



APPENDIX I

INDUSTRIAL PORTFOLIO

ANNUAL REPORT 2016



1. Introduction

Over the past 4 decades Local Authorities, Central Government Agencies and other public organisations have provided and managed industrial land and buildings in Moray as part of a strategy to retain job opportunities and attract inward investment.

The public sector became involved because of the inability of the private sector to provide serviced industrial land and buildings to lease. This market failure arose as a result of the low returns on capital investment and the relatively high risks involved in the provision of industrial land and buildings to let, especially those for smaller businesses. Private speculative industrial development in Moray remains minimal with very few buildings or sites being created by the private sector. The few private developments are usually specialist buildings for owner occupation.

By providing industrial buildings for lease the Council gives new and existing businesses an opportunity to secure premises at reasonable cost in comparison to buying or building their own premises. This encourages economic growth in Moray by enabling businesses to secure premises without incurring substantial capital investment thus releasing capital to fund growth.

The Moray Local Plan incorporates Scottish Government National Planning Policy Guidelines on industrial land and sets targets for the allocation and provision of marketable land in the main towns (see Section 5 of this Report).

The Moray 2023 Plan and the Council's Corporate Plan identify promoting sustainable economic growth as a priority. The Council is assisting people and businesses in locating or growing in Moray by ensuring there is an adequate supply of business units and sites in suitable locations.

The Moray Economic Strategy sets out a long term economic diversification strategy for Moray, which includes the provision of serviced land ready for development to meet the needs of existing businesses and prospective inward investment, as well as identifying potential opportunities to refurbish/reconfigure industrial premises vacated through relocation/expansion.

2. The Objectives of the Industrial Portfolio

The policy objectives of the industrial portfolio are as follows:-

- a) To maintain an adequate supply of affordable premises in appropriate locations within Moray;
- b) To minimise the number of vacant properties as far as is consistent with current market conditions; and
- c) To maximise overall rental income and thereby minimise the cost of the service.

3. The Industrial Portfolio

The Moray Council's industrial portfolio comprises a range of industrial land and buildings throughout Moray including all of the principal settlements. At 31 March 2016, the Council's industrial portfolio comprised 166 industrial buildings with a total floor area of 33,261m²; 124 development and ground leases with a total site area of 18.88 hectares (46.6 acres) and a stock of serviced and unserviced land for future development totalling 8.01 hectares (19.8 acres). An analysis of the distribution of industrial buildings, industrial sites and development land in Moray is detailed in **APPENDIX II**.

4. Performance of the Industrial Portfolio

a) Rental Income

In recent years the rental income generated from the portfolio has increased steadily. The total rental income for the past 4 years is:-

2012/2013	£1,190,000
2013/2014	£1,336,000
2014/2015	£1,422,000
2015/2016	£1,607,000

APPENDIX III illustrates the gross rental income generated by the industrial portfolio over the period 2008-2015.

The increase in rental income in 2015/16 was mainly due to lettings of new sites and units, as well as rent increases on existing properties. The Council's decision to use 3 properties at Chanonry Business Centre as a store for aid to Syrian refugees has reduced the portfolio's net income by around £15,000 per annum. Nonetheless it is expected that rental income will continue to grow as new units have recently been completed and rental levels continue to rise.

It is very difficult to compare the rental of the industrial portfolio objectively over a number of years as its composition changes due to the sale of properties, addition of new properties and the refurbishment and repair of existing properties. However **APPENDIX IV** shows the increases in rental achieved at rent review for industrial premises (3 yearly rent reviews) and for industrial sites (5 yearly rent reviews), compared to the Retail Prices Index over the corresponding periods.

Officers have received queries from members periodically about rent reviews of properties in their wards. As such the policy/procedure for rent reviews is set out on **APPENDIX IX**.

