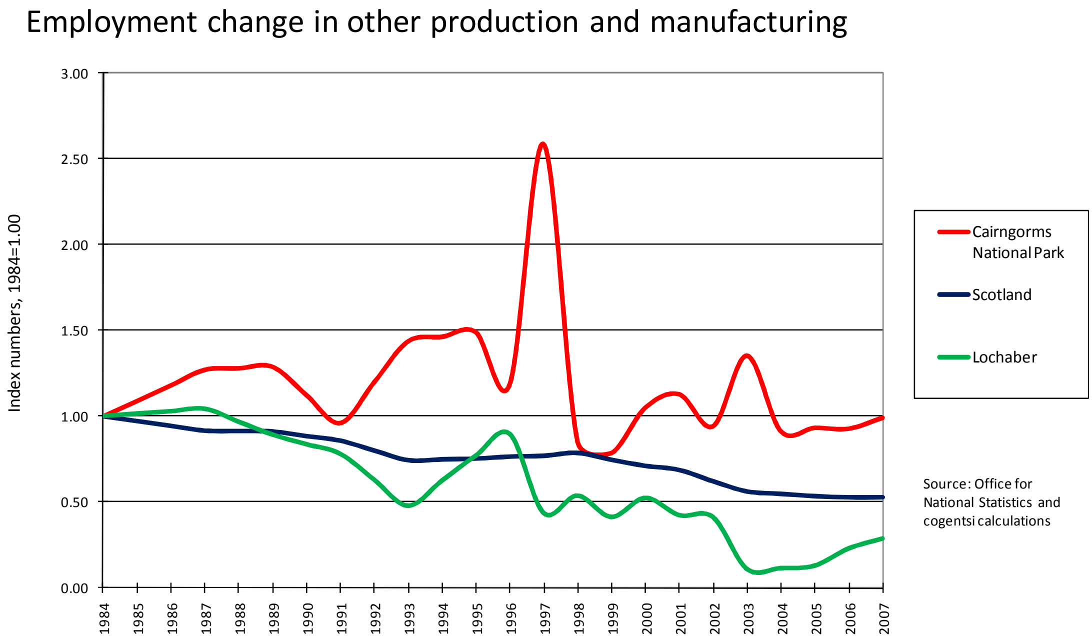
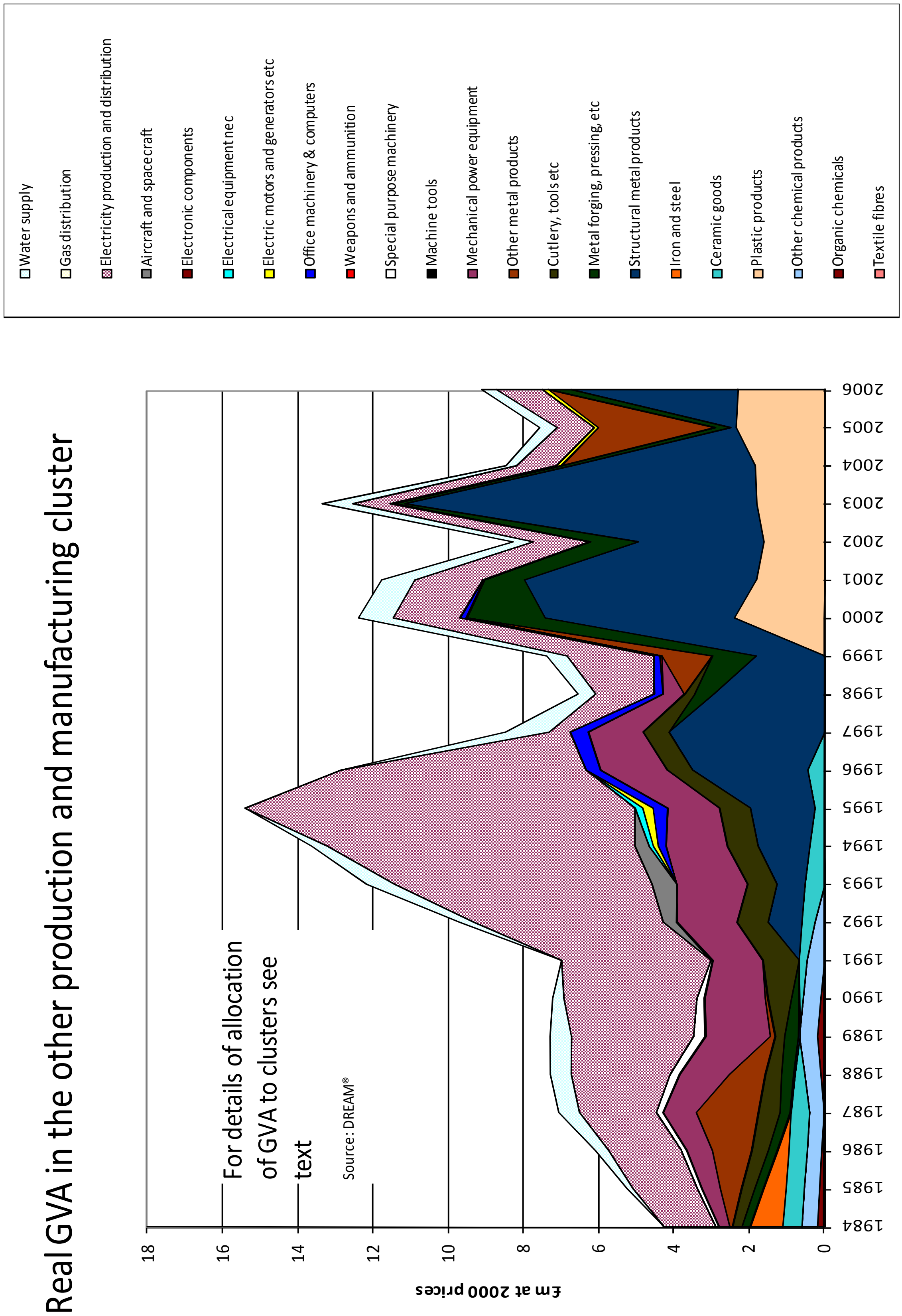


