

## ADDITIONAL CIRCULATION

# ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

To: Councillor Jenny Laing, Chairperson; Councillor Jim Gifford; Vice Chairperson; Councillors Marie Boulton and Douglas Lumsden; Councillors Peter Argyle and Gwyneth Petrie; Professor Stephen Logan, Mr Patrick Machray OBE and Sir Ian Wood.

Aberdeen City Council Substitute Members:- Councillors Gordon Graham, Alex Nicoll and Ian Yuill

Aberdeenshire Council Substitute Members:- Councillors John Cox, Allison Evison and Ann Ross

ONE Substitute Members:- Jennifer Crow, Trevor Garlick and John Harper.

*Please note that a substitute member may only participate in the meeting when a substantive member is absent.*

Town House,  
ABERDEEN 22 July 2020

## ABERDEEN CITY REGION DEAL JOINT COMMITTEE

The undernoted item(s) are circulated in connection with the meeting of the **ABERDEEN CITY REGION DEAL JOINT COMMITTEE** to be held here in **Virtual - Remote Meeting on FRIDAY, 24 JULY 2020 at 9.30 am.**

FRASER BELL  
CHIEF OFFICER - GOVERNANCE

### **BUSINESS**

- 6 ACRD Funding Update with UK and Scottish Governments (Pages 3 - 8)
- 7 Aberdeen City Region Deal - COVID 19 Assessment (Pages 9 - 20)

### **EXEMPT/CONFIDENTIAL BUSINESS**

- 8 Aberdeen City Region Deal - COVID 19 Assessment - Exempt Appendix (Pages 21 - 32)

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Should you require any further information about this agenda, please contact Mark Masson, email [mmasson@aberdeencity.gov.uk](mailto:mmasson@aberdeencity.gov.uk), or telephone 01224 522989

## ABERDEEN CITY REGION DEAL: Powering Tomorrow's World

<b>Report Name</b>	<b>ACRD Funding Update with UK/SG</b>
<b>Lead Officer</b>	Alan Wood, Section 95 Officer, Aberdeenshire Council
<b>Report Author</b>	Julie Richards-Wood, CRD Programme Manager ACC
<b>Date of Meeting</b>	24 <sup>th</sup> July 2020
<b>Governance</b>	City Region Deal Joint Committee

<b>1:</b>	<b>Purpose of the Report</b>
<p>At February's Joint Committee, Officers advised the Joint Committee that there had been various communications with the UK/SG regarding the Deal's funding, including:</p> <ul style="list-style-type: none"> <li>• Roll-over of funding risks and mitigation</li> <li>• Proposals on how financial governance can support cashflow</li> <li>• To submit an updated Profile of Spend (Appendix A)</li> <li>• To submit opportunities to accelerate spend this financial year</li> <li>• Verbal update for Deals to capitalise resource where possible</li> </ul> <p>This report outlines the progress to date along with recommendations moving forward.</p>	

<b>2:</b>	<b>Recommendations for Action</b>
<p>It is recommended that the Joint Committee:</p> <ol style="list-style-type: none"> <li>i. Agree the options 'Cashflow Options for all projects' outlined in Section 3.1.v</li> <li>ii. Agree with the proposed solution to Scottish Government, outlined in Section 3.2, 'Proposals for improved Financial Governance', of an annual payment of the sum set out in the Grant Letter at the start of each financial year.</li> </ol>	

### **3.1: ACRD Funding**

The following note in italics, is split into 3 sections:

**(i) Scottish Government has given written confirmation to the Chief Officer that “the total deal funding is a commitment that will not be renegeed on”**

At the BioHub Checkpoint Review it was reported that roll-over of funding was not guaranteed. The Deputy Director, Regional Economic Development has replied to the Chief Officer, City Growth and a copy of the note is provided below:

(i) Whilst it is reassuring to receive confirmation of the committed funding for the deal, it should not come as a surprise and therefore this is noted but not seen as new information. *“As discussed by phone, a rollover of funding between years is possible – the total deal funding is a commitment that will not be renegeed on.*

**(ii) There is a risk that if projects do not spend as profiled then this could have implications on when future years funding can be drawn down from SG**

It is of more concern to note that the management of funds across years does not attract the same commitment. At this stage, the availability of funding must be assumed over the life of the deal, as per the statement at (i) above, but the timing of this funding could create cashflow issues for partners.

