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ADDITIONAL CIRCULATION



To: All Members of the Council

Town House,
ABERDEEN, 28 October 2013

COUNCIL MEETING

The undernoted items are circulated in connection with the meeting of the **COUNCIL** to be held here in the Town House on **THURSDAY, 31 OCTOBER 2013 at 10.30am**.

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

GENERAL BUSINESS

7(a) Roles and Responsibilities: Is Aberdeen City Council Getting it Right? - Standing Orders, Orders of Reference, External Members on Committees and Scheme of Delegation - Report by Chief Executive

GMB have indicated that they support the Unison response regarding the Scheme of Delegation

7(f) Strategic Infrastructure Plan - Report by Chief Executive (Pages 1 - 60)

Colour copies of the Strategic Infrastructure Plan will be issued to members separately

BUSINESS THE COUNCIL MAY WISH TO CONSIDER IN PRIVATE

9(b) Marischal Square - Hotel Operator - Report by Director of Enterprise, Planning and Infrastructure (Pages 61 - 72)

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ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	31 st October 2013
DIRECTOR	Chief Executive
TITLE OF REPORT	Strategic Infrastructure Plan
REPORT NUMBER	CE/13/033

1. PURPOSE OF REPORT

The purpose of the report is to present the Council's Strategic Infrastructure Plan (SIP) and the actions required to deliver the Plan.

2. RECOMMENDATION(S)

2.1 It is recommended that the Council:

- 1) Approve the Council's Strategic Infrastructure Plan (attached at appendix 1 to this report);
- 2) To deliver Key Goal 1: A step change to the supply of housing:
 - a) Instruct officers to take forward a procurement process in accordance with the Council's Standing Orders in Relation to Contracts and Procurement, in order to appoint a Joint Venture partner(s) to deliver the affordable housing element identified in the SIP and report back to Council with the outcomes of the procurement process, and recommending a preferred bidder(s) prior to entering into a contract(s);
 - b) Notwithstanding recommendation a) above, agrees to invoke Standing Order 1(6)(a) of the Council's Standing Orders in Relation to Contracts and Procurement and in doing so agrees to disapply the provisions of Standing Order 1(3);
 - c) Approve the establishment of a Housing Programme Manager for a fixed term period of 3 years, which will be met from within existing budgets;
- 3) To deliver Key Goal 2: High quality digital connectivity at home and at work:

- a) Approve the establishment of a Head of Broadband Delivery and Broadband Delivery Project Manager on a fixed term basis to deliver the Accelerate Aberdeen programme, which will be met from within existing budgets;
- 4) To deliver Key Goal 3: Better local transport:
- a) Instruct officers to open discussions with the Scottish Government to investigate proposals for cross-city transport connections, as outlined in the SIP, to establish funding mechanisms for investigation and delivery of proposals;
 - b) Instruct officers to report to the Council's budget meeting in February 2014 in respect of proposals to advance the delivery of all phases of the Berryden Corridor as part of the Non Housing Capital Plan and Budget process;
- 5) To deliver Key Goal 4: The skills and labour that Aberdeen needs to thrive:
- a) Promote the delivery of the Oil and Gas Academy for Scotland as outlined in the SIP.
- 6) To deliver Key Goal 5: A better image for Aberdeen:
- a) Approve the establishment of a City Centre Infrastructure Fund and to invest £20 million into the fund financed through the Non Housing Capital Programme;
 - b) To instruct officers to include this fund as part of the Non Housing Capital Plan at the Council's budget meeting in February 2014;
 - c) Approve the creation of a City Centre Regeneration Board as a working group of full Council, comprising of Elected Members and representatives from appropriate external organisations;
 - d) Instruct the Board to report back to Council at its meeting on 25th June 2014 with recommended project(s) to regenerate the city centre, and to provide updates on progress to Council each cycle;
 - e) Approve the establishment of a Programme Manager and two Project Manager posts to deliver the city centre regeneration, which will be met from within existing budgets;
 - f) Note the committee report and decision on the Aberdeen Exhibition and Conference Centre, which is a separate report

to this meeting.

- 7) Instruct officers to continue to work on the new ways of funding element of the SIP proposal in association with the Scottish Cities Alliance.

3. FINANCIAL IMPLICATIONS

- 3.1 A key objective of the SIP is to identify priority projects along with funding sources and potential funding models to pay for their delivery. The SIP identifies a proposed funding package for the delivery of each of the priority projects.

While funding sources have been identified to deliver the SIP it is imperative that the Council maximises the potential to unlock and explore alternative delivery models that will further unlock the potential for further longer term investment within the City.

The majority of the funding for the SIP is included within the Council's Non Housing Capital Programme and full details are included within the SIP.

- 3.2 In relation to the delivery of housing supply and in particular the affordable housing element traditional funding sources can be utilised through the Housing Revenue Account through rent capitalisation to fund this. However, officers will also examine other sources and specifically explore the use of a Joint Venture partner model.

Clearly the use of traditional funding mechanisms can deliver the level of affordable housing contained within the SIP. However, alternative models will be explored to determine if additional resources can be levered in through a number of options.

It is therefore critical that, for example, shared equity cross subsidy, Housing association grant funding and private sector funding should all be explored as there is the potential to deliver this key outcome at a reduced cost to the Council.

To facilitate the delivery of the step change in housing supply it is proposed to create a new Housing Delivery Programme Manager. The post would be on a Chief Official Grade for a fixed term 3 year period. The salary for the 3 year fixed term period will be met from within existing budgets.

- 3.3 To deliver the Accelerate Aberdeen programme it is proposed to establish the posts of Head of Broadband Delivery and Broadband Delivery Project Manager. The post of Head of Broadband Delivery will be at Chief Official grade and the post of Broadband Delivery Project Manager is proposed to be at G15. The cost of these posts are

currently factored into the overall funding package for this project and within existing revenue budgets

- 3.4 In relation to the AECC this project will have been dealt with as a separate report at this meeting and will therefore be dealt with under that particular item.
- 3.5 In relation to the setting up of a City Centre Infrastructure Plan the Council plans to invest an initial £20 million to allow city centre regeneration to commence at an accelerated pace through joint partnership working.

The fund will be financed through a contribution from the Non Housing Capital Programme. A review of the programme has been undertaken by officers with a view to examining the current projects and profile spends over the next 5 Year Business Plan.

It is a fundamental financial strategy of the Council to maintain its policy to reduce debt over the 5 Year Business Plan. This can be achieved through this period and still allow the Council to contribute £20 million into the City Centre Infrastructure Fund.

- 3.6 To facilitate the delivery of city centre regeneration it is proposed to create a new post of Programme Manager and two Project Manager posts. The post of Programme Manager would be on a Chief Official grade and the Project Managers would be at G15. The salary for the posts will be met from within existing budgets.

4. OTHER IMPLICATIONS

- 4.1 The projects within the SIP are subject to appropriate legal and planning processes. A Strategic Environmental Assessment (SEA) will be required on a project by project basis and the current approved short term projects identified have had an SEA carried out as well as an Equalities and Human Rights Impact Assessment.
- 4.2 Further resource to deliver the plan has been identified as part of this report.

5. BACKGROUND/MAIN ISSUES

- 5.1 The opportunity to build on the positive economic position of the City through the delivery of the aspirations contained in our widely supported set of strategies and plans has never been greater.

At its meeting on 6th March 2013 the Council recognised this and agreed to the preparation of a city wide Strategic Infrastructure Plan

(SIP).

In identifying this need there were two critical factors to be addressed:

- The first is to identify and prioritise those infrastructure projects which will support the delivery of these plans;
- The second is the need to fund these major infrastructure projects.

5.2 The Strategic Infrastructure Plan addresses these factors and focuses on the delivery of the enabling infrastructure needed to realise these aspirations by creating a unified and cohesive proposal for delivering this critical infrastructure which in turn will lead to the delivery of economic growth and sustainability.

The SIP identifies the following key goals:

1. A step change in the supply of housing
2. High quality digital connectivity at home and at work
3. Better local transport
4. The skills and labour that Aberdeen needs to thrive
5. A better image for Aberdeen

Details on the approach taken to develop the SIP along with key strategic projects identified to deliver the goals and the funding framework are identified within the SIP.

5.3 **A step change in the supply of housing**

5.3.1 The Housing Demand Needs Assessment indicated a need for 415 affordable houses to be built per annum over a ten year period. This is a very challenging number that is currently failing to be met. Therefore a step change in the completion of housing is required to help meet the affordable housing need and the target set out in the SIP.

To meet these commitments the Council will need to procure suitable delivery partnership arrangements. A number of funding and delivery mechanisms have been explored and considered, each with opportunities and risks. To take the delivery of the affordable housing forward there is a need to commence a procurement process to appoint a Joint Venture partner(s).

Members will note that the procurement will be undertaken in accordance with the Council's Standing Orders Relating to Contracts and Procurement ("the Standing Orders"). Standing Order 1(3) requires that the estimated expenditure of a contract is approved by Council prior to a procurement commencing. However, as stated above, there are a number of possible funding and delivery mechanisms available in terms of the joint venture and overall affordable housing delivery and each has opportunities and risks. It is

important that the Council is sufficiently flexible in its procurement specification so as not to preclude procurement of a truly innovative solution, or one which ultimately represents the best commercial arrangement for the Council in terms of delivery of the overall affordable housing element contained within the SIP. As such, it is impossible to estimate the likely expenditure at this time – indeed it may be that the arrangement put in place will ultimately generate a financial surplus. In light of the foregoing, it is recommended that Members utilise the provisions of Standing Order 1(6)(a), and agree to set aside the need for an estimated expenditure to be approved in advance of the procurement of a joint venture partner(s). In doing so, Members have the reassurance that the outcome of the procurement will be reported back to Council prior to the award of a contract(s).

- 5.3.2 The key strategic projects identified to deliver the step change in the supply of housing are both ambitious and exciting. Having the appropriate human resources in place is essential to ensure their effective delivery and we are looking to create an in-house delivery team who will have responsibility for delivering the affordable housing objectives as set out in the SIP.

The team would be managed by a new post of Housing Programme Manager on a 3 year fixed term basis and this post will report to the Director for Housing and Environment. Officers will be reviewing what further resources will be needed to deliver the project, taking into account existing resources and technical expertise.

5.4 High quality digital connectivity at home and at work

- 5.4.1 Managing and implementing the complex Accelerate Aberdeen project requires the appropriate resource to be in place.

At the EP&I committee on the 22nd January it was agreed to “*obtain Councils agreement to recruit a Head of Broadband Delivery and Broadband Delivery Project Manager to oversee delivery of the Accelerate Aberdeen Programme*”.

This report seeks to obtain that approval to recruit to these posts.

The posts will report to the Programme Manager in the restructured EP&I Directorate as per the further committee report outlining this full structure.

A review of any further resources required is currently taking place.

5.5 Better local transport

- 5.5.1 The SIP outlines details of the objectives and funding arrangements for the identified projects to deliver better local transport.

5.5.2 As outlined in the SIP, phase 1 of the Berryden Corridor is part of the Capital Plan and is programmed for delivery by the end of 2017/18. However further phases of improvements have been identified and are necessary to achieve all the objectives and in particular will improve traffic flow for city centre regeneration. The start date for these phases is subject to funding availability and the timing of this funding. Therefore it is necessary to look at ways to bring this work forward and this will be considered as part of the 2014/15 budget process and will be reported to Council in February 2014.

5.5.3 The AWPR is a crucial element of transport infrastructure that will assist in addressing some of our transport challenges, however improving internal connectivity once the AWPR is open is also crucial and needs to be considered now.

The current Local Development Plan will see the development of significant new housing and business park developments in the coming years and it is necessary to start to investigate ways to maximise connectivity between these new developments and connect communities to major strategic sites including universities, business parks, harbours, airports, stations and city centres.