Figure 777 Other areas of the manufacturing and production sectors' gross value added



Despite these fluctuations manufacturing and production industries employment within the Park has been maintained over the past two decades. As Figure 78 shows, this compares favourably with the situation nationally where the number of jobs has halved, and with Lochaber where employment is now only a third of the level it was in the mid to late 1980s.

Figure 78 Employment trends in the other production and manufacturing industries cluster



8.7 Home ownership and construction

The great majority, more than three-quarters, of the economic benefit derived from the cluster of economic activities associated with building comes from the ownership of homes. In economic terms this is accounted as the 'letting of dwellings', even if most of what goes on is a purely notional transaction: owner occupiers 'letting' a house to themselves. The total of all housing rents, actual and notional, paid in the Park is about £60m, of which as much as £10m may be second homes: only Millport in the Cumbraes and Elie in Fife have a higher proportion of second homes than Aviemore, according to the 2001 Census. The expansion of the Park in recent years has generated a doubling in the size of the construction industry, as shown in Figure 79.

Figure 79 Home ownership and construction gross value added

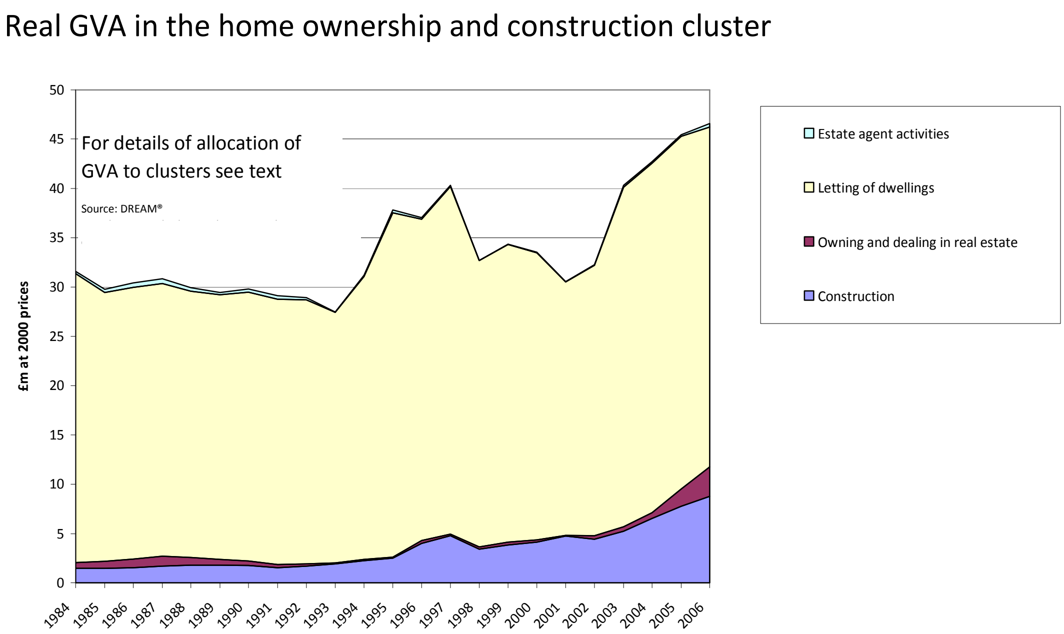
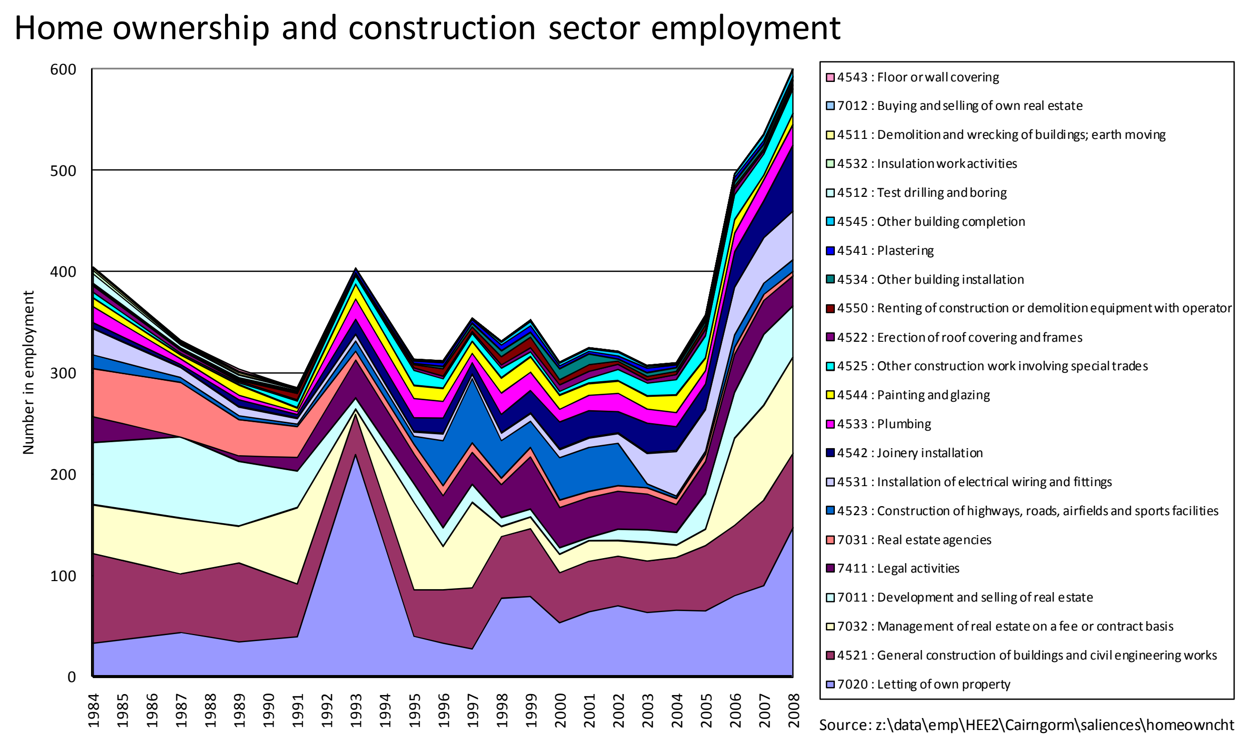
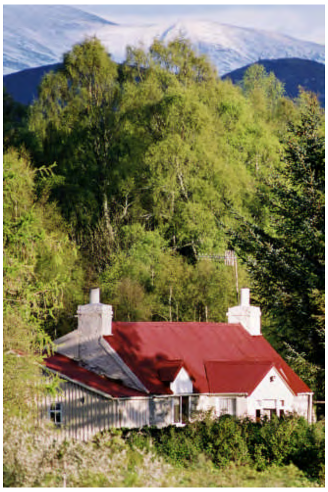