The level of rent and insurance (over 28 days old) at financial year end outstanding 2015/16 was £78,807. The % debt on this basis for the last three years is:-

2015/16 - 4.9%
2014/15 - 4.2%
2013/14 - 4.7%

Estates staff are working constructively with tenants to minimise arrears and assist businesses tackle the issues causing arrears.

The biggest debtor leases a unit in Keith and Estates staff are working with the company to facilitate repayment of their arrears, as well as the development of their new technology and creation of around 20 high value jobs.

b) Occupancy Levels

Occupancy levels of industrial land and buildings in Moray continue to remain high with only 5 buildings vacant at 31 March 2016, giving a floor area occupancy level of 98.66% compared to a target of 80%. The occupancy levels of Council industrial buildings in recent years are set out below:-

Year	% of floorspace occupied	% of buildings occupied
2011/12	92.7%	94.5%
2012/13	91.2%	93.4%
2013/14	91.8%	91.8%
2014/15	84.8%*	93.9%
2015/16	98.66%	96.99%

* The floor area occupancy figures for 2014/15 were skewed as a result of the sawmill operator at Waterford Circle in Forres entering administration and its property, which is by far the largest in the portfolio, reverting to the Council. A lease of the property has however now been concluded to a company working on the upgrade of the Aberdeen-Inverness railway.

With the present high levels of occupancy, there are very few vacant properties available to meet the demands of new and incoming businesses throughout Moray.

APPENDICES V, VI and VII give an analysis of vacant/occupied floor space by settlement and size, as at 31 March 2016.

APPENDIX VIII identifies all the buildings that were vacant as at 31 March 2016, their current status and the length of time they have been unoccupied.

c) Capital Receipts

The sale of industrial land and buildings has generated capital receipts to the Council over the past 3 years as follows:-

2013/2014	£220,000
2014/15	£112,000
2015/16	£21,500

d) Expenditure

In recent years the Council has invested in general upgrading works to the Industrial Portfolio. During 2015/16 the Council invested £76,000 of revenue and £898,000 of capital in the Industrial Portfolio and in supporting industrial development in Moray through the following projects:-

1. Construction of five new business units at Waterford Circle, Forres
2. Completion of two new business units at Burghead Harbour
3. Purchase of 11 March Road East, Buckie
4. Provision of access roadway and services to development site at Westerton Road South, Keith
5. Upgrading of estate road at Waterford Circle, Forres
6. Upgrading of estate road at Dufftown Industrial Estate
7. Erecting security fencing at development site at Waterford Circle, Forres
8. Miscellaneous repairs, maintenance and minor improvements at various locations

e) Rate of Return

The asset value of the industrial portfolio as at 31 March 2016 totalled £18.6M. The gross rental income for the year 2015/2016 was £1,607,000. After deduction of property running costs, plus staff and administrative costs the net rental income was £1,269,000, which represented a return on capital of 6.82%. The rate of return is reported exclusive of capital financing and some staff costs.

This is a decrease on the rate of return of 7.93% in 2014/15, but exceeds the target rate of return of 5.75% approved by the Council in 2006. The costs of managing the portfolio fell marginally in 2015/16 and as detailed above the rental income grew significantly. The fall in the rate of return over the figure reported in 2014/15 is due to the asset value of the portfolio increasing by £5 million (mainly due to its 5 yearly re-valuation, but also including additions of the new properties which were completed / purchased in 2015/16 and some assets transferred into the Industrial Portfolio).

For many years vacant industrial properties have received 100% empty property rates relief. However the regulations changed with effect from 1 April 2016, so that now vacant industrial property receives 100% rates relief for 3 months, but thereafter is liable for 90% of the full rates. The Council has very few vacant industrial properties and most that are vacated are quickly re-let. As such the changes will not be a major financial burden for the portfolio in the short term. However officers will closely monitor the situation and the potential additional costs of meeting the objective of the portfolio of providing a supply of affordable properties.