*However, the SG has incorporated the originally agreed programme financial profiles within future year capital plans. Therefore, we encourage you to try where possible to spend in the planned financial year, managing any fluctuations within original programme financial profiles across the deal term, as any underspend that is pushed into future years will have to be issued in a manner that is affordable for SG across the whole deal landscape. As such we cannot guarantee that an underspend can be reallocated to a year of your choice and may have to be spread across several future years. Regional partners ought to be aware that any alterations to the profile may need to be managed by them in the first instance.*

*A joint government letter is being issued to all deals in delivery seeking information on financial profiles in order to understand the impact Covid 19 has had. A response to this letter with revised programme financial profiles would be greatly appreciated so that an SG assessment of Covid related impacts on future year financial implications can be undertaken and appropriate response made.*

(iii) The sections of the note from the Deputy Director under (i) and (ii) are not synchronised from a financial management perspective, but the next part of the note reopens the possibility of a revised payment profile to assist cashflow. This is something we have been discussing for some time.

*In terms of moving from quarterly payments in arrears to avoid cash flow issues for the Hubs, please send a specific proposal for each Hub, setting out the rationale for moving to a new payment frequency and approach and what you believe this should be. We would be happy to consider your proposals.”*

**(iv) Impact on BioHub**

If BioHub is able to sign a full construction contract, and can commence activity on site in July, then the cashflow risk to future years funding is minimal. However, additional funding for BioHub is still required. In addition, there is a wider risk for all Deal projects who may spend less than profiled and a question on how Aberdeen City Region Deal should cashflow projects if funding is not available in the year required.

**(v) Cashflow proposals for all Projects**

The following proposals are intended to deal with cashflow issues within agreed project costs and not cost overruns.

- Aberdeenshire Council, as Finance Lead for the Deal has agreed to provide temporary cash flow for City Region Deal projects if required. Therefore, the financial facility exists for BioHub if they can proceed as planned this year.
- To progress with the SG proposal as noted above under (iii) and provide information to support a new payment frequency and approach.

**3.2 Proposals for improved Financial Governance**

Under the current Grant Offer Letter conditions, Scottish Government reimburse Aberdeenshire Council after the conclusion of each quarter based on claims submitted for projects for each of the three months, except for OGTC who are paid in advance.

This creates a cashflow issue as claims for BioHub and Food Hub, for example, are expected by the Partner to be paid monthly as they do not have an overdraft facility. Aberdeenshire Council have so far managed the issue via internal solutions and have been paying Hub claims when received. However, once the Hub project cashflows increase this will prove to be problematic to the Council.

One solution would be amending the Grant conditions and offer monthly reimbursement by the Governments.

A second solution could be an annual payment of the sum set out in the Grant Letter at the start of each financial year.

**3.3 Revised Financial Profile**

Appendix A was submitted to UK/SG as requested in July 2020 and forms part of the submissions that are required under the Grant Offer Letter conditions. The total forecast spend by Governments/Councils are updated as the financial year progresses. The undernoted table shows that the forecast for 2020/21 has increased by £246,000 or 0.7% for the year. Although the forecast for BioHub shows an increase of £1.319 million for the year, the Digital Theme forecast has been reduced by £1.235 million to reflect payments for Full Fibre that were originally thought to be payable this financial year but will more likely fall due in 2021/22. The Transportation Links to South Harbour has also been reduced as it is unlikely that the design works will commence this financial year.

<b>3:</b>	Summary of Key Information
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ACRD Planned Expenditure 2020/21	Forecast Apr-20	Forecast Jun-20	Variance
Project	£,000	£,000	£,000
Oil & Gas Technology Centre	26,700	26,700	0
Bio-Therapeutics Hub for Innovation	2,555	3,874	1,319*
Food Hub for Innovation	1,203	1,205	2
Digital Theme	3,950	2,715	(1,235)
Strategic Transport Appraisal	410	660	250
Transportation Links to South Harbour	240	150	(90)
<b>Sub-Total</b>	<b>35,058</b>	<b>35,304</b>	<b>246</b>

### 3.4 Accelerated Spend

\*The £1,319m variance on the BioHub is dependent on BioHub being in a position to sign a full construction contract, and commencing activity on site in July.