Figure 80 Home ownership and construction employment





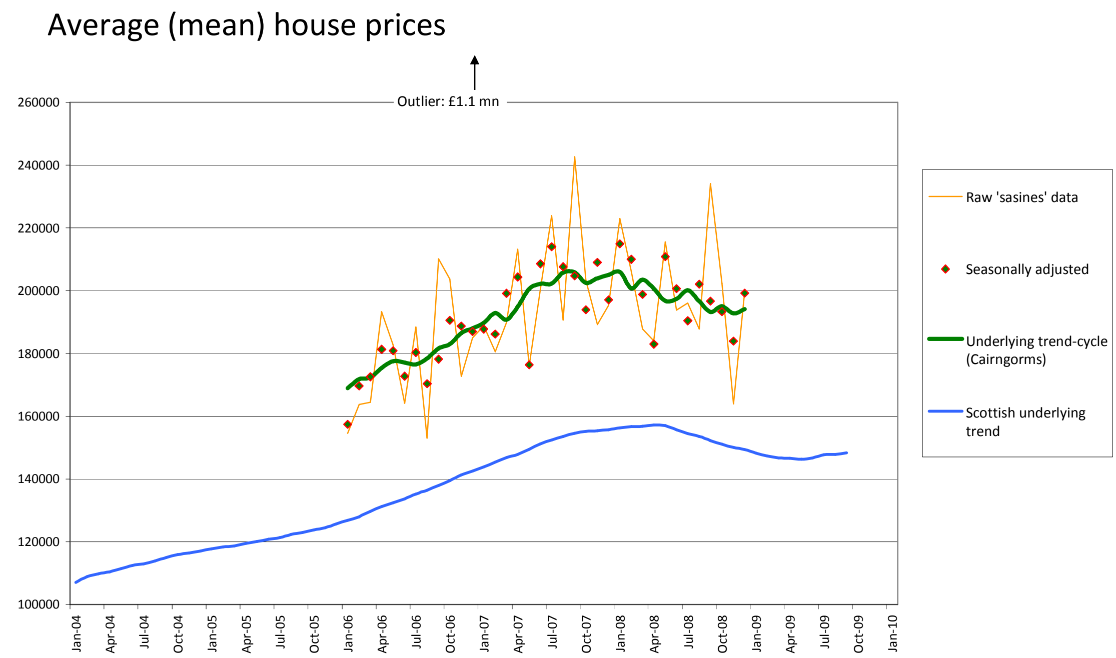
The housing market

There are more than 7,500 homes in the National Park area, with a value of more than £1.5 bn. Living in the National Park is seen as attractive and, for many people, a long-term commitment. This makes houses in the Cairngorms about a third more expensive, and market turnover normally rather slower than in Scotland as a whole. In terms of both house prices and transaction volume, the housing market in the National Park went into the recent recession about six to nine months earlier than Scotland as a whole.

The median value of houses sold in the Cairngorms National Park grew by seven per cent over the period January 2006 to December 2008[12]. In December 2008 a 'typical' house in the Park cost £158,000. However, because there are a small number of much more expensive houses changing hands, the *average* (mean) price was significantly higher, £205,000

Figure 81 shows the overall house prices trend in the Cairngorms National Park and the individual monthly house prices, both with and without seasonal adjustment[13]. It indicates a modest upward trend in prices until the summer of 2007, when prices started to fall, but more slowly than the rate experienced elsewhere in Britain in 2008. It is also clear that the monthly figures are quite erratic, which is primarily a consequence of the small number of transactions each month – between 20 and 50.

Figure 81 House prices peaked in August 2007