5. **Industrial Land Supply in Moray - Public and Private Sector**

Development rates over the past 5 years have shown a steady take up of land and although sufficient industrial land was allocated in the Moray Local Plan

2008 to satisfy the medium to long term economic growth in most of the main settlements, as previously forecast there is now an acute shortage of serviced land ready for development in a number of locations throughout Moray. A number of sites have not been developed because of constraints and/or landowners unwillingness to sell sites for prices reflecting industrial use/values.

The Moray Local Development Plan 2015 provides for additional allocations of employment land, particularly in Buckie (7.89 hectares), Elgin (12.34 hectares) and Forres (27.3 hectares), whilst the Moray Economic Strategy and the Moray 2023 Plan identify the need for the provision of additional serviced industrial land and buildings across Moray to meet business needs.

Scottish Planning Policy (SPP) requires that the supply of marketable employment sites be regularly reviewed. The aim is to ensure there is sufficient supply of land to meet current and anticipated market requirements. SPP requires Planning Authorities to ensure that there is a range and choice of marketable sites and locations for businesses allocated in the local development plan. The levels of effective/marketable employment land and take up of land are National Headline Indicators returned annually in the Planning Performance Framework to the Scottish Government.

The Moray Economic Strategy highlights the shortage of serviced land ready for development.

The provision of new industrial development sites is not generally viable in purely financial terms, particularly when there is little existing infrastructure in the vicinity, hence the private sector has been reluctant to get involved, except with substantial public sector support. The Council's predecessors acquired substantial areas of land with potential for commercial development in the 1970s and 1980s which were developed as demand dictated and funds were made available. Given the current severe shortage of serviced industrial development land in Moray officers are working to identify opportunities to secure a supply of land for the short, medium and long term.

The assessments of the market for industrial property in Section 6 below give details of local situations, whilst Sections 8 and 9 give details of proposals to address matters.

6. Local Reports

Elgin

Demand for industrial buildings in Elgin has remained strong over the past year, with all but 1 of the Council's units let as at 31 March 2016.

Although the Council invested significantly in recent years in upfiling and servicing land at Chanonry as a result of developer interest (including a new regional depot for Scottish and Southern Electricity) only 3 hectares of serviced development land is still available. This includes 0.56 hectares at Grampian Road and 0.95 hectares at Chanonry, being utilised by the Elgin Flood Team, as its operations base and as a contractor's compound respectively. Both are zoned for industrial uses in the Local Plan and it is intended to prepare each for industrial development once they are vacated - expected later in 2016/17.

There is currently a further 0.95 hectares of low lying, unserviced land available at Chanonry, but this will be very difficult/expensive to access or service.

Privately there is a 3.2 hectare site at Linkwood East which has been partially serviced and developed, leaving a net developable area of approximately 2.5 hectares, although a sizeable area of that is likely to be required for access roads and for landscaping along the A96. Accordingly there is currently approximately only 5.47 hectares of developable land in Elgin. It should also be noted that the land at Linkwood East is being marketed as general commercial development sites, for uses such as retail, leisure, fast food, office and hotel and is unlikely to be made available for general industrial uses.

The provision of a Business Park for Elgin is a key feature of the Moray Economic Strategy and the Moray Local Plan 2015 makes designations for Business Parks, the largest being at Barmuckity which achieved planning consent in July 2011 for construction of a junction with the A96 and internal access roads; with a smaller site in Council ownership opposite the Eight Acres Hotel. These are intended for activities that require a higher environmental setting than standard industrial estates, although 30 hectares of the Barmuckity site is intended for general industrial uses, potentially providing a significant supply of commercial development land.

Previous public/private sector efforts to provide infrastructure at Barmuckity failed to materialise, however it is understood that discussions are now taking place between Highlands and Islands Enterprise, a local developer and the landowner as to whether development can be taken forward.

Studies indicate that the very high servicing/infrastructure costs make development of the site opposite the Eight Acres Hotel on West Road, Elgin unviable.

The Moray Local Plan 2015 designates approximately 12 hectares to the north of the town for business uses of an office/research and light industrial nature and the landowner is considering plans to develop the area.