The report seeks to instruct officers to open negotiations with the Scottish Government and investigate proposals for cross-city connections with a view to establish funding mechanisms for investigation and delivery of proposals.

5.6 The skills and labour that Aberdeen needs to thrive

5.6.1 Given the importance of the oil and gas sector for the city and north east region as well as the wider Scottish and UK economies, the Oil and Gas Academy for Scotland (OGAS) is an important initiative to develop all of the skills that are needed for the industry to continue to thrive.

The SIP outlines this importance and how the Council will promote the OGAS.

5.7 A better image for Aberdeen

5.7.1 The SIP outlines that a high quality of life is integral to attracting and retaining the talent and investment needed to grow the economy and how this sense of place, with a key emphasis on the city centre, is crucial in underpinning economic growth and essential in underpinning the necessary infrastructure requirements.

5.7.2 Over the last year there has been much discussion and debate around the city centre. The City Centre Development Framework, which was

approved in 2011 to provide a city centre plan to guide future development, looks at addressing the key issues, such as connectivity and in particular, transport linkages, cityscape and functionality and the Main Issues Report into the next Local Development Plan will review and update this Development Framework and provide a robust strategy for the city centre, along with a clear direction for development and a focus on implementation.

City centre regeneration has generated a number of opinions and ideas and it is important that partners can put these forward in a cohesive and collegiate way and we try and reach a consensus on how to regenerate the city centre as a whole.

- 5.7.3 To achieve this it is proposed to establish a City Centre Regeneration Board. It is suggested that the Board will be a working group of the Council and comprise of Elected Members and representatives from appropriate external organisations.

It is envisaged that the Board would consider proposals and specific projects and come to a consensus on a recommended way forward, with this recommendation being reported to Council for discussion and approval.

- 5.7.4 The Council aims to demonstrate a commitment to moving the City Centre forward and will therefore put £20 million into a City Centre Infrastructure Fund.

This has been through funding from the Non Housing Capital Programme. This in turn is financed through a number of mechanisms which include capital grants, capital receipts, revenue contributions, use of the capital fund and external funding. In setting the NHCP in February 2013, in keeping with the overall strategy of reducing debt, a small element of external borrowing was also assumed but to date has not been required.

A review of the funding available has demonstrated that over the current Business Planning period (2013/14 to 2017/18) additional resources can be made available which would not breach the Councils financial strategy of reducing debt over this period.

Setting up this Fund demonstrates a clear focus of the Council to address the investment required within the City Centre. It also allows the Council to provide resources where additional partner funding could also be harnessed and is seen as a real chance for partnership working to reach consensus on the City Centre regeneration.

The Fund will be ring fenced for the city centre team to recommend to Council on the preferred investment strategy in the City Centre.

5.7.5 The report also proposes to establish a Programme Manager and two Project Managers to form part of a City Centre team, in association with partners, to work on proposals as per the City Development Framework and LDP Main Issues Report and ultimately deliver city centre regeneration. This City Centre Team will be incorporated into a wider restructure of the Enterprise, Planning and Infrastructure Directorate and a report outlining this structure will be presented to Council at its meeting on 18th December 2013. However it is felt necessary to establish the posts of Programme Manager and Project Managers in order to make an immediate start on this vital piece of work.

6. IMPACT

6.1 The Strategic Infrastructure Plan relates to the following Single Outcome Agreement objectives:

- We live in a Scotland that is the most attractive place for doing business in Europe;
- We realise our full economic potential with more and better employment opportunities for our people;
- We live in well-designed, sustainable places where we are able to access the amenities and services we need;
- We value and enjoy our built and natural environment and protect it and enhance it for future generations;
- We take pride in a strong, fair and inclusive national identity; and
- Our public services are high quality, continually improving, efficient and responsive to local people's needs.

6.2 It also meets the vision of the Community Plan in promoting a strong image of the city and a sense of civic pride and promotes the redevelopment of the City Centre, which is one of the main priorities for the Community Plan and Single Outcome Agreement and supports the Council's 5 year Business Plan in terms of protecting and enhancing the built environment, attracting visitors, workers and investment to protect the economic future of the city, and, to facilitate new development projects to improve Aberdeen's living and working environment.

6.4 Given the nature of the Strategic Infrastructure Plan it is likely to be of interest to the public.

7. MANAGEMENT OF RISK

7.1 To deliver the priorities identified in the SIP we will establish a multi-disciplinary infrastructure programme. The management of risk will be monitored and any risks mitigated against through a programme risk register.

Each project identified in the SIP would also have in place a risk register and be monitored by the appropriate lead officer and service,

as well as through the programme risk register.

Given the nature of the SIP it will also be included as part of the Corporate Risk Management process.

8. BACKGROUND PAPERS

- Aberdeen – a Smarter City
- Aberdeen Local Development Plan
- Aberdeen City and Shire Structure Plan and Proposed Strategic Development Plan
- ACSEF Manifesto and Action Plan
- City Centre Development Framework 2011
- NESTRANS Regional Transport Strategy and Action Plan
- Local Transport Strategy
- Single Outcome Agreement

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ABERDEEN
CITY COUNCIL



Aberdeen City Council

Strategic Infrastructure Plan



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Foreword

Aberdeen is a city with a unique heritage and has become an exciting place to live, work and visit. Our drive and ambition has seen us develop into a key hub for a world class energy complex.

However the strong growth we have experienced has put our infrastructure under significant pressure. Infrastructure has a pivotal role in enhancing growth and supporting economic development, and we believe passionately that working together with the business community and our partners, we can deliver the infrastructure to maximise our growth potential and continue to attract visitors, workers and investment to the city, with the aim of securing our future prosperity.

We need to be bold, ambitious and aggressive in our plans. We also recognise the need to plan strategically and prioritise investment and resources efficiently and effectively.

As such, we are pleased to introduce Aberdeen City Council's Strategic Infrastructure Plan (SIP). The Plan focuses on the delivery of our Strategic and Local Development Plans and identifies five key infrastructure goals around housing supply, digital connectivity, skills and labour, transport and providing a better image for Aberdeen. It contains bold, large-scale projects that will help us deliver our priorities. It is both ambitious and achievable.

The research that underpins the SIP is reassuring. Evidence gathered from existing plans, the visualisation day, involving both the public and private sectors, and the online survey has formed the basis of identifying the key infrastructure goals.

It is of course essential that the priorities identified throughout this document are implemented and to deliver them we are establishing the appropriate resource within the Council as well as a structure and performance framework to oversee and ensure effective delivery of the SIP.

Though we have focused on five key goals, this Plan is not intended to be the final word on infrastructure investment in Aberdeen. It is more the beginning of an evolving dialogue that will build up a comprehensive picture of development needs in the future and, as we deliver in the coming years, we will continue to re-assess the priorities on a regular basis.

We have achieved a great deal already, but we are aware that there is still much to be done to create the infrastructure

the city needs to achieve our goals. The SIP is an excellent start and brings together in one place the work that is being delivered through a variety of plans and strategies and creates new and innovative opportunities for how current and future key infrastructure projects can be funded and delivered.

We would like to thank the groups and individuals who have participated in and contributed to the Plan's development. In particular, we would like to thank members of the business community, our public sector partners and others who participated in the visualisation summit and on-line survey. Of course we would also like to thank our staff for their work in preparing this Plan.

Working together to achieve the goals identified in the Plan as well as new priorities in the future will ensure that we deliver the infrastructure needed to maximise our growth, continue to attract visitors, workers and investment to the city and secure our future prosperity.



Barney Crockett
Council Leader



Valerie Watts
Chief Executive





Strengths and Challenges

Aberdeen is now at the hub of an Energy Complex that stretches across the whole of Scotland and the UK. Clustered around the oil and gas industry, Aberdeen hosts a sophisticated, globally connected knowledge based industry that places us in the enviable position of being one of the few places in the UK where real and identifiable opportunity for economic growth exists.

'The Cities Outlook 2012' survey recognised this, highlighting Aberdeen as one of the places showing the strongest signs of real economic growth and growth potential in the UK. Aberdeen is therefore a city well placed to be a driver of growth, both regionally and nationally, in support of the UK's on-going economic recovery.

On several measures Aberdeen's economy, as one of the world's key energy capitals, is performing well. The city has developed into a key hub for a world class energy complex with many global businesses having made Aberdeen their base which, in turn, has led to inward investment and encouraged successful entrepreneurial start ups across the sector. Aberdeen is recognised as one of the most UK's most competitive cities, the Gross Valued Added (GVA) figure per head of population for Aberdeen is £28,731, 38% above the Scottish average.

Strong growth in recent decades has put Aberdeen's infrastructure under significant pressure as investment in some areas has struggled to keep pace with the demands of a booming economy. This is beginning to increase the cost and ease of doing business in the city, impacting the pace of current growth, putting at risk future growth potential and encroaching on the otherwise high quality of life on offer. Recent reports have commented on these infrastructure challenges including the Scottish Enterprise Oil and Gas Strategy, Oil and Gas UK Annual Report and most recently the UK Governments Oil and Gas Strategy.

The role that infrastructure plays in enhancing growth and supporting economic development across all sectors is important and widely recognised.

The Council recognises that it is not the only party investing in city infrastructure, with other national agencies, utilities and the private sector also undertaking significant financial commitment in support of development. However, in the current economic and fiscal environment, resources to invest in infrastructure are harder to access across all sectors, in terms of constraints on public sector budgets, difficulties in private sector access to finance (including development finance) and individual access to finance (such as mortgage availability). To maximise the beneficial impacts of infrastructure investment for the city, its businesses and citizens, Aberdeen City Council (ACC) recognise the need to plan strategically to co-ordinate and prioritise investment and resources efficiently and effectively.

Vision for the Plan

To maintain Aberdeen’s position as one of the world’s key energy capitals and to maximise its growth potential and diversification into other sectors, the City needs a coherent long term strategy backed by clear plans on how the essential infrastructure projects will be delivered.

To attract the necessary public and private investment the plan requires broad support that spans electoral cycles to deliver long term, often complex, projects.

Aberdeen City Council already has a range of strategies and plans that provide a framework for public and private sectors to invest in and take Aberdeen forward as a successful city. These include:

- Aberdeen – a Smarter City
- Aberdeen Local Development Plan
- Aberdeen City and Shire Structure Plan and Proposed Strategic Development Plan
- ACSEF Manifesto and Action Plan
- City Centre Development Framework 2011
- NESTRANS Regional Transport Strategy and Action Plan
- Local Transport Strategy
- Single Outcome Agreement



The vision of the Strategic Development Plan for Aberdeen and Aberdeenshire as well as the Local Development Plan for Aberdeen is to make the area an even more attractive, prosperous and sustainable European city region and an excellent place to live, visit and do business. Taken together they set out a clear blueprint for further expansion with approval for new homes and business parks over the next 10 – 15 years. Building on this, there is a need to augment the already strong strategic development efforts with a greater focus on implementation and delivery of the Local Development Plan.

The Strategic Infrastructure Plan focuses on the development of the enabling infrastructure needed to realise the city’s aspirations by creating a unified and cohesive proposal that is needed to deliver growth.

This Strategic Infrastructure Plan does not seek to cover the entire spectrum of investment in infrastructure occurring in the city and instead focuses on the key strategic priorities identified through primary and secondary research with a range of local, national and international stakeholders. It identifies the key planned projects to deliver the infrastructure to enable growth, identifies the main areas where there are deficiencies in relation to the city's needs and the actions to be taken to address the gaps in both the shorter and longer term. Importantly it also provides a range of traditional and innovative funding options. In taking this approach the plan has been prioritised with the following criteria in mind:

- **A focus on growth and playing to strengths:**
Investment must be made where it has the biggest impact on delivering growth or improvements in well-being, enable continued investment (protecting the prosperity we have and maintaining and enhancing it);
- **Must be demand-led:**
Investment should be prioritised with market demand in mind in order to maximise the response by the private sector who may deliver multiples of investment from their own resources;
- **An evidence based approach:**
The decisions taken in prioritising the Strategic Infrastructure Plan should be based on a robust evidence base and in particular primary evidence from consultation with local stakeholders. This recognises that a plan which “works with the grain” is likely to have a greater impact and that only robust evidence can allow prioritisation to take place with confidence.