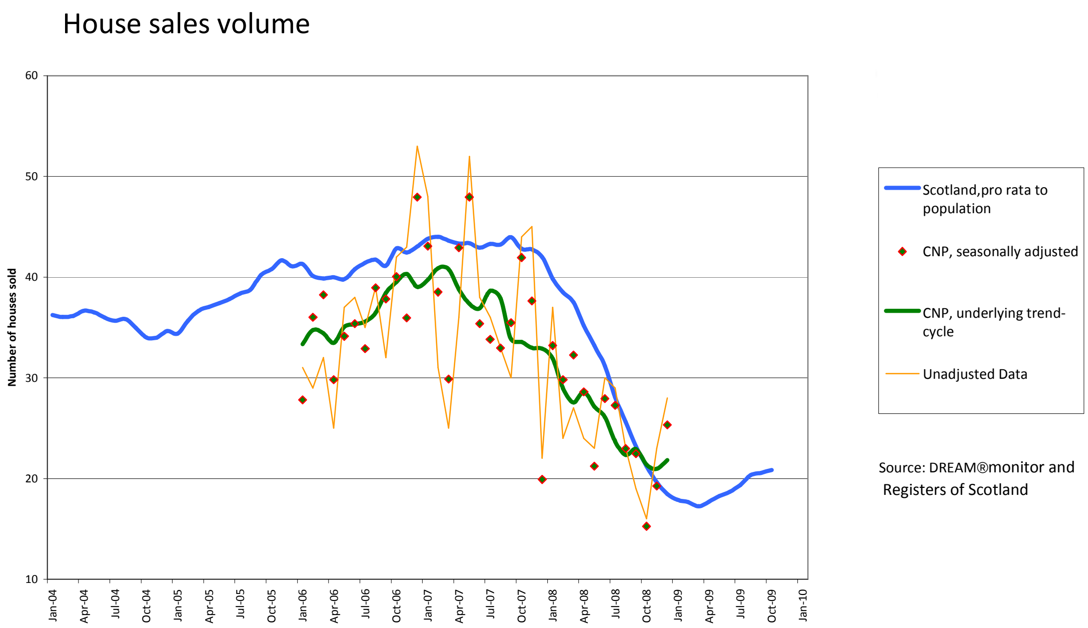
The number of housing transactions completed in the Park fell from 436 in 2006 and 440 in 2007 to 303 in 2008 – that is, by almost one third year-on-year. This reflects the movement across Scotland and the UK, but is less extreme than in parts of the country where property markets are considered newsworthy. Although less extreme, it is

[12] The median price is the middle of the price range for all houses that changed hands that month: half sold for more than the median, and half sold for less. The mean price, on the other hand, is calculated by adding up all the sales values, and dividing by the number of transactions. We have excluded four groups of transactions: those that appear to be gifts (eg changing hands for £1), those identified as being 'right to buy' sales, any others where there appears to be an error in the database, and some where the house value was several £million, and so distorted the mean.

[13] The CNPA receives the raw data from Registers of Scotland, for whole years and with a lag. At some small expense, it would be possible to commission a monthly or quarterly update.

notable that the fall-off in volume began six to nine months earlier than the national fall-off, and also that the fall-off in volume is proportionally much greater than the fall in prices.

Figure 82 In 2008 the housing market was less active than hitherto



It appears that more than a third of housing transactions represent the formation of a new household, typically a new build but sometimes a conversion.