Forres

Demand for industrial units in Forres remains strong with high occupancy rates for industrial units and very little turnover of tenants. The demand from businesses can not be met at present.

This demand/supply imbalance for smaller units has been exacerbated by occupiers taking a number of units and the lack of development land to meet the needs of those tenants who might otherwise have developed and relocated to their own premises.

Five new small business units (3 x 70m² & 2 x 110m² units, plus adjacent yard space) were constructed at Waterford Circle in 2015/16 to meet demand in the town. These were completed in April 2016, 4 were pre-let and the fifth unit is under offer.

At Waterford Circle the two remaining development sites (totalling approximately 0.33 hectares) are both under offer and expected to be let soon.

Greshop Industrial Estate has seen most of the town's industrial development over the past 20 years - the last remaining small development site was recently let and will complete development of the estate.

The former Moray Timber sawmill has been leased to Network Rail to use as a depot whilst carrying out upgrading works to the Aberdeen – Inverness railway.

Network Rail's proposals include stopping up the current level crossing at Waterford Road and constructing a new bridge over the railway to the west of the former Moray Timber building. This will provide improved access to the existing businesses at Waterford as well as potentially opening up further land in private ownership for development.

Officers are in discussions with land owners in Forres with a view to bringing forward proposals for the purchase of a long term supply of land for industrial/business use.

Investigations are underway into the potential for new land to be allocated at Waterford, whilst Highlands and Islands Enterprise (HIE) has invested heavily in the Enterprise Park at Forres, part of which has Enterprise Zone status. Around 13 hectares of land is available for development and HIE has prepared a masterplan for the area which includes provision for light industrial uses, subject to suitable screening/landscaping. HIE are keen to sell or lease land to the Council.

As reported previously, a privately owned site located to the north of the A96 was designated for general industrial development in the Moray Local Plan 2008; however development of this site has not been taken forward. It is believed to be very difficult to service and hence development may be economically unviable. Additional adjacent land, which is considered could be more easily developed, has been allocated for industrial development in the Moray Local Development Plan 2015 – this may help unlock development of the originally zoned land.

Buckie

Demand for premises remains strong - in the last year the Council has completed the development of 2 new multipurpose business units (each approximately 165m²) and 4 small sheds (each approximately 40m²) at Station Yard and the D.L.O. relocated from 4 units at March Road East. Eight of these ten buildings are now let or under offer.

The sole remaining development site (0.39 hectares) is constrained both by proximity to housing and by required landscaping areas, which reduce the developable area to approximately 0.32 hectares. Officers are considering options to facilitate productive use of this site.

The Council expects to shortly complete the purchase of a privately owned site designated for industrial development in the Local Plan to the south of March Road Industrial Estate, adjacent to the Waste Water Treatment Plant. This land

has the potential to create approximately 14 hectares of serviced land, which would provide a long-term supply for future development and create a site capable of facilitating a large inward investment development of a commercial/industrial nature. Council officers are developing a design for providing a first phase of infrastructure to create serviced development sites and the Council has allocated capital monies for this purpose. This will include a site for a local engineering firm seeking approximately 1 hectare for expansion.

In addition, in 2015/16, the Council purchased a serviced 0.28 hectare site also at March Road East, previously occupied by a bus company, which was let immediately after purchase.

Keith

There is continuing strong demand for smaller industrial premises in Keith, with all but 1 of the Council's units occupied as at 31 March 2016.

As part of a review of the Council's depots in East Moray, office, workshop and storage accommodation is expected to be vacated shortly at Balloch Road and following minor refurbishment works it will initially be marketed as a single industrial depot property. Officers will monitor interest and if required will consider options for subdivision.