In this context the objectives of the Strategic Infrastructure Plan are to:

- **Identify where infrastructure is an enabler of growth potential, and where lack of investment is a barrier;**
- **Develop a plan for both the short term and the longer term to address specific barriers and identify the infrastructure needed to address these;**
- **Consider how the infrastructure projects can be paid for; and,**
- **Highlight how this approach unlocks growth.**





Identifying Priorities: An Evidence Based Approach

The methodology employed in developing the Strategic Infrastructure Plan is based on the World Economic Forum's (WEF) Steps to Prioritise and Deliver Infrastructure Efficiently and Effectively. This approach emphasises the importance of gathering a robust evidence base from which to assess the state of the existing infrastructure and to identify future priorities. The approach not only considers the state of the city's infrastructure but also assesses a broader range of factors influencing future delivery including the ability of the market to deliver projects effectively, the role of government in assisting delivery and the level of support and citizens' willingness to pay. This framework therefore provided a robust approach to underpin development of the SIP.

STRATEGIC INFRASTRUCTURE FOR ABERDEEN
BE PART OF SHAPING,
PRIORITISING AND DELIVERING
EFFECTIVE INFRASTRUCTURE
FOR THE CITY

EVENT DETAILS
Strategic Infrastructure Visualisation Summit
Tuesday 25th June, 09:30 - 16:30
Crombie Suite, Aberdeen Exhibition and Conference Centre

Evidence to assess current and future infrastructure was gathered from a review of existing plans but to supplement this, extensive primary evidence gathering through stakeholder engagement was undertaken via a structured "visualisation day". The WEF guidance emphasises the importance of such stakeholder engagement and ACC considered this to be one of the most important foundations for developing a SIP that is relevant to the needs and priorities of the city.

Stakeholders were invited to attend a Visualisation Day on 25 June 2013. In order to capture a broad and diverse set of views the invitees were selected to include influential leaders and representatives from all major sectors in Aberdeen including oil and gas, construction, energy, transport, property, retail, tourism, academic, financial, technology and public sectors.

Evidence was gathered from the invitees prior to the Visualisation Day using an online survey and this helped to inform preparations for the day itself. At the visualisation day further evidence and stakeholder views were captured using interactive electronic polling and facilitated table group discussions. Using this process stakeholder views were captured on the following topics:

- Key sectors of the economy driving growth in Aberdeen in next 5 years;
- Key sectors of the economy driving growth in Aberdeen in next 15-20 years;
- Barriers to delivering growth in these key sectors in both the short and medium/long term;
- Current programme of infrastructure delivery in the city;
- Future priorities for infrastructure in the city; and
- Views on the key areas/projects which could facilitate growth.

KEY GROWTH SECTORS

It is a key objective of the SIP to deliver infrastructure investment which contributes to economic growth. The survey of stakeholders requested views on the sectors considered most critical to the economic prosperity of the city in both the short term and in the longer term. In the short term (next 5 years) the following sectors were considered most important:

- Oil & Gas/Other Energy Services;
- Education & Skills;
- Technology, Research and Development;
- Tourism; and,
- Food and Drink.

In the medium to long term (next 15 to 20 years) the same sectors were considered most critical but the relative scoring and ranking of 'other energy services' (including renewables) rose in importance.



PERCEPTIONS OF ABERDEEN'S CURRENT INFRASTRUCTURE

The first task completed by stakeholders at the visualisation day was an interactive polling exercise where 18 "infrastructure readiness" indicators, based on a tailored version prepared by WEF, were scored from 1-9 (with 1 being inadequate and 9 being outstanding). Stakeholders were polled individually but group discussion around each of the indicators was encouraged within table groups. Key points arising in the table discussions in relation to each indicator were captured by scribes for consideration by the council after the event, providing further narrative and detail to help interpret and add richness to the polling data.

The results of the polling exercise on the infrastructure readiness indicators are shown at Figure 1 below. Most areas were scored adequately with education the only area deemed excellent. There were a number however that scored quite low therefore being deemed inadequate.

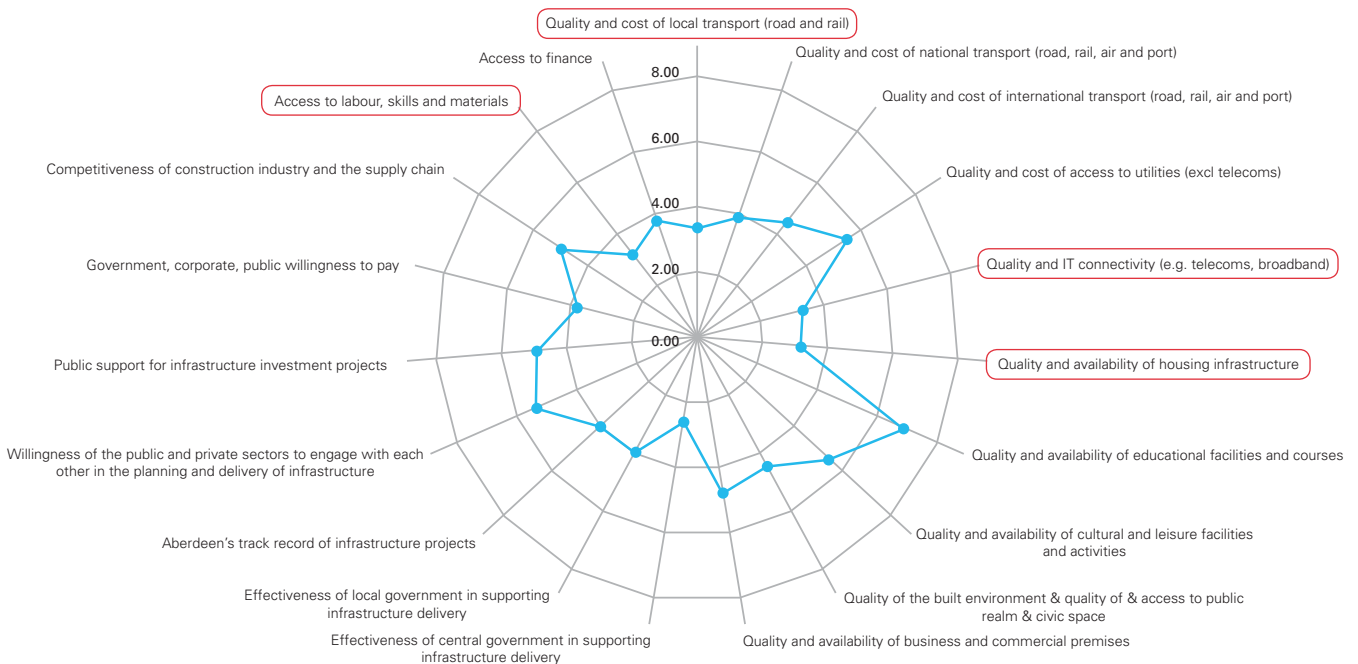


Figure 1 Radial diagram of current infrastructure readiness

The online survey supported the conclusions from the day in terms of what the key economic sectors were in both the short and long term and their barriers to economic potential, with funding, skills and attracting workers featuring highly.

FUTURE GOALS AND OVERCOMING BARRIERS TO GROWTH

Most areas received a score in the 'adequate' range (4-6) with a mean average score across all criteria of 4.32. Only 'Quality of education facilities and courses' scored relatively well, with an average score of 6.89. A number of areas, however, scored poorly and were considered inadequate, the bottom 5 included support from central government, availability of housing, quality of digital infrastructure, access to labour and skills, and quality of local transport.

RESULTS: FUTURE GOALS AND OVERCOMING BARRIERS TO GROWTH

To identify the areas where investment should be prioritised in the future, stakeholders on the day were asked to work together to reach a consensus within table groups as to key future priorities. Groups could award 1-9 points (using each value once) with 9 points being the highest score awarded and signifying the greatest level of importance. Notes of the discussions occurring on table groups were captured by the scribes for consideration after the event. The results of this exercise are illustrated at Figure 2 below and Table 1.

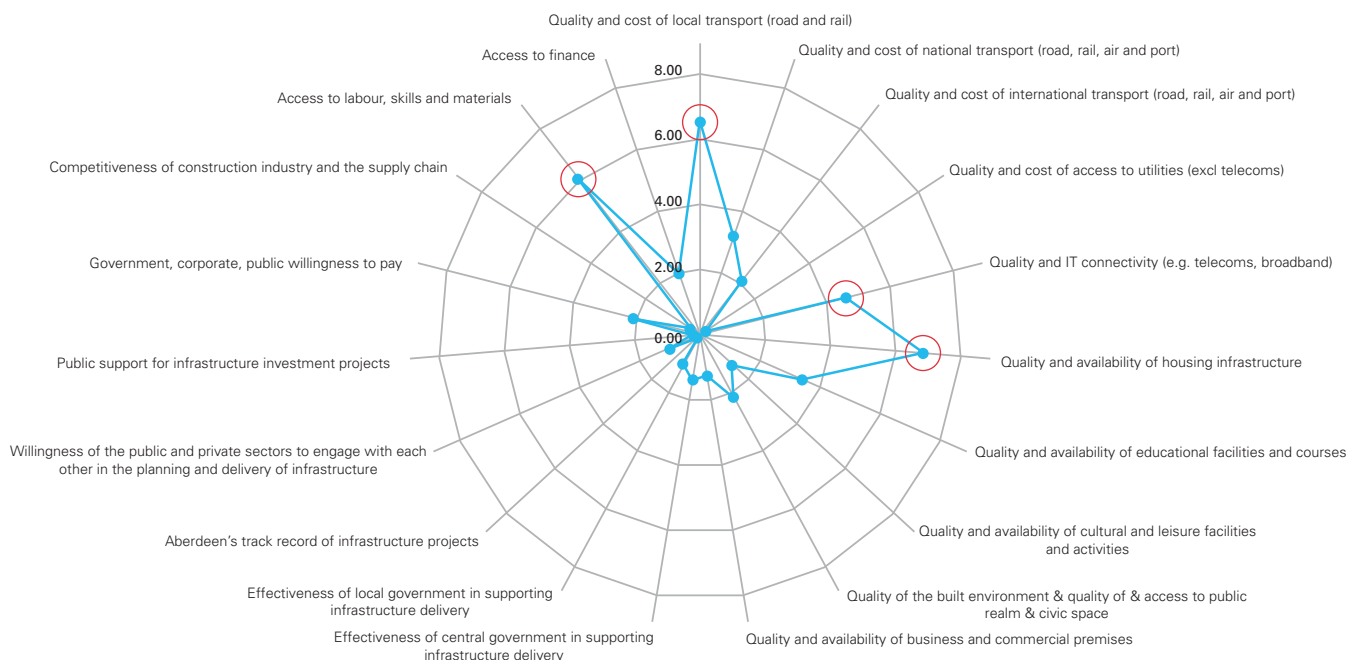


Figure 2 Radial Diagram of investment priority areas



Question	Score
Quality and availability of housing infrastructure	62
Quality and cost of local transport (road and rail)	59
Access to labour, skills and materials	55
Quality of IT connectivity (e.g. telecoms, broadband)	42
Quality and availability of educational facilities and courses	31
Quality and cost of national transport (road, rail air and port)	29
Quality and cost of international transport (road, rail, air and port)	19
Government, corporate, public willingness to pay	19
Access to finance	18
Quality of the built environment and quality of and access to public realm and civic space	17
Quality and availability of cultural and leisure facilities and activities	12
Effectiveness of central government in supporting infrastructure delivery	12
Quality and availability of business and commercial premises	11
Effectiveness of local government in supporting infrastructure delivery	9
Willingness of the public and private sectors to engage with each other in the planning and delivery of infrastructure	9
Competitiveness of construction industry and the supply chain	3
Quality and cost of access to utilities (excl telecoms)	2
Public support for infrastructure investment projects	1
Aberdeen's track record of infrastructure projects	0

Table 1 Prioritised Readiness Parameters

The results of the polling exercise identified a clear top 4 as indicated by the shaded blue priorities in Table 2. These conclusions are also supported by the results of the pre-visualisation day survey. The survey respondents identified the same main barriers to growth in relation to both the short term and longer term priority sectors they had identified, namely:

- Transport and Connectivity; Access to Labour and Skills;
- Attracting workers/visitors and marketing of the city/city image; and
- Access to finance.