The table includes:

- £250,000 approved at Programme Board for accelerated transport projects to address COVID19 recovery.

### 3.5 Capitalise Resource

The Scottish Government asked Deals to look at capitalising resources to ensure management of the Deal resource is secured. In effect the staff resources deployed by each Council could be included or capitalised within each project. To do this a management fee would need to be taken from each project. The Programme Board agreed that as the project budgets were allocated; this was not reasonable at this stage of the Deal. Both Council's would continue to fund these positions and ask that this is included as in-kind contributions to the City Deal.

<b>4:</b>	Finance and Risk
There is a financial risk to the Deal Partners that if funding cannot automatically be rolled over to a year of the project's choice then the Regional Deal Partners would need to manage and mitigate any delays, cost increases and impact on benefits.	

**SCHEDULE 2 PART 2: FINANCIAL FORECAST TABLE**

**ABERDEEN CITY REGION DEAL - 2020/21**

Date:16/07/20

Grant Letter Profile SG £51,320,000		Q1		
Revised Profile SG £34,946,788.93		£ 9,181,061.88		
		Apr	May	Jun
		P1	P2	P3
<i>Oil &amp; Gas</i>	UKG/SG	£ 8,675,000.00	£ -	£ -
<i>Technology Centre</i>	Partners	£ -	£ -	£ -
<i>Bio-Therapeutics Hub for Innovation</i>	UKG/SG	£ 49,157.36	£ -	£ 51,942.27
	Partners	£ -	£ -	£ -
<i>Food Hub for Innovation</i>	UKG/SG	£ 68,261.58	£ -	£ 60,364.39
	Partners	£ -	£ -	£ -
<i>Digital Theme</i>	UKG/SG	£ 24,843.62	£ 17,764.68	£ 17,805.42
	Partners	£ 8,183.13	£ 6,795.36	£ 50,000.00
<i>Strategic Transport Appraisal</i>	UKG/SG	£ 44,119.74	£ -	£ 43,174.72
	Partners	£ -	£ -	£ -
<i>Transportation Links to Aberdeen</i>	UKG/SG	£41,649.61	£17,000.00	£5,000.00
<i>South Harbour</i>	Partners	£ -	£ -	£ -
<i>Aberdeen Harbour Expansion</i>	UKG/SG			
	Partners			
<b>Total for Deal</b>	<b>UKG/SG</b>	<b>£ 8,903,031.91</b>	<b>£ 34,764.68</b>	<b>£ 178,286.80</b>
	<b>Partners</b>	<b>£ 8,183.13</b>	<b>£ 6,795.36</b>	<b>£ 50,000.00</b>

Q2	
£ 9,785,000.00	
Jul	Aug
P4	P5
£ 8,000,000.00	£ -
£ -	£ -
£ 71,000.00	£ 109,000.00
£ -	£ -
£93,000.00	£ 158,000.00
£ -	£ -
£ 121,000.00	£ 278,000.00
£ 21,000.00	£ 21,000.00
£ 71,000.00	£ 81,000.00
£ -	£ -
£14,000.00	£14,000.00
£ -	£ -
£ 8,370,000.00	£ 640,000.00
£ 21,000.00	£ 21,000.00

<b>Sept</b>
<b>P6</b>
£ -
£ -
£ 285,000.00
£ -
£ 50,000.00
£ -
£ 278,000.00
£ 21,000.00
£ 81,000.00
£ -
£18,000.00
£ -
£ 712,000.00
£ 21,000.00

	<b>Q3</b>	
	<b>£ 8,270,000.00</b>	
<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>P7</b>	<b>P8</b>	<b>P9</b>
£ 5,750,000.00	£ -	£ -
£ -	£ -	£ -
£209,000.00	£ 346,000.00	£ 346,000.00
£ -	£ -	
£ 74,000.00	£ 239,000.00	£ 72,000.00
£ -	£ -	£ -
£ 267,000.00	£ 267,000.00	£ 267,000.00
£ 21,000.00	£ 21,000.00	£ 169,000.00
£ 75,000.00	£ 75,000.00	£ 35,000.00
£ -	£ -	£ -
£18,000.00	£15,000.00	£4,000.00
£ -	£ -	£ -
£ 6,393,000.00	£ 942,000.00	£ 724,000.00
£ 21,000.00	£ 21,000.00	£ 169,000.00