Isla Bank Mills Estate has historically lagged other industrial estates in terms of occupancy levels. However works in recent years to reduce the flood risk and upgrade individual units and common areas/infrastructure has led to it now being effectively fully occupied. Unit C is vacant, but is under offer and expected to be let immediately upon completion of the current refurbishment works. Unit W is a low specification 437m² warehouse at Isla Bank, which will be vacated as part of the review of Council's Depots - the unit will be marketed shortly and officers are hopeful of tenant demand.

As a result of the high levels of occupancy at Isla Bank the existing vehicle parking provision is under ongoing review. Various options have been considered and relining of parking bays will be undertaken shortly to create a small number of additional spaces. Officers will continue to monitor the situation and options to meet parking needs.

All of the Council's serviced sites at Westerton Road North are now let. However in order to meet continuing interest from businesses for industrial sites and development land the Council has recently completed the construction of a new road and services to provide serviced development land at Westerton Road South. All 4 sites totalling 0.78 hectares (1.93 acres) have been let on a short term basis and will continue to be marketed with a view to securing developer interest and long term tenants.

The unserviced land at Isla Bank extending to 1.84 hectares is subject to flooding and is likely undevelopable without major investment in terms of servicing and flood protection.

Lossiemouth

Demand for standard industrial buildings in Lossiemouth, has remained strong over the past year, with only 1 of the small offices in the Business Centre vacant

at 31 March 2016. A local business has obtained planning consent to erect one large workshop unit at Coulardbank Industrial Estate on a site leased from the Council, which will allow him to release 3 or 4 of his smaller units, also built on Council land, for lease to small businesses. Another business has started to construct two small workshop units for its own use on a site leased from the Council.

The supply of serviced industrial development land is now exhausted and although there has been a reduction in enquiries for industrial land in recent years, this is believed to reflect the lack of sites ready for development more than a slowing of the market. A site (in private ownership) to the south of the town is designated in the Moray Local Development Plan for industrial, business park and retail uses. It is unlikely to be developed for industrial or business park use unless it is serviced as a result of adjacent retail development.

The provision of additional development sites land in Elgin would assist to meet demand for sites in the Lossiemouth area.

Other Settlements

All industrial units in Dufftown, Rothes, Mosstodloch and Lhanbryde are fully let and demand remains strong, particularly in Lhanbryde and Rothes. Two new business units have recently been completed at Burghead Harbour – one is let and the other is under offer.

2.24 hectares of unserviced industrial development land has been available at Lhanbryde Industrial Estate for many years with no developer interest. The development of this area for industrial purposes would likely require significant road improvements at the junction of Garmouth Road and St. Andrews Road. The Moray Local Development Plan designates this area as an Opportunity Site where support would be given to community uses, business, industrial, residential, or use as a cemetery. Part of the site has been identified by the Council for a new complex needs building and the remainder as a potential social housing development. Alternative sites may require to be investigated if further industrial development in Lhanbryde is required.

Recent discussions with businesses in Speyside have indicated demand for serviced sites in Rothes. A site at the Greens of Rothes identified in the Moray Local Development Plan as an Opportunity Site was investigated for development by a local business, the Council and Highlands and Islands Enterprise, but agreement could not be reached with the landowner. However a large local business is believed to have acquired land to the north of the town to facilitate its expansion. The company believes it is unlikely to require all their land and Council officers will continue to monitor opportunities to acquire land at this location.

7. Future Trends for the Council's Industrial Portfolio

- a) Occupation levels in the industrial portfolio remain at a very high level with demand for premises in most settlements in Moray outstripping supply. Although there are signs of a slight slowing of demand in East Moray (perhaps due to the recent downturn in the oil industry) barring an

unforeseen change of circumstance in the local economy, occupancy levels will continue to remain generally high in the short/medium term.