As expected, the outcomes in relation to future priorities correlate closely with the areas which were identified as weakest when the current situation was scored, with the exception of education where participants appear keen to maintain existing strengths.



SCRIBE NOTES

The notes from the table group discussions were analysed after the event alongside the results of the polling exercise and survey to help understand the detail behind the choices made and to identify any particular areas of concern. The following summarises key comments made by the groups in relation to the main infrastructure priorities and barriers identified by the polling and survey.

The table groups were unanimous in referencing the high cost of housing in Aberdeen both in terms of rent and purchase. Furthermore 60% of tables directly linked the high cost of housing to restrictions on the availability of labour and skills. This reinforces the message from the polling and survey results that this is a key barrier to growth in the city.

Many tables commented on issues relating to local transport. Access to the airport and congestion at key pinch points was mentioned frequently, appearing in discussions on at least half of the table groups. It was noted that local congestion had consequences for overall journey times to/from the city via either the airport or national trunk road network "It takes longer to get in to Aberdeen than to fly out of Aberdeen". The lack of cross city/round city public transport routes was also mentioned by a number of table groups.

The dominance of the oil and gas industry and the upward pressure this places on the cost of labour featured in discussions in relation to the availability of labour and skills. In particular the impact that the oil and gas industry has on other sectors attracting skilled employees was mentioned with them being unable to compete with the wages offered. While at least half of the table groups appeared to discuss skills shortages generally, 20% of tables noted particular difficulties in finding non professional staff. Issues in retaining the many excellent graduates educated in the city also featured frequently in discussion.

In terms of the attractiveness and marketing of the city to attract workers, visitors and investment, the poor state of the city centre was a common theme and there was a recognition that Aberdeen fails to promote many of the things that are good about the city (green space, art gallery).





Defining Strategic Infrastructure Goals

In order to compete with other global cities (in both energy and non-energy sectors) Aberdeen will need to invest in various elements of its ‘offer’ by enhancing its cultural heritage, promoting strong, safe communities, and investing in high quality infrastructure.

Strategic planning and being able to focus on key strategic issues means clearly defined goals and accompanying project selection criteria are essential. This ensures investment is prioritised in the right areas and provides a framework to deal with conflicts between competing priorities. The priorities identified should have wide stakeholder buy-in and support.

Evidence gathered from research of existing plans, the visualisation day and online survey has therefore formed the basis of identifying 5 key infrastructure goals for the Strategic Infrastructure Plan as outlined in figure 3.

Key Goals	Criteria
A step change in the supply of housing	<ul style="list-style-type: none"> Remove the remaining barriers to bringing forward developable land Deliver more affordable homes both for rent and sale Enable the private sector to deliver
High quality digital connectivity at home and at work	<ul style="list-style-type: none"> Increase the speed of internet connectivity Increase coverage Reduce cost to allow wider participation
Better local transport	<ul style="list-style-type: none"> Improve access to the airport Reduce congestion and journey times Improve cross-city connections
The skills and labour that Aberdeen needs to thrive	<ul style="list-style-type: none"> Attract and retain a workforce that meets Aberdeen’s needs Equip the local workforce with the skills required by the local economy Make Aberdeen a more desirable location to live and visit
A better image for Aberdeen	<ul style="list-style-type: none"> Boost the external appeal of the city as a place to live, visit and invest Foster greater civic pride Celebrate and showcase existing strengths

Figure 3 Key Goals

These 5 goals capture and reflect the key themes emerging from the evidence gathered at the visualisation day and link to the barriers to growth this process identified. These goals are supported through many of ACC’s existing strategies but the evidence gathering work allows us to place renewed focus on which aspects of these strategies should be prioritised for delivery. The council is confident that in placing focus on these areas economic and wider benefits will be delivered.

A STEP CHANGE IN THE SUPPLY OF HOUSING

The availability of housing, including the cost, in both the rental and buying market, is a fundamental problem and recognised as one of the key priorities to support and underpin the economic growth of the city. Although sufficient land has been identified to address the housing requirements of the city, through the local plan process, there remains a greater demand across all sectors than the supply available in the market place. This in turn impacts on rent rates as well as house values and acts as a constraint on the labour market.

Within the city there are 18,392 private rented sector (PRS) properties, which equates to 16.4% of the total housing stock in the city compared to 11% for the country as a whole. However analysis of housing affordability has highlighted a shortfall in the provision of available rented housing for workers on good incomes who provide key services and are considered essential to the successful growth of the city. This demand has reduced the number of properties for low cost home ownership and there is no incentive for private landlords to offer accommodation at prices below current market levels. Given the demand for social housing within the city this is unlikely to be an option for this group of workers, however they do have the income to afford an intermediary product if it were more widely available.

CACI income data for each ward within the city has been obtained and referenced against Private Rented Sector and Mid-Market Rent levels. For the city as a whole, with 30% of an individual's gross income paid towards rent, only 31% of people can afford current average private sector rent levels. However with an intermediary Mid-Market rental property available this increases to 61%. More detail is given below regarding affordability for different house sizes.

Affordability: CACI Income Profile > Commercial rents

Scenario	25%	30%
Income Affordability		
1 Bed	49.6%	42.4%
2 Bed	70.7%	61.7%
3 Bed	83.2%	75.3%
4 Bed	96.4%	94.8%
5+ Bed	97.3%	96.3%
Average	77.7%	69.4%
Max	97.3%	96.3%
Min	49.6%	42.4%

At 25% of income
23% can afford
PRS rents

At 30% of income
31% can afford
PRS rents

Affordability: CACI Income Profile > Mid Market Rent based on 80% LHA

Scenario	80%	80%
% of LHA	80%	80%
Income Affordability	25%	30%
Shared	17.9%	13.5%
1	35.3%	28.9%
2	43.0%	36.4%
3	48.1%	41.0%
4	58.8%	50.7%
Average	46.7%	39.7%
Max	58.8%	50.7%
Min	17.9%	13.5%

At 25% of income
54% can afford
MMR rents

At 30% of income
61% can afford
MMR rents

Aberdeen City Council itself cannot enter the private rented market directly. As a funder and enabler it's role is restricted to specific areas of the housing market, in particular the delivery of affordable housing, either directly (for social housing) or through Registered social Landlords for social and mid-market rent or low cost ownership (shared equity or shared ownership). However the Council can examine ways of intervening in those areas and market sectors which the private sector is not responding to.

The City Council has provided funding and support for the National Housing Trust program delivered with other partners including developers and an RSL. This program is targeted at mid-market rent levels which equate to 80-100% of the Local Housing Allowance (LHA) and has been successful in demonstrating the viability and demand for an intermediary product.

The requirement for a continuing supply of 'Human Capital' to support economic growth is one of a number of key imperatives for the city. The cost of housing within the travel to work area is a major barrier to mobility for those seeking employment in Aberdeen, moving from parts of the UK where housing is more readily available or cheaper across all tenures.

Removing the barriers and delivering the infrastructure to enable the delivery of new housing developments is vital for the economic growth of the city and supporting the upfront infrastructure costs is essential to this.



HIGH QUALITY DIGITAL CONNECTIVITY AT HOME AND AT WORK

Aberdeen and Aberdeenshire have the highest levels of broadband uptake in the UK, at 74% and 72% respectively, but some of the slowest speeds. Public and private sector investment and a share of the Urban Broadband Fund will be used to increase speeds to 80mbps across the entire city. The overwhelming majority of business and residential users in the area are supported with a maximum bit rate of 7.15mbps, but often receive much less because the infrastructure is frequently overloaded, resulting in much lower connection speeds than advertised.

Businesses seeking to locate in the region's major business parks and development corridors require access to world-class ultrafast digital infrastructure to enable them to compete on an international basis.

The provision of ultrafast broadband across the city and 4G wifi coverage will help to:

- accelerate economic growth and create employment;
- provide access to faster and more flexible digital infrastructure;
- support the delivery of education services; and
- enable more cost-effective delivery of public services including tele-medicine and social care.

It is also important to retain key personnel in the energy sector and to prevent the premature fragmentation of the energy industry's presence in the area. Ultra fast digital connectivity helps provide the means to ensure that the city and region will maintain a high regional GVA through activity in the North Sea and the export of goods and services to other centres of exploration and production.

Improvements in broadband connectivity are a key component to maximising growth, for both residential and business needs.

BETTER LOCAL TRANSPORT

Local transport links are recognised as one of the key elements of infrastructure that requires to be addressed in the city.

An effective and efficient transport system is an important factor for businesses looking to remain or locate in the city and is a key element for economic development. The roads network is a fundamental part of that system. The road network round the city is subject to congestion on key pinch points and ever increasing journey times, including the current travel links to the airport from the city centre and surrounding areas. Getting about and having easy access through cross city connections is important to link businesses, communities and the city centre as well as the airport. Cross city connections can have a major impact in underpinning growth and stimulating economic development.

THE SKILLS AND LABOUR THAT ABERDEEN NEEDS TO THRIVE

Almost all sectors in Aberdeen highlight this area as a particular issue, both in terms of available labour and a shortage of employees in particular skill sets.

A key part of Aberdeen's continuing success is the need to retain and attract key businesses and to have a sufficiently large and skilled workforce to drive the city's economy. The supply of appropriately skilled labour continues to be the greatest threat to Aberdeen's ability to maintain and grow its position as a global energy centre of excellence.

A recent report from Lloyds Banking Group forecasted that thousands of new jobs are expected to be created in the UK oil and gas industry in the years ahead, which will give a boost to the North of Scotland. Further to this three-quarters of firms hope to take on new workers in the next two years, with 28% aiming for a major employment push.

A BETTER IMAGE FOR ABERDEEN

There is a mounting body of evidence that highlights the importance of 'place' in people's decision-making about where to live, work and visit. This is particularly true for the ambitious young people who help drive innovation and now choose the city first before choosing the job within it. Employers are drawn to a city by the high availability of skilled labour and this underpins the importance of place in city infrastructure development.

Aberdeen's Community Planning Partnership has developed a vision for '*Aberdeen 2022 - the city we love to live in*', where Aberdeen has become an exciting place to live, work and visit. This has been incorporated into the Council's five year plan, *Aberdeen - The Smarter City* and the partnership's Single Outcome Agreement, underscoring the importance of place in delivering economic growth for the city and its inhabitants. The Strategic Infrastructure Plan will set out how the key infrastructure projects that support this vision will be delivered.

A high quality of life is integral to attracting and retaining the talent and investment needed to grow the economy. This sense of place, with a key emphasis on the city centre, is crucial in underpinning economic growth and essential in underpinning the necessary infrastructure requirements.