	<b>Q4</b>	
	<b>£ 8,067,705.54</b>	
<b>Jan</b>	<b>Feb</b>	<b>Mar</b>
<b>P10</b>	<b>P11</b>	<b>P12</b>
£ 4,275,000.00	£ -	£ -
£ -	£ -	£ -
£ 604,000.00	£ 827,000.00	£ 976,000.00
£ -	£ -	£ -
£ 152,000.00	£147,000.00	£ 91,000.00
£ -	£ -	£ -
£ 268,000.00	£ 268,000.00	£ 284,000.00
£ 6,000.00	£ 6,000.00	£ 6,000.00
£ 52,000.00	£ 52,000.00	£ 50,705.54
£ -	£ -	£ -
£3,000.00	£0.00	£0.00
£ -	£ -	£ -
£ 5,354,000.00	£ 1,294,000.00	£ 1,401,705.54
£ 6,000.00	£ 6,000.00	£ 6,000.00

UKG/SG  
Partners

<b>Total</b>
<b>£</b>
£ 26,700,000.00
£ -
£ 3,874,099.63
£ -
£ 1,204,625.97
£ -
£ 2,358,413.72
£ 356,978.49
£ 660,000.00
£ -
£ 149,649.61
£ -
£ -
£ 34,946,788.93
£ 356,978.49
<b>Total</b>
<b>£ 35,303,767.42</b>



## ABERDEEN CITY REGION DEAL: Powering Tomorrow's World

<b>Report Name</b>	Progress Report & COVID 19 Assessment
<b>Lead Officer</b>	Richard Sweetnam, Chief Officer, ACC
<b>Report Author</b>	Julie Richards-Wood, CRD Programme Manager ACC
<b>Date of Meeting</b>	24 <sup>th</sup> July 2020
<b>Governance</b>	City Region Deal Joint Committee

<b>1:</b>	<b>Purpose of the Report</b>
<p>At February's Joint Committee it was agreed that a special meeting for the Joint Committee be arranged in July 2020 to consider a COVID19 report on the specific challenges, mitigations and additional support for each of the City Region Deal projects, including how each project could be progressed.</p>	

<b>2:</b>	<b>Recommendations for Action</b>
<p>It is recommended that the Joint Committee:</p> <ul style="list-style-type: none"> <li>i. Agrees with the option in 3.4. that the BioHub Board continue to seek additional funding from other sources and until such time, a Project Fund is made available in 2021/22 from the ACRD envelope and others funding. The partners agree that this should be treated as a temporary arrangement and there are risks and implications to projects should additional funds not be found.</li> <li>ii. Agrees that as the long-term impact of COVID-19 remains unclear, projects should continue to plan, monitor, and report the impact on projects, especially in relation to procurement and construction plans and expected private sector and other funding within the Deal Budget Profile. This should be discussed at Annual Review with UK/SG.</li> </ul>	

<b>3:</b>	<b>Summary of Key Information</b>
<p>3.1.i. This report sets out the main findings from the COVID-19 assessment and focuses on potential changes to spend profile and milestones. Appendix A includes further details of the impact for each project.</p> <p>3.1.ii Feedback indicates a likely impact on construction. As lockdown has only recently been lifted, it is not yet clear when the sector will return to normal, and what the impact of social distancing requirements will mean for construction projects. It is anticipated that</p>	