Table 10 The housing market

Housing market transactions and values

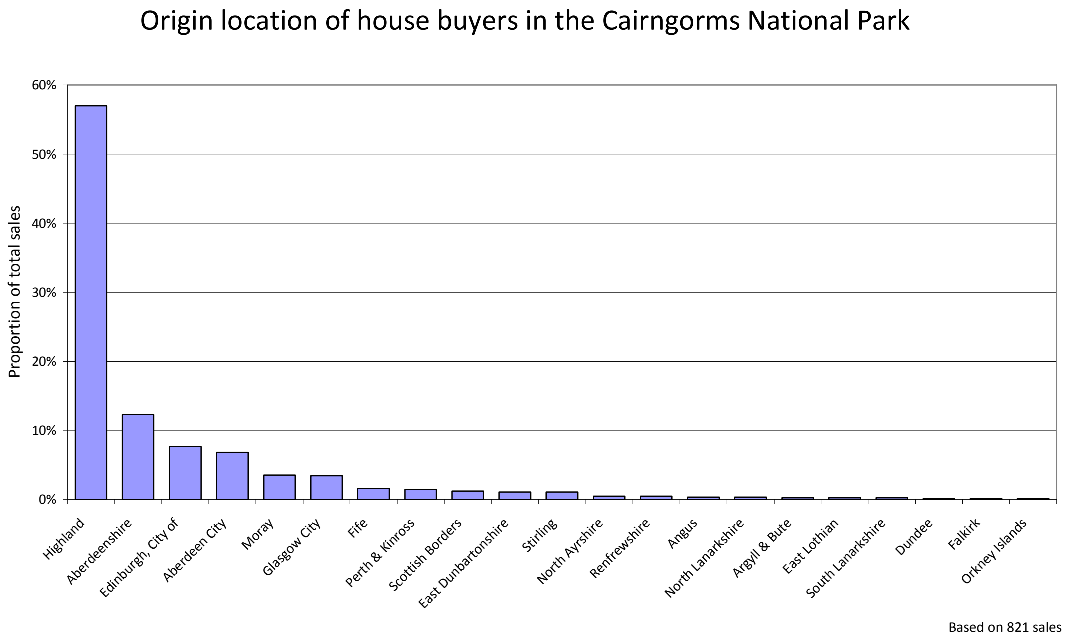
	2006	2007	2008
Mean House price (£000)	179.7	199.5	199.5
Number of transactions	436	440	303
Value of market turnover (£mn)	78.3	87.8	60.5
No of households	7350	7519	7632
Value of occupied stock 'marked to market' (£mn)	1320.7	1500.2	1522.7
Increase in households as % transactions	32%	38%	37%

Sources: Registers of Scotland and General Register Office of Scotland

The majority of people buying houses in the Cairngorms National Park are from the Highland Council Area (see Figure 83) and many from Aberdeenshire. Unfortunately it is not possible to distinguish from the published statistics how many of these are internal moves within the Park, and how many are outsiders moving in[14]. Around one in six homes in the area are purchased by people from major Scottish cities, most notably Edinburgh and Aberdeen. These are places with exceptionally high housing prices themselves, and high incomes. There are likely to be a number of second home purchases within the total, and also an element of 'equity release', with people cashing in capital gains on city houses and buying within the National Park, whether for retirement reasons or otherwise.

[14] This distinction could be drawn if special tabulations were commissioned from Registers of Scotland.

Figure 83 Where house buyers come from



Housing quality

Poor quality or inadequate housing can considerably lower the quality of life for its residents. The Scottish Index of Multiple Deprivation has used the number of people living in overcrowded accommodation and the numbers in households with no central heating as a measure of those suffering from housing deprivation. However, unfortunately there is no fresh data source since the Census in 2001, so the data predates the establishment of the Park.

It indicates that whilst there were no large concentrations of very poor housing, there was a sizeable proportion of the population living in housing which is below the norm for other parts of Scotland. At the time of the survey, a quarter (six) of the Park's 25 datazones suffered a level of housing deprivation which placed them amongst the 40 per cent of Scotland's localities which suffer greatest from housing deprivation (see Table 11).

The highest levels of housing deprivation were found in some of the more rural parts of the Park, particularly in Deeside and in Aviemore. Housing in the other settlements, by contrast, was more likely to be meeting reasonable minimum standards.