Identifying Priority Projects



The identified key goals from the evidence gathering formed a basis for re-examining existing plans to see where issues were likely to be addressed by currently planned or identified projects (led by ACC or others), but also identified gaps where projects would need to be identified or further developed to meet the goals.

To address the infrastructure goals necessary to underpin growth and maximise economic impact in both the short and longer term, the Council has identified a number of key strategic projects.

Project	Housing	Connectivity	Transport	Skills	Place
Enable delivery of Affordable Houses	●			◐	
Housing element of the Strategic Development Plan	●			◐	
Housing and wider Regeneration	○		●	○	◐
Accelerate Aberdeen		●		◐	◐
Central Road Infrastructure			●		◐
Dyce Drive Link Road			●		◐
Third Don Crossing			●		◐
Access from the South			●		○
Cross-city Transport Connections			●		○
Promote Oil and Gas Academy for Scotland				●	
Marischal Square Development					●
City Centre Regeneration					●
Art Gallery Redevelopment					●
Aberdeen Exhibition and Conference Centre (AECC)				◐	

Figure 4 Priority Projects in the Strategic Infrastructure Plan

KEY GOAL: A STEP CHANGE IN THE SUPPLY OF HOUSING

Project: Enable the delivery of Affordable Houses

A Housing Need and Demand Assessment was published in 2010 and revised in 2011 to inform the Strategic Development Plan, Local Development Plan and Local Housing Strategy. This assessment gathers information on population growth and the economy to make an assessment about the demand for private housing and the number of households, annually that will fall into housing need i.e. will not be able to afford to meet their housing needs on the open market.

The Housing Demand Needs Assessment indicated a need for 415 affordable houses to be built per annum over a ten year period. Delivery of affordable housing to meet this need has primarily been managed through the Strategic Housing Investment Plan (SHIP), as RSL and Council development as well as units delivered through Section 75 requirements through the private sector. The 415 affordable houses is a very challenging level of need given the total number of properties completed across all sectors in Aberdeen was 574 in 2011/12 and 526 in 2012/13. Therefore a step change in the completion of housing is required to help meet the affordable housing need.

Through the Strategic Infrastructure Plan we will deliver the following numbers of affordable housing units by 2017:

- A revised SHIP, featuring 554 units
- A partnership approach with private developers to deliver a further 500 units in line with the Local Development Plan
- A new, Council led development pipeline, which will deliver an additional 1026 units

The Council will procure suitable delivery partnership arrangements to meet its short and medium term affordable housing commitments of 2,030 by May 2017, and our forecast five year delivery pipeline of 2,430 units by 2019.

In seeking to develop new affordable houses we are aware of the need for and the opportunity to increase the range, type and tenure of houses across the City. The developments will comprise a housing mix of socially rented, mid-market rent, part ownership and private sale. We will also endeavour to increase opportunities for some of our existing residents by enhancing options for them through different house types and tenures as their aspirations and family circumstances change over the years. By doing this it will free up their existing properties for others, meet their own housing requirements and enable them to continue to live in the area, providing stability for the community as well as their families.

Project: Delivery of the housing element of the Strategic Development Plan

In spite of the allocation through the Structure Plan and Local Development Plan for some 36,000 houses in key development sites in the City, discussions with developers have revealed a significant problem in achieving up-front loan funding from lending institutions to put the required infrastructure in place for these larger sites.

The Council is in ongoing discussions with HM Treasury and in particular its infrastructure development arm – Infrastructure UK – to investigate options to help release funds to enable investment in the infrastructure for such developments to take place. A pilot project to use the Governments Guarantee Scheme is currently being progressed with a developer and Infrastructure UK with the guarantee being sought amounting to £30-40 million.

We will work with developers, through a facilitation role, to investigate the use of the scheme for other projects, which should lead to the unblocking of a major impediment to the supply of new housing in the City.





Project: Housing and wider regeneration

There are several regeneration projects that will deliver improved quality of life and access to opportunities across the city.

The regeneration of the Tillydrone area will include the provision for a mixed housing tenure, a Care Village, a Community Hub, together with employment and training opportunities for the local community along with environmental and parkland regeneration.

Another area we will regenerate is the Logie area of Middlefield alongside the work around the Haudagain Junction improvement. There are opportunities in community regeneration terms to create an improved physical environment, create local employment opportunities, access to goods and new or improved services and further tackle a negative perception of the local area.


The regeneration of Torry/Balnagask will comprise an extension of the carbon reduction initiatives currently underway and the development of future housing initiatives alongside the progression of leading city development programmes. In addition, the local community initiatives will look at expanding on the retail development on offer by Retail Rocks. The progression of the renowned music regeneration initiative, Big Noise, by Sistema through intensive work with local schools, and additional environmental initiatives involving hard and soft landscaping, will enhance what was formerly known as the garden city in Aberdeen.

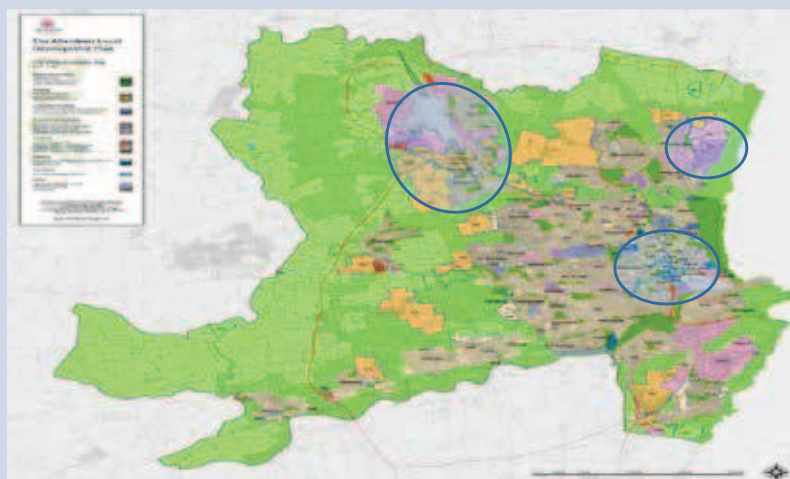
KEY GOAL: HIGH QUALITY DIGITAL CONNECTIVITY AT HOME AND AT WORK***Project: Accelerate Aberdeen***

The Accelerate Aberdeen programme, which has recently won the Urban Network Award at the NextGen Conference in London, is a multi-stream project that seeks to provide the region with the world class digital infrastructure it requires, with economic growth and development at its core.

The project is funded from the UK Government (Department of Culture, Media and Sports) Broadband UK Programme.




Phase 1: Priority Wireless
Concession Areas



The programme consists of 5 parallel projects:

- Enable exchanges and cabinets in Aberdeen City to deliver superfast broadband services as part of the Scottish Government Step Change 2015 project.
- Encourage additional private investment in West Aberdeen/the Energetica corridor covering the major business parks and development areas to deliver world class broadband connectivity.
- Vouchers to be used as a mechanism to enable SME's to subsidise the connection fee for superfast services and ultrafast broadband services. (maximum £3k per company* but companies operating from the same location can combine their vouchers, where appropriate to purchase a joint service)
- Concessionary next generation wireless network to improve connectivity in key centres of the city and facilitate rapid deployment of 4G services as they are deployed, supplemented by Wifi in public buildings, learning centres and community centres.
- The development of innovation and demonstration centres, funded by the public sector, which the private (SME) sector can then access and so assist, sustainable economic development.

The provision of ultrafast broadband will help accelerate economic growth, create employment, support the delivery of education services, and enable more cost-effective delivery of public services including tele-medicine, social care and council housing repairs.

KEY GOAL: BETTER LOCAL TRANSPORT

Project: Central Aberdeen Transport Infrastructure (South College Street and the Berryden Corridor)

This project involves a range of traffic management and road improvement measures that includes South College Street, Phase 1 of the Berryden Corridor Scheme and the feasibility study on the potential pedestrianisation in the city centre.

The road improvements are required to provide sufficient capacity within the network to allow interchange between north/south and east/west traffic.

The project will meet the following objectives.

- enable city centre regeneration;
- congestion reduction;
- improvement of bus journey times;
- increased cycle usage;
- improved safety by reducing vehicular conflict with pedestrians in the area which has the greatest footfall in the City Centre;
- contribute to the deliver of the Air Quality Action Plan, this project is a key component to enable the Council to meet its statutory obligations to improve air quality in this Air Quality Management Area.

Phase 1 includes the roads from Skene Square/Maberly Street junction to Cornhill and is programmed for delivery by the end of 2017/18.

A further 3 phases have been identified that cover Cornhill through to where the dualling starts again on Great Northern Road. The start date for these phases is subject to funding availability and the timing of this funding. We will endeavour to bring the development of phases 2-4 forward, subject to the usual statutory procedures and their associated risks.

The entire scheme will deliver air quality, road safety and economic benefits and support the key strategic priority around City Centre Regeneration.



Project: Dyce Drive Link Road

This link road is an essential link between the Aberdeen Western Peripheral Route (AWPR) and the airport and will act as a driver for commercial development of the surrounding land.

The project will meet the following objectives.

- congestion reduction;
- improvement of bus journey times;
- improvement of freight journey times;
- support economic growth in the north east;
- increased cycle usage.

The other element of this project is the development of a new Park and Choose facility on the A96, which is in keeping with the land use and transportation strategies of Aberdeen City and the wider region in the context of supporting economic growth by encouraging sustainable transport.



Project: Third Don Crossing

This project will see the construction of a new single carriageway link road between the Parkway/Whitestripes Road junction and the Tillydrone Avenue/St Marchar Drive junction and includes the construction of a new bridge over the River Don.

The north of Aberdeen currently suffers from serious congestion problems and the situation will become worse as the development identified in the Structure Plan and Local Development Plan is implemented. Traffic modelling has identified that even with the construction of the Aberdeen Western Peripheral Route and the proposed Haudagain improvement there will still be some congestion. This will have an adverse impact on the economy of the City affecting both inward investment and the expansion of existing businesses.

The key benefits of the project are that it will:

- reduce traffic congestion in the north of the City;
- reduce the adverse impact of congestion on inward investment and the expansion of existing businesses;
- improve links between residential areas and employment areas;
- provide flexibility to the road network thereby reducing the impact of any roadworks/accidents/ incidents on the network;
- act as an enabler for implementation of the Structure Plan.

Project: Access from the South

The Aberdeen Access from the South study was concluded in 2008 and identified suitable options to improve the flow of traffic and reduce delays in the Bridge of Dee area of Aberdeen. It identifies schemes to improve journey times for all traffic and any proposals are identified as deliverable in the short, medium or long term.

The key objectives are:

- Economy -
To reduce congestion and unreliability, and have effective journey times particularly where it impacts on the efficient movement of goods;
- Safety -
To reduce the incidence of, and potential for, collisions and all transport related collisions especially vulnerable users, such as cyclists, pedestrians and motorcyclists;
- Social Inclusion & Accessibility -
To encourage socially-inclusive and healthy transport modes other than single car occupancy;
- Social Inclusion & Accessibility -
To improve the accessibility between residential and employment areas;
- Environment -
To improve the local environment by reducing air pollution problems;
- Integration -
To integrate transport with land use planning to ensure that transport networks serve development in an efficient, effective and sustainable way.

In the short term several improvements have been implemented to assist the network operation and further medium term improvements will be investigated and implemented.

The results from the initial stage of a study, completed in 2011, found that in the long term increasing levels of development south of the River Dee will lead to further problems at bridge crossings. The study identified the long term need for additional capacity across the River Dee and investigation of these capacity issues is now the focus of a present study.

This ongoing study is considering a number of concepts as part of the initial appraisal stage of the project through the Scottish Transport Appraisal Guidance (STAG) Part 1 process. It is envisaged that work on the STAG Part 1 stage of the study will be completed by March 2014. Work beyond this stage of the study will involve detailed evaluation of options emerging and future work will be progressed as funding permits. It is anticipated that the study will be completed by the end of 2015.