3:	Summary of Key Information
<p>this will include cost increases, delayed procurement, and disruption to the supply chain. This will be monitored, to understand the impact on project spend profiles.</p> <p><b>3.2. Financial Profile 2020/21</b>  This is covered in previous paper 'Funding Update with UK/SG' and appendix Schedule2. The forecast for 2020/21 has increased by £246,000 or 0.7% for the year.</p> <p>3.2.i Private Sector and Other funding remains as set out in the Deal documents, with no indication that this is at risk at this stage. This will be monitored, to understand any impact on project spend profiles.</p> <p><b>3.3. Project Updates</b></p> <p>3.3.i The <b>OGTC</b> are planning to spend as profiled this financial year and £0.5m advance was paid in Q1, from Q3&amp;4 allocation. There is a risk due to uncertainty around offshore trials towards the end of the year that projects won't be executed as planned and this will be monitored as further COVID19 restrictions are lifted. The National Subsea Centre will delay their opening due to COVID19 but it is still planned to open this financial year. The OGTC have continued through lock down to host seminars, support Tech companies, and develop plans for supporting our Net Zero Vision. Funding from Universities, Private Sector and Others, outlined within the Deal Programme Funding remains as planned. In addition to the City Region Deal, the OGTC are submitting a business case for a share of the £62M Energy Transition Fund.</p> <p>3.3.ii <b>Seed Pod</b> (FoodHub) remains on track to spend as profiled this financial year with planning and design work continuing as planned. There is a risk that the if Procurement timelines are impacted, and Construction costs rise then this may cause issues for the project next year. This will be closely monitored. Funding allocations from the Private Sector and Others, outlined within the Deal Funding remain as planned. With the recovery and growth of the Food and Drink Industry being a key economic priority for the region additional funding is expected for this sector. SeedPod may be in a strong position to apply for any new funding for the delivery of its activities.</p> <p>3.3.iii <b>Digital</b></p> <p><u>City Network Extension</u> As the UK went into lockdown with no works apart from essential permitted, the project was put on temporary hold which has subsequently impacted on the milestone dates. At the time of writing this report 31 sites of the 57 sites have been connected however it is unlikely the 40 sites will be connected as per the milestone date of July 2020. This date has been moved to September 2020, with the remainder of the sites anticipated to be completed by March 2021. Aberdeen City Council is working closely with CityFibre, the sub-contractor of Capita, and works have resumed following government guidelines.</p> <p><u>Duct Network</u> The tender for the west route, A944, was extended due to covid-19 and will close mid-July. Providing a supplier is appointed within the new deadline date works should start approximately two months thereafter, this would therefore have an impact on the milestones with a delay of two months as a result.</p>	

<b>3:</b>	Summary of Key Information
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Full Fibre Network has reported a slight delay and the Digital forecast has been reduced by £1.2m to reflect payments for Full Fibre that were originally thought to be payable this financial year but will more likely fall due in 2021/22.

It is not anticipated the benefits associated to the City Network Extension, Full Fibre Network and Duct Network projects will change, however there will be increased emphasis on their importance to ensuring excellent digital connectivity within the city which will continue to enable businesses to operate and encourage innovation.

The funding still to be allocated will build upon previous initiatives and develop a plan for continued investment and intervention.

To achieve this, a paper is underway and is due at Joint Committee in September to maximise the Digital Resource in response to the current pandemic.

**3.3.iv Strategic Transport Appraisal (STA)**

The Preliminary Options appraisal has been completed. A draft was finalised in June 2020 and provides the evidence base for the draft Regional Transport Strategy. Both documents are due to be subject to consultation from early August until early Autumn. Feedback from the consultation exercise, alongside the continued accumulation of evidence on the impacts of Covid19, will be used to refine and finalise this work at the end of the calendar year. Meanwhile, work continues with the development of the strategic transport and land use model, ASAM19, which will be used as a tool to test potential interventions. The initial disruption caused by lockdown instigated a minor programme and expenditure delay in both projects.

It is noted that Transport Scotland have paused the progression of the Strategic Transport Projects review, whilst they focus on the immediate challenges to the transport network arising from Covid19, and their plans for future recovery. Work on the Strategic Transport Appraisal had been programmed to complement this national project.

An update of the outline business case for the Strategic Transport Appraisal had been anticipated to be undertaken in Autumn 2020. Given the work that has now been substantially undertaken on this phase of the project, it is proposed that an initial draft is brought to the Joint Committee in September, taking into account the emerging key transport priorities identified in the appraisal work and RTS.