- b) A number of the Council's properties are occupied by Council services. Where opportunities arise officers will seek to relocate Council services to free the properties for letting to private enterprises.
- c) There is a shortage of serviced land ready for development across Moray. However as part of a programme of proposals to secure land in various locations the purchase of a long term supply of land in Buckie is due to complete shortly. Meanwhile officers are actively exploring opportunities to expand industrial land provision in Forres and Rothes. The lack of serviced development land in Elgin has been accentuated by the difficulties of developing a Business Park at Barmuckity, although this is currently being re-visited. Meantime Council officers are in discussions with a local developer investigating the potential to develop employment land to the north of the town.
- d) Although larger companies appear generally able to finance property development for their own occupation, small businesses are experiencing great difficulties securing development finance for both self build projects and to provide properties for lease.
- e) Rental levels have increased steadily in recent years. Although rents are expected to continue to rise, there are signs of a levelling of the rate of rental growth of industrial units and it is anticipated that future rental increases may be lower than experienced over the last 10 years in certain locations. The rental income generated by the industrial portfolio is however being boosted by the 19 new business units completed in the last 3 years.
- f) A significant amount of the portfolio was provided during the 1960s and 1970s and condition surveys are used to identify backlog maintenance/repair. Although tenants are obliged to carry out some of the outstanding repairs/maintenance where their leases include an obligation to maintain and repair their properties, some of the outstanding works, particularly those of an inherent nature, due to the age of the property require to be addressed by the Council - an ongoing refurbishment programme is in place to ensure the portfolio continues to meet the needs of businesses.
- g) Whilst the revenue repairs budget is sufficient at present to meet ongoing repairs and maintenance needs, as the portfolio expands and the newer units age, there will likely be a future requirement to increase the revenue repairs budget.
- h) Inspection of the Industrial Portfolio's private estate roads and parking areas in 2013 revealed that nearly half of these areas require works within 4 years to ensure businesses on estates can continue to access their properties and to avoid claims against the Council for damage to vehicles. A prioritised programme has seen the roadways at Greshop Industrial Estate, Forres, Mosstodloch Industrial Estate, Isla Bank Mills, Keith and Dufftown Industrial Estate upgraded in the last 3 years. In addition works to upgrade the estate

road at Waterford Circle, Forres were completed in April 2016. Most of the other repairs are comparatively minor and are being carried out as revenue repairs, at an annual cost in the region of £15,000 to £20,000 per year.

In the medium to long term it is expected that more substantial investment will be required to maintain the integrity of the estate roads.

- i) Currently Energy Performance Certificates (EPCs) are required for properties for lease above 50m² which meet certain criteria (mainly the presence of heating systems in buildings). However the Energy Act 2011 enables regulations to be passed which would prohibit the letting of properties with poor EPC ratings (currently thought likely to be set at ratings above E). In England and Wales the new regime is expected to take effect in 2018, whilst it is less clear at present as to when the Scottish Government will introduce the regulations. Officers are monitoring the development of these regulations, which would potentially impact on approximately 35 units and will investigate cost effective means of complying.
- j) Mosstodloch Industrial Estate has suffered flooding on several occasions during periods of exceptional rainfall, despite significant investment by the Council in upgrading the surface water drainage system. Officers are working with Highlands and Islands Enterprise and businesses in the vicinity, to identify a solution.
- k) In ensuring the portfolio remains responsive to needs, the Council will continue to consider acquiring/adding property which assists the objectives of the industrial portfolio and the sale of properties which no longer support the objectives of the industrial portfolio.
- l) From 1 April 2016 industrial properties no longer benefit from 100% empty property rates relief after an initial 3 month vacant period. Despite the low vacancy rates this will inevitably result in additional costs to the portfolio and officers will closely monitor the situation.

8. Development Projects

Updates on outstanding projects previously approved by the Economic Development and Infrastructure Services Committee are provided below.

1. Continue to make provision for refurbishment and maintenance works to the Industrial Portfolio.

The Industrial Estates Revenue Budget contains an element of £70,185 for repairs, maintenance, minor development and improvement works in the revenue plan for 2016/17 and a programme of minor works is being progressed. This includes road repairs, landscaping, fencing/gates and external lighting improvements at various locations.