Included in this project is exploring the merits of a link road between Inchgrath Road and North Deeside Road as part of a wider solution combined with the proposals for the Bridge of Dee.

**Project: Cross city transport connections**

The construction of the Aberdeen Western Peripheral Route will assist in addressing some of the City's transport challenges. The Council is already working with Nestrans and Aberdeenshire Council to look at how best to "lock in" the benefits of the AWPR, including opportunities for improving internal connectivity once the AWPR is open.

The current Local Development Plan will see the development of significant new housing and business park developments in the coming years. As we look around the world and Europe in particular, we see more and more successful cities of Aberdeen's size developing rapid transport systems or light transport systems, which connect communities to major strategic sites including universities, business parks, harbours, airports, stations and city centres. These solutions are being put in place across Europe to tackle issues of congestion, pollution and good connectivity.

We will carry out a feasibility study and start to investigate ways to maximise connectivity between new developments arising from the Local Development Plan, including continuing discussions with Nestrans and Transport Scotland in relation to planning and funding.

KEY GOAL: THE SKILLS AND LABOUR THAT ABERDEEN NEEDS TO THRIVE

This key goal is an overarching theme that will be achieved through the delivery of the identified projects within the Plan. Attracting and retaining the skills and labour needed is the challenge and the delivery of new housing, city centre regeneration and improved roads network will go a long way to achieving this goal.



Project: Promote Oil and Gas Academy for Scotland

OGAS (the Oil and Gas Academy of Scotland) is a consortium of further and higher education institutions who collectively deliver a wide range of training for the industry, from craft to technician level training through to postgraduate degrees and doctoral research. The oil and gas sector is of crucial importance for the north east region and the wider Scottish and UK economies and OGAS is very well equipped to develop all of the skills that are needed for it to thrive.

Aberdeen City Council supports and endorses the development of the Oil and Gas Academy of Scotland and the potential of having it located in the city.

Initially we will look to include the promotion of OGAS in all appropriate ACC produced publications as well as including OGAS in any overseas trade missions, particularly the recruitment missions, and inward visits from potential investors, VIP delegations, highlighting that OGAS is physically located in Aberdeen and is making a proactive contribution to anchoring the oil industry here and servicing the ever expanding international supply chain.

KEY GOAL: A BETTER IMAGE FOR ABERDEEN**Project: Marischal Square Development**

The current proposals will create a high calibre mixed use development which will have significant benefits to the regeneration of Aberdeen city centre. The scheme will continue to reflect the City's heritage including incorporating and reinvigorating Provost Skene House, and will improve the setting of this important historical building.

The project will see the site to provide a development of:

- 175,000 sq/ft of office space;
- 25,000 sq/ft of retail and restaurant space;
- and a new hotel development.

Furthermore, the development will create a new public realm zone in the city, giving Marischal College a landscape setting blending into the new Marischal Square development and helping to provide a new flexible open civic space.

The project will help generate growth and economic benefit through city centre regeneration, delivering long term benefits of improved air quality, accessibility, job creation and reduction of carbon emissions.

Project: City Centre Regeneration

There has been much discussion and debate over the future of Aberdeen's City Centre in recent years and there is evidence that a thriving urban core plays an important part in any successful city. Much is already happening as can be evidenced by the success of Union Square and the number of planning applications for both hotel and office space. The redevelopment of Marischal College has played a key role in all of this and the decision to redevelop the St Nicholas House site will provide added momentum. However, there is still a requirement to accelerate the rate of redevelopment, but in a planned fashion.

The council have been working with the Robert Gordon University (RGU) and ACSEF to build on the City Centre Development Framework, approved in 2011 to provide a city centre plan to guide future development, to further develop a plan for the future of the city centre.

In particular, a solution to the ongoing problem of the Denburn Valley is being addressed and pursued. The team has developed a proposal which looks at 4 core elements including the road and the railway, the Eastern end of the Garden adjacent to Union Bridge, the Western end including how to retain a Victorian Garden and the iconic view from Union Bridge towards His Majesty's Theatre, St Marks Church and the Public Library together with the floral bowl and recreational bowl below as well as connectivity up and down the Denburn Valley particularly towards the station. We have been helped considerably in our deliberations through the input of other interested parties.

Working alongside this, the Main Issues Report into the next Local Development Plan will review and update the Development Framework and provide a robust strategy for the city centre, along with a clear direction for development and a focus on implementation.

City centre regeneration has generated a number of opinions and ideas and it is important that partners can put these forward in a cohesive and collegiate way and we try and reach a consensus on how to regenerate the city centre as a whole.

To achieve this it is proposed to establish a City Centre Regeneration Board. It is suggested that the Board will be a working group of the Council. It is envisaged that the Board would consider proposals and specific projects and come to a consensus on a recommended way forward, with this recommendation being reported to Council for discussion and approval.

The work with RGU and ACSEF has previously been reporting to a wider group chaired by the RGU and it is now proposed that the outcomes of this group be presented to the new City Centre Regeneration Board for consideration and approval.

To provide the necessary funding for this vital regeneration the Council has set aside £20 million to formulate a City Centre Infrastructure Fund. This fund aims to demonstrate a commitment to moving the City Centre forward.

We also intend to create a city centre team in partnership with others to provide a key focus for this vitally important piece of work. A report on the restructuring of the Enterprise, Planning and Infrastructure Directorate to incorporate a focus on project delivery, including a city centre team, will be presented to Council.

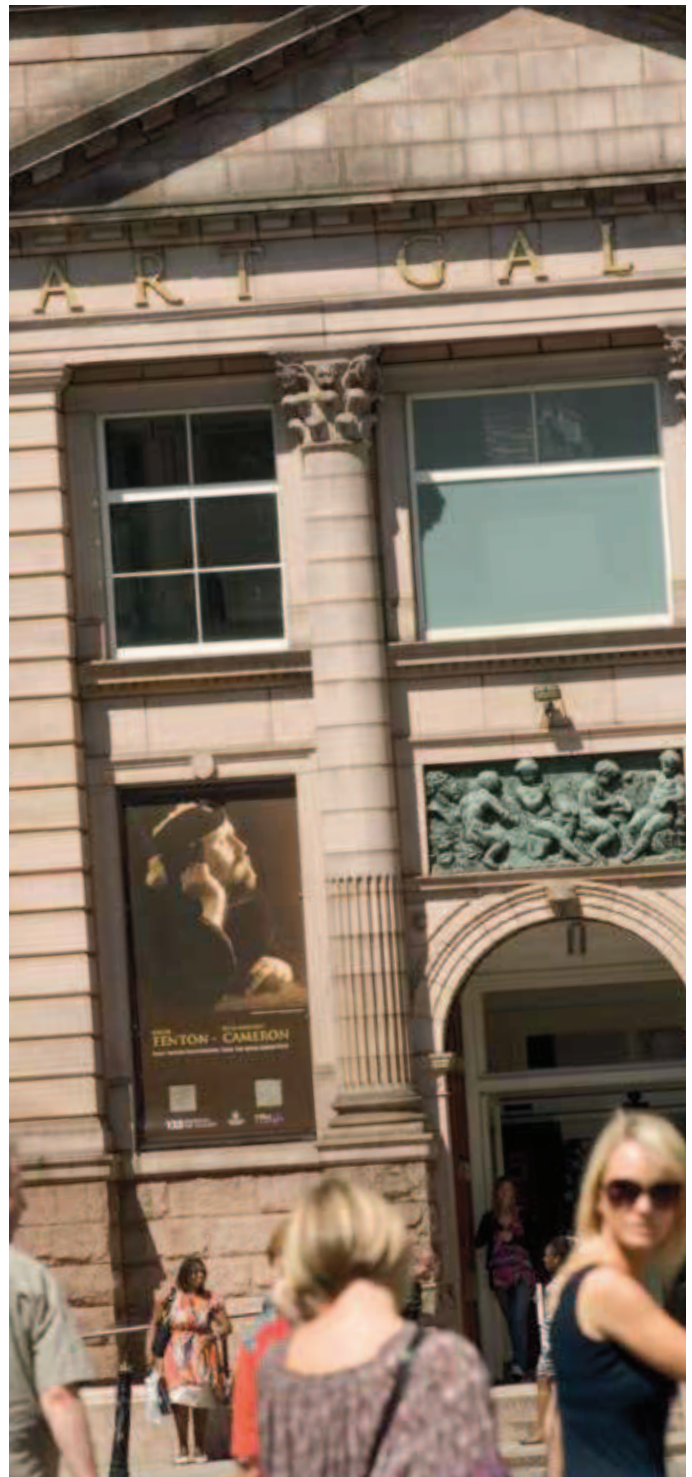
Project: Art Gallery Redevelopment

The project is to undertake a transformational scheme at Aberdeen Art Gallery which will improve, rejuvenate and preserve a distinctive granite building which acts as a cultural focus for the City of Aberdeen and North East Scotland. The combination of an art gallery, war memorial and recital hall on the one site makes it a unique destination for visitors, with the power to attract a variety of ages and interests.

The project will:

- Repair and modernise the Art Gallery building to improve identified deficiencies in access arrangements to meet Disability Discrimination Act obligations, through provision of public lifts, signage and digital media.
- Increase display space for the Art Gallery's unique collections, (which have Recognised Collection of National Significance status) and safeguard them for the future.
- Provide a facility to Accreditation standards capable of attracting touring national and international exhibitions.
- Improve provision of visitor support such as toilets, cloaks, catering and retail; improved facilities will increase income generation.
- Improve the Visit Scotland rating for the venue from 3 star to 5 star.
- Repair and modernise the Cowdray Hall with its unique acoustic, to enhance its status as a well loved small scale venue for musical recitals and performance and widen its range of uses.
- Key venue in attracting visitors to the City. Information from the Moffat Centre demonstrates that the Gallery is the most frequently visited museum and gallery in the North East, and the second most popular Visitor Attraction in Aberdeen, behind the David Welch Winter Gardens. In the wider North East geographical area the Art Gallery is the third most popular Visitor Attraction after the David Welch Winter Gardens and Johnston's Cashmere Visitor Centre, Elgin.
- Visitor figures for 2011-12 were 180,230; the redevelopment will increase visitor figures by 20% approximately resulting in a positive impact on the SPI rating.

The new Museums and Gallery Store is a further key infrastructure project closely linked to the Art Gallery Redevelopment and is an enabler to deliver this project.