There are four activities (responding to Covid19), which were approved at Programme Board and nest within the scope of existing work to be accelerated

- a) £200k this Financial Year for investment in monitoring equipment to be deployed in city centre and on a select number of principal routes in Aberdeenshire.
- b) Additional £50k this Financial Year for scenario testing using existing transport models –Consideration of short to medium term alternative scenarios so that there can be more intelligence around alternative behavioural and transport system responses.

<b>3:</b>	Summary of Key Information
<p>c) Next Financial Year – As part of work improving the utility and attractiveness of strategic transport hubs, feasibility, and planning work on the roll out of <b>electric charging points</b>.</p> <p>d) Also, additional work on roll-out of <b>specific bike / ebike / scooter hubs</b>. (both to be informed by work just to be launched by nestrans on travel attitudes post covid 19). Estimate for c) and d) £320k. Would complement current work on City Centre bike hire.</p> <p>If c and d produce positive business case, then there would be an ask to use funding assigned to “appraisal and business cases” for specific implementation of elements of these projects.</p> <p><b>3.3.v The Transport Links to the New South Harbour</b>  The Transport Links to the New South Harbour will include the implications of the recently approved Energy Transition Zone on Public Transport, and quantification of benefits, and will provide a full cost estimate giving an accurate level of total cost for the study. To do this the report will come to February 2021 rather than November 2020 Committee. The profile has been reduced as it is unlikely that the design works will commence this financial year.</p> <p>There are no reported delays due to COVID19 to the programme.</p> <p><b>3.3.vi Aberdeen Harbour Expansion</b> The Councils contribution of £11m for supporting Infrastructure Works was allocated and spent 2016-2020. There is no requirement to report this project within Schedule 2 for UK/SG as there is no profiled spend against UK/SG or Councils budget lines. Funding for the remaining project will come from the Private Sector funding line and the Harbour will continue to update the Deal on spend to date and milestones.</p> <p>Significant delays have been reported and the Harbour have been invited to a future Committee to outline the new milestones.</p> <p><b>3.3.vii The BioHub</b> is reporting significant risks if construction work does not start this year as planned. As well as a delay, there could be potential increase in overall project costs and a detrimental impact on benefits, including providing a much-needed space for the region’s life science businesses.</p> <p>In order to start works the BioAberdeen Board require the following reassurances from project partners before they will be able to undertake further works:</p> <ol style="list-style-type: none"> <li>1. BioAberdeen is seeking the support of partners to investigate and secure additional funding sources to meet the costs of the project as returned through the tender process. Until such a time that additional funding is confirmed, that the ACRD Partners provide a guarantee against the Deal envelope to mitigate any risk to BioAberdeen Ltd and allow the construction contract to be agreed.</li> <li>2. BioAberdeen requires certainty around funding being available in future years when required to meet construction payments.</li> </ol> <p><b>3.4 Options Appraisal</b>  Appendix B (Exempt) provides further detail on Bio Hub progress and options. It has been marked exempt under the Act- Information relating to the financial or business affairs of any particular person (other than the authority).</p>	

<b>3:</b>	<b>Summary of Key Information</b>
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OPTION	DESCRIPTION
1	Do Nothing
2	Seek additional funding from other sources
3	Use Funding within the City Region Deal Envelope
4	ACRD Partners guarantee the risk
5	Continue to seek additional funding from other sources and a Project Fund is made available from the ACRD envelope and other funding.

**3.4.i Recommended Option 5:**

Agrees that the BioAberdeen Board continue to seek additional funding from other sources and until such time, a Project Fund is made available in 2021/22 from the ACRD envelope and others funding. The partners agree that this should be treated as a temporary arrangement and there are risks and implications to the projects should additional funds not be found.

**3.5. City Region Deal envelope**

OGTC, Seedpod, BioBoard and Aberdeen Harbour have funding agreements in place that commit their allocation of the Deal. The SG have indicated that MOU funding is not part of the ACRD funding pot so should not be included.

The Digital Theme and Transport Theme led by the two Councils have unallocated funding although it is expected that all funding will be fully spent by 2026 to deliver the Benefits and commitments set out in the Deal.