Table 11 Housing deprivation by locality

Data zone	Locality	Area	Housing domain rank
S01000312	Ballater town (south)	Deeside	2079
S01003755	Aviemore town (west)	Badenoch and Strathspey	2106
S01003750	Kingussie hinterland (north)	Badenoch and Strathspey	2136
S01000360	Strathdon	Deeside	2253
S01000303	Ballater hinterland	Deeside	2472
S01003754	Aviemore town (centre)	Badenoch and Strathspey	2550
S01003759	Boat of Garten	Badenoch and Strathspey	2679
S01005147	Blair Atholl	Highland Perthshire	2842
S01000710	Glen Clova	Angus Glens	3077
S01003766	Grantown on Spey town (centre)	Badenoch and Strathspey	3386
S01003743	Laggan / Dalwhinnie	Badenoch and Strathspey	3440
S01003756	Nethy Bridge	Badenoch and Strathspey	3492
S01004233	Tomintoul	Moray	3518
S01003772	Grantown on Spey hinterland (west)	Badenoch and Strathspey	3662
S01003751	Aviemore east / Glenmore	Badenoch and Strathspey	3687
S01003760	Carrbridge	Badenoch and Strathspey	3814
S01003771	Grantown on Spey hinterland (east)	Badenoch and Strathspey	4402
S01000301	Braemar	Deeside	4580
S01003748	Kingussie town (south)	Badenoch and Strathspey	4594
S01003747	Newtonmore town	Badenoch and Strathspey	4605
S01000708	Glen Isla	Angus Glens	4626
S01003764	Grantown on Spey town (south)	Badenoch and Strathspey	4873
S01003767	Grantown on Spey town (north)	Badenoch and Strathspey	4945
S01003749	Kingussie town (north)	Badenoch and Strathspey	5411
S01000316	Ballater town (north)	Deeside	5467

Source: Scottish Index of Multiple Deprivation 2009, Scottish Government. Ref: P240/SIMD/deprivation/SIMD2009 housingtab

Legend

Ranking *	Level of deprivation
1 up to 1301	Much greater than Scottish aveage
1302 up to 2602	Slightly greater than Scottish average
2603 up to 3903	Around Scottish average
3904 up to 5204	Slightly less than Scottish average
5205 up to 6505	Much less than Scottish average

* Ranking is out of 6505 datazones in Scotland

Housing affordability

The affordability of houses for people who want to, or are needed to, work in rural areas is frequently an issue. Figure 81 indicates that house prices in the Cairngorms are fairly consistently one third higher than the Scottish average. Later in this report, in Section 10.1, it is estimated that average earnings are less than three quarters of the Scottish norm. The consequence of this situation is that, on a simple calculation, for locally employed people houses are less than half as affordable in the Cairngorms as the Scottish average.

8.8 Public services: administration, health and education

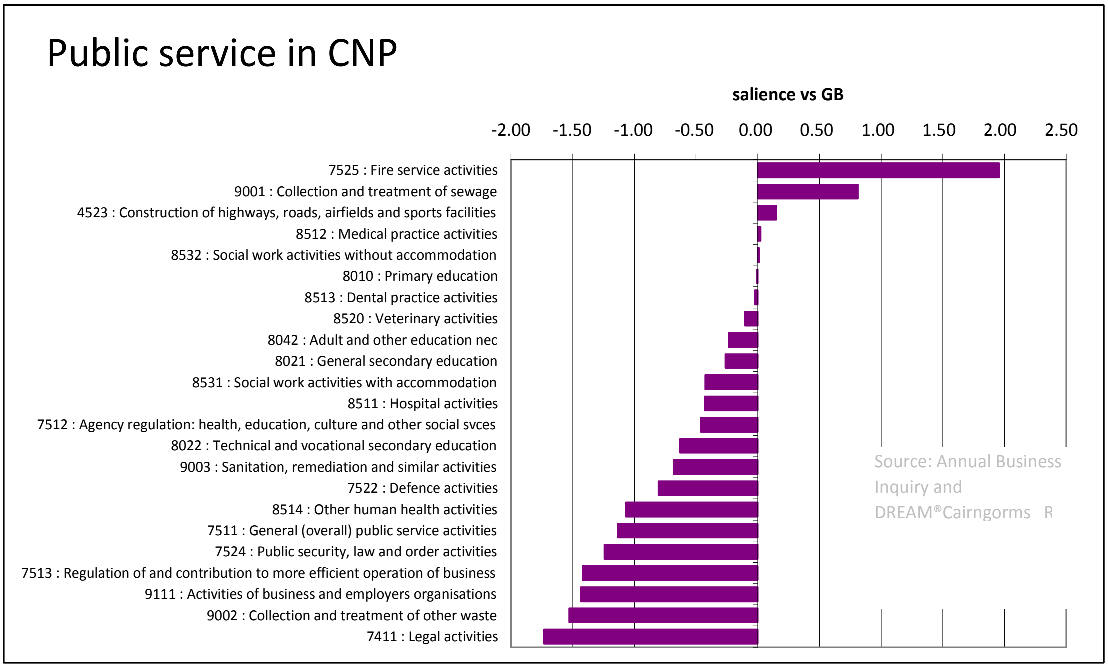
The Park has no significant centre of public administration, so the overall scale of public sector employment is very low. About 1,700 people are employed in public services.

In absolute terms the largest identified public sector employers are those providing very local personal services to less-mobile people: primary schools and health centres, with over 300 employees each. In comparative terms the fire services are by far the largest public services – paid volunteers counting as part-time employees – so the 12 stations dictated by the geography, the forests and other significant features each record around 12 employees. This is about seven times as many as would be normal for a community with this many people.

We have also included sewage collection and disposal as a public service, and it is over-represented by more than 100 per cent in the Park in employment terms, because dealing with non-connected sewage systems is much more labour-intensive than with connected systems. Infrastructure construction, whether under direct public control or simply as a key part of public spending, is over-represented slightly in terms of GB norms. However, although relatively big, neither sewage nor infrastructure-building employs more than two dozen people.