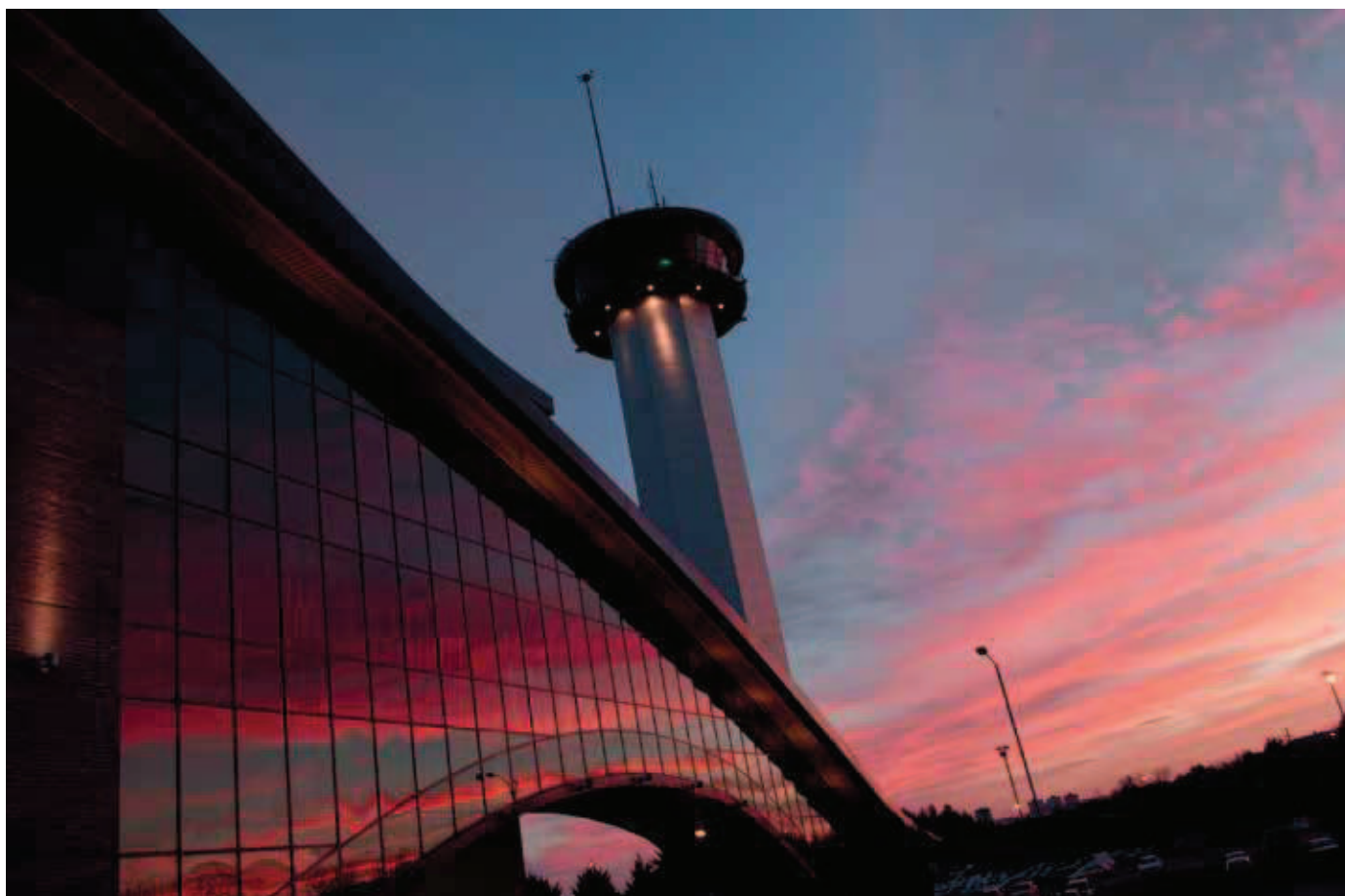
Project: Aberdeen Exhibition and Conference Centre (AECC)

The AECC is a 100% owned subsidiary of Aberdeen City Council.

The purpose of the AECC procurement is to select a development partner for the redevelopment of the AECC and surrounding land. The procurement required developers to formulate a fully-costed and viable detailed development solution. The shortlisted developers were free to propose any development solution and we have received onsite and offsite options all within the Energetica Corridor.

The Council's objectives for the development of the AECC which are considered to be essential in delivery of the project are:

- To build on the AECC's reputation as the most important business, leisure and entertainment facility in the North East of Scotland;
- To provide facilities capable of securing the on-going delivery of all up-coming and annual AECC events such as All Energy and Offshore Europe;
- To demonstrate Aberdeen's reputation as Europe's Energy capital by being designed as one of the most sustainable venues of its type in the UK;
- To deliver a facility which demonstrates high quality architectural, urban and landscape design proposals;
- To deliver high quality hotel accommodation adjacent to the facility;
- To provide improved provision for a full range transport modes, with a particular focus on sustainable transport and a proportionate level of car parking in line with the Council's maximum parking standards;
- To meet the future operational needs of AECC Ltd; and
- To ensure that any development proposal, whether a straightforward redevelopment of the existing site or a combination of new "off-site" development and existing site redevelopment is capable of meeting the requirements of the Aberdeen Local Development Plan and obtaining planning permission.



Supporting Infrastructure



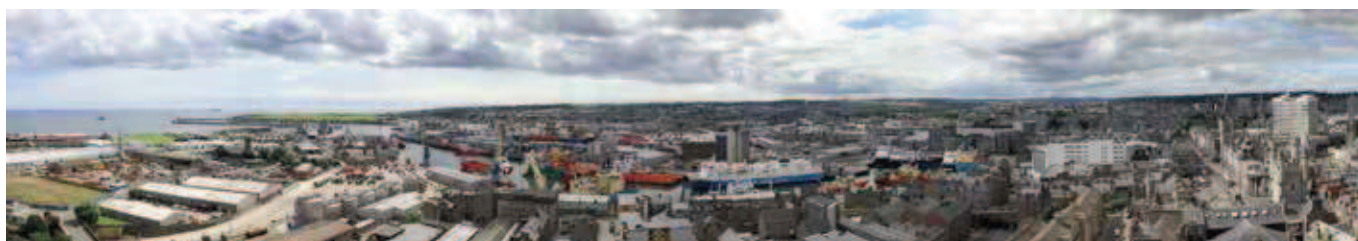
The SIP details those plans with substantial direct involvement from Aberdeen City Council that contribute to economic growth based on the agreed priorities.

It also recognises the substantial dependencies and linkages between SIP projects, other ACC infrastructure projects and initiatives owned or managed by partner agencies and private developers. It is the combined delivery of all of these efforts that will truly deliver a cohesive and sustainable future for the city and region. This section briefly describes some of these key linkages.

Other Aberdeen City Council projects that will deliver enabling or supporting infrastructure

The table overleaf summarises additional infrastructure projects included in the Council's Capital Plan. It represents a further £132M pound investment in Aberdeen's future in areas such as schools, culture and sport, improved access, sustainable transport, green energy and social care facilities as part of its overall £300 million capital programme.

Project Description	Budget 13/14	Budget 14/15	Budget 15/16	Budget 16/17	Budget 17/18
Education, Culture & Sport	11,084	25,619	23,862	9,484	3,000
School Estate Strategy - Bucksburn / Newhills	1,737	7,638	2,555	149	0
School Estate Strategy - Riverbank	1,654	88	0	0	0
Provision for Children with Complex Needs	6,422	6,393	1,057	835	0
Tullos Pool Refurbishment	771	0	0	0	0
Replacement School for Kincorth and Torry Academies	500	11,500	19,000	1,000	0
New Milltimber Primary	0	0	1,250	7,500	3,000
Enterprise, Planning & Infrastructure	9,969	4,659	5,000	5,000	4,600
Aberdeen Western Peripheral Route	4,945	600	600	600	600
Planned Renewal & Replacement of Road Infrastructure	4,224	3,659	4,000	4,000	4,000
Hydrogen Buses	800	400	400	400	0
Housing & Environment	6,077	500	500	375	0
Victoria House	2,452	0	0	0	0
Energy from Waste - Procurement & Land Acquisition	3,625	500	500	375	0
Social Care & Wellbeing	5,710	4,440	2,900	3,500	5,500
Social Care Facilities: Burnside	3,960	440	0	0	0
Children's Home Replacement / Upgrade	250	1,100	200	0	0
Social Care Facilities: Quarry Centre Refurbishment	150	0	0	0	0
Social Care Facilities: Craigielea Refurbishment	200	0	0	0	0
Social Care Facilities: Fergus House	250	0	0	0	0
Social Care Facilities: Respite Centre (Balnagask House)	0	500	0	0	0
Social Care Facilities: Rosewell House Therapy Centre	400	1,400	200	0	0
Tillydrone Extra Care Village: Residential Type Care	500	1,000	2,000	3,000	3,500
Tillydrone Extra Care Village: Community Hub	0	0	500	500	2,000
Total - All Services	32,840	35,218	32,262	18,359	13,100





ABERDEEN WESTERN PERIPHERAL ROUTE (AWPR)

The AWPR is being developed by a partnership of Transport Scotland, Aberdeen City and Aberdeenshire Councils. When completed it will bring economic, environmental and road safety benefits to the area and when combined with several Aberdeen City Council funded local transport projects will provide sustainable transport links between new and existing housing and business developments.

ABERDEEN HYDROGEN PROJECT

Since 1996 Aberdeen City Council has demonstrated its commitment to a low carbon economy. In January 2012 the Council committed to developing a network of green hydrogen re-fuelling stations officers have worked to develop a programme of projects which can be delivered in a strategic manner and build upon the existing Hydrogen Framework Strategy launched in 2013.

Policy at EU, National and now Local level all indicate that Hydrogen can play a key role in de-carbonising transport, but also for developing a sustainable low carbon economy. Policy alone will not lead to the commercial viability of innovative technologies and so it is vital that these are deployed to test their commercial viability and encourage private investment.

As one of the leading EU cities, Aberdeen is now well positioned to go on and become the leading region on the deployment of hydrogen technology. The potential growth of the market will depend upon industry investment and they have made it clear that they will be looking for testing grounds for fleets of vehicles. A large number of key industry and public sector players have joined forces to demonstrate the EU's largest integrated renewable hydrogen programme. Aberdeen's Strategic Hydrogen programme is predicated on building on the City region's expertise in the energy sector.

The first phase of the programme involves:

- the deployment of the generation of hydrogen;
- the means of transporting hydrogen;
- the construction of a hydrogen-fuelling station;
- the construction and implementation of a purpose built hydrogen bus maintenance facility; and
- The deployment of 10 hydrogen buses operated by First Group and Stagecoach.

Other projects which are being undertaken:

- A number of Council fleet vehicles to be converted to hydrogen;
- A Scottish Cities feasibility study to deploy hydrogen technology led by Aberdeen.

Projects under development:

- A feasibility study of deploying hydrogen bus fleets for Scotland's cities including Aberdeen;
- Small fuel cell energy development;
- Additional refuelling infrastructure;
- Potential to undertake large scale production of green hydrogen from sewage.





WASTE STRATEGY

In October 2012, Aberdeen City Council agreed an ambitious plan to expand services and develop local infrastructure that will take the city towards Zero Waste.

New services and Infrastructure

The Council has committed to expanding convenient and easy to use recycling and food waste collections to 100% of the city's households, including all flats and tenements. The Council's aim is that where there is a household residual bin in the city there will be recycling and food waste bins beside them meaning everyone has as much access to recycling facilities as they have to residual waste disposal. This principle will be enshrined in a revised Waste Strategy to be published in March 2014. The range of recyclables to be collected will be expanded to include hard packaging plastics and beverage cartons (Tetrapak).

In February 2013, the Council agreed to provide up to £23.5 million in capital funding over 5 years to develop new waste processing infrastructure to facilitate the expansion in collections. This infrastructure will include:

- A Materials Recycling Facility (MRF) that will accept co-mingled recyclables and produce high quality materials for sale into the reprocessing market.
- A Refuse Derived Fuel (RDF) facility preparing waste for use in high-efficiency combined heat and power plants outwith the city.
- A co-located purpose-built depot for the Council's waste and recycling collection service.
- An In-vessel composting or anaerobic digestion facility for the treatment of food waste.
- An Open windrow composting facility for garden waste.
- Two high-efficiency Household Waste and Recycling Centres (one of which is now under construction).

Collection Management

A key element in service improvement is the optimisation of collection operations that will deliver both savings and reduced carbon emissions. Co-locating the depot with the major disposal points (MRF and RDF) will also substantially reduce fuel consumption and resources deployed.

Residual Waste Management

Incorporated into the capital programme are funds for the purchase of a site for a small scale Energy from Waste (EfW) facility delivering heat and power to householders in fuel poverty and to support new businesses establish in the city. It is anticipated that this facility will be developed between 2020 and 2025 and take over from the RDF facility. The EfW will be delivered through a new procurement; the timetable for this is currently being considered.