**3.5.1 Digital**

The table below reflects the committed funding for Digital. The Digital Theme has already brought in excess of £40m Private Sector Investment for fibre connectivity, which is £35m more than profiled. The funding still to be allocated will build upon previous initiatives and develop a plan for continued investment and intervention. In September, a paper will be presented to Joint Committee with recommended projects to maximise the Digital Resource in response to the current pandemic. It will:

- assess commercial infrastructure currently installed and planned in the priority area
- review public sector infrastructure and requirements
- assess implications for future Aberdeen City Region Deal programmes to address gaps in the market and the implications for funding a procurement approach.

It is expected that proposals, subject to Business Case will utilise the remainder of the Digital funds for the benefit of the economy and the region.

PROJECT TITLE	ACC/AC	UK/SG	MOU	TOTAL
ACC DUCT	£1m	£4m		<b>£5m</b>
FULL FIBRE	£2.5m*	£6m	£3m	<b>£11.5m</b>
CITY NETWORK EXTENSION	£1.1m*		£2m	<b>£3.1m</b>
<b>Committed</b>	<b>£4.6m</b>	<b>£10m</b>	<b>£5m</b>	<b>£19.6m</b>
To be allocated	£2.4m		£5m	<b>£7.4m</b>
<b>DEAL TOTAL</b>	<b>£7m</b>	<b>£10m</b>	<b>£10m</b>	<b>£27m</b>

**3:** Summary of Key Information

**\*Savings of £300,000 each are expected to be made against the Full Fibre and City Network Extension Projects**

Recommended Allocation:

It is recommended that £600,000 is vired from Digital Fund in year 2021/22, taken from the proposed underspend within the City Network Extension and Full Fibre projects. This would allow the £7.4 unallocated funding to maximise the Digital response as planned.

Risk: Once funding is sourced and returned it is anticipated that this ‘underspend’ funding will be used for additional high-speed high capacity digital connectivity in the region. This is likely to be 2022/23 when full fibre contract is complete. If funding is not returned this additional investment will not be made.

There is also a low risk that these projects have unforeseen costs and do not underspend.

**3.5.ii Strategic Transport Appraisal**

The table below shows the spend to date by total budget.

	UK/SG	AC/ACC	Total
Total Budget	£5m	£2m	£7m
Spend to 30/03/20	£0.766	£0.180	£0.946

Funding to date has been focussed on strategic option appraisal and ASAM development.

A reduction in funds would likely impact on the further development (appraisal/business case/design work) of the following schemes in future years, which are emerging as priorities for ongoing development from work undertaken to date.

It is recommended that £200,000 is vired and drawn down from Strategic Transport Appraisal in year 2021/22, taken from £2m Council contribution. Once funding is sourced and returned it is anticipated that this funding will be used to develop Business Cases.

Risk

If the funding does not return it will impact on the timeline and outcomes.

Transport Scotland are also a key partner and stakeholder in this project

**3.5.iii Transport Links to Aberdeen South Harbour**

The table below shows the spend against total funding. This project is funded entirely from UK/SG contribution.

Transportation Links to ASH	Spent 30.03.20	Profiled 2020/21	Profiled 2021-28	Committed
Appraisal Work	£0.3m	£0.307		£0.602m
Business Case, Design & Planning and Construction			£24.398*	

\*Indications to date are that this funding will be fully utilised.

There is uncertainty of engineering complexity of the route and potential land acquisition and it is therefore expected that this funding will be fully utilised.

<b>3:</b>	Summary of Key Information
<p>It is recommended that £500,000 is vired and drawn down from Transport Links to Aberdeen South Harbour in year 2021/22, as this funding is not required until 25/26 and gives the optimal amount of time for additional funding to be found. There is also opportunities around the Energy Transition Zone.</p> <p><u>Risk</u> There is a high risk that if this funding is not returned there will be a funding gap.</p> <p><b>3.5.v Other</b> This section has been marked exempt under the Act- Information relating to the financial or business affairs of any particular person (other than the authority).</p> <p><b>3.5.vi Addressing the uncertainty around funding being available in future years</b></p> <p>The Scottish Government wrote to the Chief Officer, City Growth and confirmed that “the total deal funding is a commitment that will not be renegeed on”.</p> <p>If the BioHub works commence as planned this year and spend as profiled, then there is not a risk to the drawdown of funding for this year or next year.</p> <p>However, if there are further delays then there is a risk that this project, along with all other Deal projects may not be able to draw down funding in a year of their choice. To mitigate this risk several proposals on how cash flow can be managed going forward have been made to SG by Section 95 Officer. This is covered in previous paper ‘Funding Update with UK/SG’</p>	