Regular medical practices, front line social services, primary education and dentists all employ numbers in line with national (GB) norms, somewhat surprisingly given the older-than-average age structure, and the geographical pressures on schooling which tend to reduce class size. Other public services are smaller-than-normal, and sometimes significantly so. Adult and secondary education, residential care, and hospital/clinic facilities employ between half and two thirds normal levels, and technical and tertiary education less than half. Locally, the other areas of the public sector in the Park employ fewer than a quarter of the norm for a community of this size.

Figure 84 A small and highly unusual public sector in the National Park

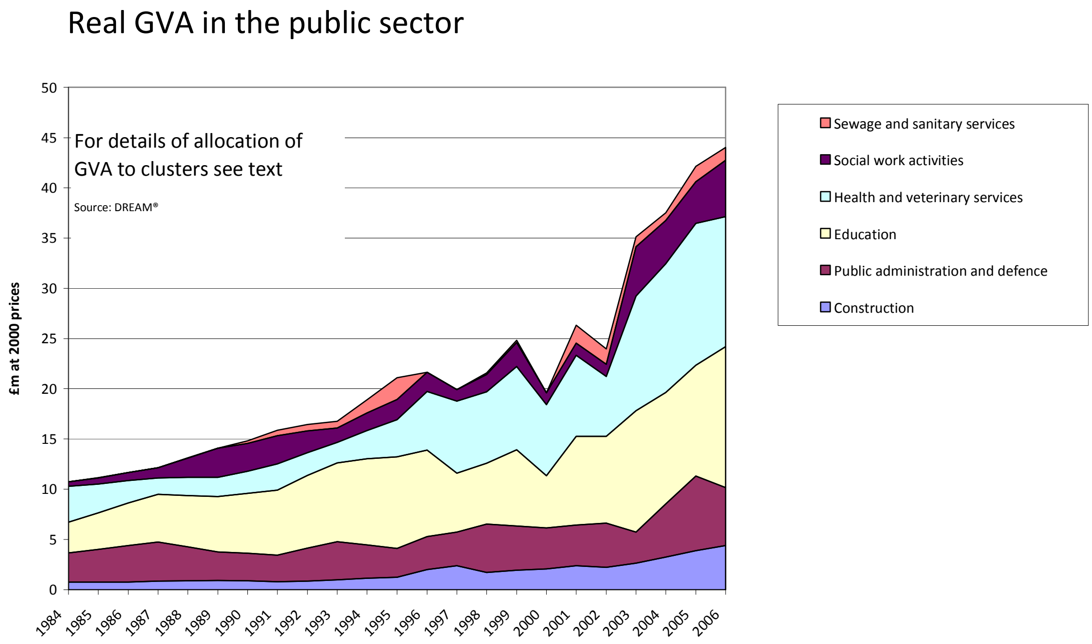


From an employment point of view the small size of the public sector means there are fewer jobs for highly qualified professionals. From a provision point of view the consequence is that for some public services Park residents are required to travel, normally to Inverness or Aberdeen, or to move away. The difficulty of access to these services is reflected in the one domain where the area is relatively deprived by Scottish norms – geographic access (see page

112). As well as the well documented youth out-migration, this is likely to be a factor in the net out-migration found amongst the over-70s.

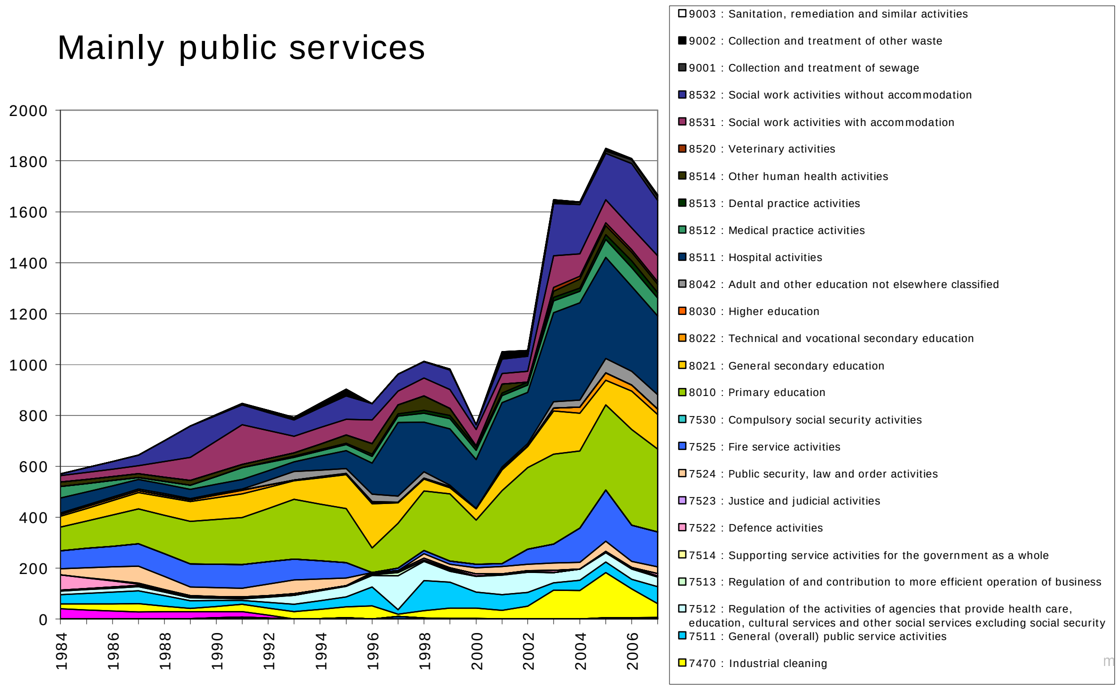
In assessing public sector GVA we have made some allowance for public sector investment by including a proportion (a quarter) of the construction industry's output. On this basis public sector GVA is currently running at about 16 per cent of the total GVA created in the Park.