2. Provision of new Business Units at Waterford Circle, Forres

Four small general purpose industrial units suitable for a variety of businesses uses, at Waterford Circle Industrial Estate, were completed in

December 2014. The 2nd phase development of a further 5 small multi-purpose industrial units was completed in April 2016 within budget. Four units were pre-let to private businesses and the fifth is under offer. A post project review shows a rate of return of 7% compared to the pre project estimate of 6.35%.

3. Upgrading of Roadways at Waterford Circle Industrial Estate, Forres

This project followed the completion of the 2nd phase of new industrial units and was completed in May 2016, within budget.

4. Consideration should be given to the provision/acquisition and servicing of land for further industrial development in Forres.

The 14.93 hectares site on the north-eastern edge of town identified in the Moray Local Plan 2008 has not been developed, but an additional provision has been zoned in the new Moray Local Development Plan. Highlands and Islands Enterprise has approximately 13 hectares of serviced land available at the Forres Enterprise Park suitable for businesses with higher design and amenity requirements than traditional industrial uses, although the company has indicated that it may now be amenable to more general light engineering uses.

Network Rail intends to construct a new road link from the A96 to Waterford Industrial Estate, which as well as improving access to existing properties may create opportunities to service additional land. Officers are in active discussions with land owners in Forres to identify opportunities to acquire land and will bring forward proposals through the Council's capital planning process.

5. New Service Road at Westerton Road South, Keith

The development of an access road into the 1 hectare (2.3 acres) field lying to the south of Westerton Road South, to provide serviced sites for businesses seeking to erect their own custom built buildings, is now complete and all 4 new serviced sites have been let.

6. Investigate the provision of serviced industrial development land in East Moray

The former bus depot at 11 March Road East, Buckie was purchased by the Council in January 2016 and is now let to a construction and plant hire company.

Terms for the purchase of 17.8 hectares of land at March Road East, Buckie have been provisionally agreed and the acquisition is expected to complete shortly. In addition the Council has approved funding for the initial servicing of part of the site.

7. Provision of serviced industrial development land in Elgin

Officers are investigating options for the provision of a long term supply of industrial development land in Elgin and accommodation works required to provide serviced industrial development sites, utilising the Council's land which will shortly become available after completion of the Elgin Flood Scheme.

8. Provision of serviced industrial development land in other locations

Land to the north of Rothes was recently acquired by a large manufacturing business and officers are in discussions with the company about utilising any land it does not require.

9. 2016/17 Proposals

It is projected that the current capital programme will be delivered within the approved budget and it is proposed that the following projects be added to the programme for 2016/17:-

- a) Investigate provision of new sites in Elgin, Forres and Speyside.
- b) Re-roof units C and X Isla Bank, Keith
- c) Refurbishment of former lifeboat shed at 17 Low Street, Buckie
- d) Drainage solution at Mosstodloch Industrial Estate
- e) Drainage solution at Isla Bank, Keith
- f) Investigations and design of industrial estate expansion at March Road East, Buckie

A detailed report on the industrial development programme for 2016/17 will be presented to the Economic Development and Infrastructure Services Committee.

10. Future Projects

The existing capital budget for industrial development is sufficient to progress the current development projects - excepting the provision of development land in Forres and Speyside) and there is a need for the provision of more serviced industrial land, as well as small business units in various locations in Moray.

Many of the above projects are financially viable because they utilise previous public sector investment in infrastructure at the Council's industrial estates in the 1970's and 1980's. It is unlikely that there will be any significant new provision of serviced development land and business units, to address current shortages, without further major public sector investment, as the costs of such projects outweigh the risks and returns.

In March/April 2016 the Council carried out a Property Demand Study in partnership with Highlands and Islands Enterprise, Business Gateway and the Chamber of Commerce – this showed continuing demand for additional serviced sites and units, particularly in Elgin and Forres.

The Council will continue to explore opportunities with private/public sector partners and proposals for future development of the industrial portfolio will be brought forward through the Council's asset management and capital planning processes.