<b>4:</b>	Finance and Risk
<ul style="list-style-type: none"> <li>• There are financial risks to ACRD projects if additional funding is not found.</li> </ul>	

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## COVID 19 – Assessment – Appendix A

Project	Time	Budget	Benefits	Risk	Opportunities	RAG
<b>OGTC</b>	There may be a delay in the opening of the NSC but it is still too early to say. Other projects are not reporting any significant delays.	Plan to spend as profiled.  OGTC have secured a proportion of the Energy Transition Fund subject to OBC approval.	The OGTC is on track to deliver benefits.	There is a risk that if Offshore trials cannot take place towards the end of the year that there will be an underspend. It is too early to say.	The OGTC drew down an early payment of £0.5m from this year's profile.	<b>G</b>
<b>BioHub</b>	If construction work does not start this year as planned, then the timeline will be significantly delayed.	Should issues be mitigated the spend will be accelerated this Financial Year by £1.3m.	Expected Benefits, including growth of key life Science Companies to this region will be impacted should issues not be mitigated.	There is a risk that if funding is delayed, construction costs will escalate, and benefits will be impacted.	There is an opportunity for the Bio Board to seek additional funding for Life Sciences in this region.	<b>R</b>
<b>SeedPod</b>	Work on Design and Planning Approval has continued. No delays to report.	There is no immediate impact on costs this financial year.	Support to Food and Drink Sector is even more important due to the impact of COVID19 on the sector.	There is a risk that construction costs in future years may rise and further funding may be needed.	There is an opportunity for the Seedpod to seek additional funding.	<b>G</b>
<b>Digital</b>	The City Network Extension, The Full Fibre and Duct Network have all resumed works. There will a delay, but it is not deemed significant. A report will be presented at September's Committee with	This forecast has been adjusted in light of the COVID19 related delays. The request to roll over funding into next	Project Benefits remain on track.	Further lockdown would impact on construction works and this project.	Digital Connectivity has proved to be of significant value during COVID19 and the opportunities outlined in the coming report will identify	<b>G</b>

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	recommendation on how future funding can maximise the economic recovery for this region.	financial year was agreed.			how this can maximise the regions recovery and utilise the remaining funds.	
<b>Strategic Transport Appraisal</b>	There has been slight delay to timescales. Additional sensitivity work is anticipated for the ASAM 19 transport model.	There has been no significant change to budgets.	There has been no significant change to Benefits.	There is a risk that the identified priority projects coming out of the STA do not have an implementation budget attached to them, due to delay to national Strategic Transport Projects Review work.	There is an opportunity to prioritise projects to respond to the region's recovery and Net Zero Vision.  There is an opportunity to accelerate several smaller projects to realise benefits sooner.	<b>G</b>
<b>Transport Links to Aberdeen South Harbour</b>	An extension of scope to adequately cater for impact of Energy Transition Zone was agreed at programme Board.	Funding profile has been revised as it is unlikely that design works will start in this financial year.	There have been no changes to expected Benefits.	There is a risk that any delays to timelines or budget, due to construction and procurement, could severely impact a road to be built by 2026 within the existing budget.	The Energy Transition Zone provides further business need for this project.	<b>G</b>
<b>Aberdeen South Harbour</b>	There have been significant delays widely reported and new milestones are expected	Funding from the Deal has been spent and only private sector investment	Benefits will be realised once the Harbour is open.	There is a risk that due to COVID19 the Harbour's income will have been impacted.	The Harbour continues to be a key regional asset and a key stakeholder to the	<b>A</b>

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	to be reported at a future Joint Committee.	continues to be monitored.	The project is delivering on Community Benefits.		Energy Transition Zone, Tourism Sector and Net Zero Vision.	
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Exempt information as described in paragraph(s) 6 of Schedule 7A of the Local Government (Scotland) Act 1973.

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