Figure 85 Public sector gross value added



Employment has been added up on a strictly sectoral basis, and works out at about 19 per cent of employee-jobs. This includes a substantial number of part-timers.

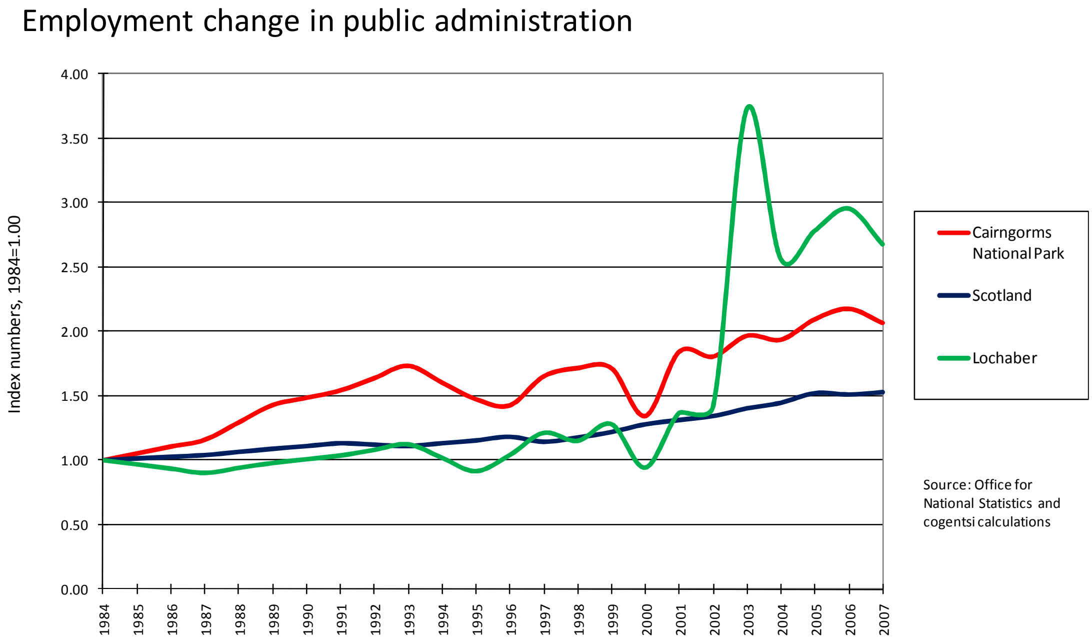
Figure 86 Public sector employment



Over a generation there has been significant growth in the public sector in the Park, as part of a long term upward trend, as shown in Figure 87.

Nevertheless the public share of the economy, as measured by the level of public sector employment and GVA, remains very low by Scottish standards, and doubly so if account is taken of the special situation of the fire services.

Figure 87 **Faster growth in public sector employment**



8.9 The 'domestic' economy of the Park – local private sector services and retailing

The Park contains three significant retail centres, Aviemore in the west, Grantown-on Spey to the north, and Ballater in the west.

Of these, only Grantown has ready comparators in other Scottish regions, with its broad stone built main street, several outlets geared for the trade that passes along the main road and tourist-trapping tearooms, but also a selection of specialised shops appropriate to a rural centre, and convenience stores and supermarkets.

Ballater is a retail centre By Royal Appointment, with a significant number of shops pitching their offering at a level designed to maintain their Royal Warrant. Some outlets aspiring to attain a Royal Warrant, and compete with those that have one, whilst a few others have opted for distinct bargain-oriented affordable marketing.

One shudders to think what Aviemore would be like without the A9 as a bypass. At busy times the road and pavements through the centre are crowded both with locals and visitors. They are served by about 60 outlets, with a floor area of about 10,000 square metres. Although in terms of population Aviemore itself is only one twentieth the size of Inverness, itself a thriving regional shopping centre, in terms of shopping it is between one sixth and one tenth the size. Recreational shops, particularly sports goods, are by far the most distinctive element of Aviemore's offering.