Short term development of an RDF facility will allow the Council to achieve the 2025 target on 5% to landfill almost 10 years early.

Outcomes

Aberdeen City Council recognises that delivery of high levels of source segregated recycling will be challenging given that over 50% of households are multi-occupancy buildings, however, by providing services to all, we will provide the best available opportunity to capture valuable materials for reprocessing.

Local Targets for Aberdeen are as follows:

- **Source Segregated Recycling:**
 - 45% by 2013
 - 50% by 2020
 - 56% by 2025
- **Organic:**
 - Collections for all households by 2013
- **Residual:**
 - 45% (or less) by 2020
 - 40% by 2025
- **Landfill:**
 - 5% (or less) by 2025
- **Growth:**
 - Waste arising (gross tonnage) stable by 2015

The ownership and development of materials processing in Aberdeen will also provide up to 100 additional jobs in Aberdeen and contribute to the city's energy agenda by encouraging decentralised energy production from low-carbon sources.



COUNCIL HOUSING STOCK

The Council currently has a £41 million capital programme to maintain and improve its existing housing stock. The continued survey and works completed from the Housing Investment Capital Programme are keeping Aberdeen City Council on course to achieve compliance with the Scottish Housing Quality Standard by April 2015.

SCHOOL ESTATES REVIEW

There will be several school projects to develop additional schools and or classrooms to support any new housing developments. We expect these projects will be jointly funded by ACC and developers in keeping with the Local Development Plan.

LOW CARBON MANAGEMENT PROGRAMME 2010-2015

Aberdeen City Council has a strong track record of tackling carbon emissions. The council was one of the first to sign up in 2004 to the Carbon Trust Local Authority Carbon Management Programme (LACMP), which aims to reduce emissions from our buildings, vehicles, street lighting and landfill sites.

To help achieve this goal Aberdeen City Council has developed several strategic tools which include:

- **Environmental Management Policy –**
Statement endorsed by the Chief Executive which commits to minimise pollution, reduce emissions from our operations; manage waste sustainably and reduce energy consumption.
- **Decentralised Energy Programme (2008) –**
Commits to the installation of a decentralised energy system to all new build Council properties and replacement of heating and hot water systems in existing Council owned buildings as the normal default position as well as adopting an annual target of a 2.5% reduction in fuel purchased on the bulk of contracts for properties owned by this Council to apply over the next 10 years.
- **Council Travel Plan (2006) –**
Sits within the Local Transport Strategy and aims to reduce the environmental impacts of Council travel and transport.
- **Sustainable Building Standards for Council Owned Buildings (2008) –**
Introduced to ensure any new builds or major refurbishment carried out by the Council meet sustainable building criteria.
- **Sustainable Procurement Policy and Guidelines (2002) –**
Designed to address the full range of concerns relating to the socio-economic and environmental impacts of goods and services purchased by the Council (update underway).

SUSTAINABLE URBAN MOBILITY PLAN

A SUMP is essentially a transport masterplan looking at the way people move around by different modes of transport. These include walking, cycling, bus, train, taxi, motorcycle, car, van and Heavy Goods Vehicle (HGV). Aberdeen's SUMP is designed to enhance and further develop the transport themes in the City Centre Development Framework; provide a guide to how transport connections will develop over the next 25 years; and achieve regeneration of the city centre. It contributes to delivery of the Smarter Mobility aims of the Aberdeen – The Smarter City.

One of the key aspects in drawing up the SUMP has been to gather public opinion on what works well, what does not work well, and possible solutions to improve the city centre, focussing on the various transport options and general environment. With public feedback and stakeholder meetings the following vision and objectives have been established:

The Vision is to create a vibrant, attractive, connected and economically sustainable city centre that is accessible to all and well equipped to adapt to changing circumstances over time, with the following objectives:

- Create a city centre which is easy to move around with improved connections between key activity nodes across the city centre.
- Encourage appropriate access for all modes whilst ensuring essential trips into the city centre are given priority.
- Increase walking and cycling opportunities within the City Centre and provide safe and convenient connections to the wider network of paths throughout the city. Provide infrastructure that supports both new and experienced cyclists.
- To improve public transport and provide tourism pick up and drop off points at appropriate locations within the city centre.
- Improve access to the bus and rail stations and the ferry terminal.
- Raise awareness of and better promote access to the city centre for potential users.
- Use a positive, integrated design approach to resolve any conflict between movement and place functions. The traffic functions of the area will not compromise the quality or the sense of place.
- Provide opportunities which encourage increasing levels of economic development and which create new employment within the city centre.
- Increase the footfall at prime retail frontages.
- Improve air quality within the City Centre Air Quality Management Area (AQMA) to a point where the AQMA is revoked.
- To minimise the number of people exposed to high noise levels.
- To minimise the rate of road accident casualties and achieve national road safety targets.

Currently we are developing a multi-modal layered strategy that looks at how pedestrians and cyclists can move within a 'core' and then how and where public transport can access this core but still get into the City via strategic routes, how freight is being delivered and how we can facilitate this, and then how we can move cars around all of this with great walking links from car parks to the 'core'. More detailed proposals on funding the delivery of the SUMP will come through city centre regeneration work.

Aberdeen SUMP was awarded the EU's first SUMP award for best practice in public and stakeholder participation earlier in 2013.





NEW FOOTBALL STADIUM

The city council will be continuing negotiations with Aberdeen Football Club and others on the establishment of a new stadium at Loirston.

GRANITE MUSEUM

The city council supports the principle of establishing a Granite Museum at Rubislaw quarry.

CITY CENTRE REGENERATION

Mithers Kirk Project

Last year at its meeting on 22nd August, the City Council indicated its willingness to contribute to the Mithers Kirk project (MKP), as one of the key city centre regeneration projects. Officers subsequently received an approach from the Open Space Trust (OST) offering to work with the City Council to develop a range of facilities which would align with the city's wider cultural aspirations and which would have long term benefits for the people of Aberdeen and visitors to the city in the longer term. It also would achieve the completion of the MKP and enable the space to be commissioned and become operational.

The Council will support the proposals in principle and work with the Open Space Trust to develop and approve the overall business plan.

Aberdeen Arts Centre

Aberdeen Arts centre's Business Plan proposes a five stage capital programme with an estimated cost of £3,700,000. This includes:

- refurbishment and reconstruction of the Childrens theatre
- refurbishment and reconstruaction of the ground floor of the arts centre
- refurbishment of the first floor, including the Green Room
- a walkway/link between the Childrens Theatre and Arts Centre
- the construction of a fly tower above the existing stage footprint.

Aberdeen City Council is awaiting a formal approach from Castlegate Arts, the organisation who run the Arts centre, requesting a capital contribution. Aberdeen Arts Centre is leased to Castlegate Arts but remains the property of Aberdeen City Council.

The Lemon Tree

The Lemon Tree is leased to Aberdeen Performing Arts, who also manage the Music Hall and His Majestys Theatre, and provide related services to Aberdeen City Council. The need to refurbish the Lemon Tree has been identified and project plans to improve the physical fabric and layout of the building will be progressed in due course. This will include:

- improved customer access and experience;
- improved backstage facilities for artists;
- technical upgrades to staging and equipment;
- new workshop and rehearsal space; and
- upgrades to the studio.

APA's business plan provides some capital projections for the work, and anticipates that additional external funding can be raised to deliver the project. Whilst to date no formal approach has been made, the Council can expect to receive a request from APA in due course for a contribution.

The Music Hall

In 2013 Aberdeen City Council agreed to contribute £1 million towards a £6,980,000 renovation and refurbishment of the Music Hall, which is also operated by APA but is owned by Aberdeen City Council. A decision is pending from Creative Scotland regarding a contribution of £2m, with the remainder from a variety of funders, including a substantial amount from APA reserves. The project is scheduled to begin in 2015 with the venue likely to be closed for 12 months.



Funding Framework



A key objective of the SIP is to identify priority projects along with funding sources and potential funding models to pay for their delivery.

This section identifies the proposed funding package for delivery of each of the priority projects and where appropriate the potential funding models and funding sources that will be taken forward and further developed to identify the most appropriate funding mechanism.

The priority projects identified are primarily to be delivered in the shorter term. With an emphasis on delivery the SIP has focussed primarily on securing and confirming resources within existing budgets (both Council and other agencies) and on identifying delivery structures for which there is clear precedent. This approach maximises deliverability in the shorter term and, for the priority projects, avoids introducing delay through exploration of less proven or more radical approaches to funding.

The SIP process has identified the potential to establish a more flexible and sustainable funding framework for the longer term funding of infrastructure in the city. This could take the form of a revolving city investment fund similar to those being progressed by a number of the English Core Cities and subject to study by the Scottish Government through the Scottish Cities Alliance. Such a model envisages multiple strands of funding, from both public and private sources, being pooled together into an investment fund, overseen by robust governance arrangements that would provide faster and more flexible access to funding to meet local social and economic needs that are evidenced based. Further details of this potential approach are outlined later in this chapter.

FUNDING THE PRIORITY PROJECTS

As noted above the priority projects identified have short term target delivery dates and as such the SIP has emphasised progressing funding options that can be delivered or progressed quickly in the short term. This primarily includes:

- Making best use of existing capital and revenue budgets and confirming allocations for the priority projects within the capital plan;
- Making best use of the capacity in the budgets of other public sector agencies including seeking confirmation of capital plan allocations;
- Identifying potential grant funding available to support delivery and confirming the availability of resources needed to secure any matched funding available;
- Identifying and refining delivery models that have precedent and can both maximise the impact of council contributions and enable other public and private sector investment;
- Confirming the intention and capacity of private sector investors to respond if the council delivers the priority projects; and
- Identifying any non-financial commitments or actions that could be taken to accelerate or otherwise bring forward investment.

ENABLE THE DELIVERY OF AFFORDABLE HOUSES

The different funding packages for the delivery of affordable houses still need to be determined pending finalisation of the different sites and delivery options.

Some of the potential funding options being explored are:

- Land cross subsidy;
- Mid market rent cross subsidy;
- Shared equity cross subsidy;
- Low cost home ownership cross subsidy;
- Housing association grant funding;
- Public works loan board;
- Commuted sums; and
- Private sector funding.

We would look to deliver this through partnership agreements and utilising council land assets.

DELIVERY OF THE HOUSING ELEMENT OF THE LOCAL DEVELOPMENT PLAN

The Council is in ongoing discussions with HM Treasury and in particular its infrastructure development arm – Infrastructure UK – to investigate options to help release funds to enable investment in the infrastructure for such developments to take place. A pilot project to use the Governments Guarantee Scheme is currently being progressed with a developer and Infrastructure UK.

It is our intention to work with developers, through a facilitation role, to investigate the use of the scheme for other projects, which should lead to the unblocking of a major impediment to the supply of new housing in the City.



HOUSING AND WIDER REGENERATION

The regeneration of Tillydrone will see a number of vacant or underused sites redeveloped to deliver new homes, upgraded community facilities and installation of modern district heating to create more liveable and sustainable housing in the area. Work is ongoing to finalise options for the available sites in the area but total investment in the area is anticipated to be in the region of £40m.

A final funding package is still to be determined pending finalisation of options for the scheme. ACC will contribute to the funding of the preferred proposals through a combination of land assets and capital from the Housing Capital Programme. Aberdeen Heat and Power will be responsible for delivery of the combined heat and power upgrade and this will be funded by national low carbon support programmes. In developing new housing in the area ACC would expect to appoint a RSL partner to develop the affordable and social housing elements of the scheme and this partner would be expected to contribute their own resources to delivering the new properties. There is also scope for cross subsidy and funding of affordable housing through sale of surplus sites for development as private for sale housing.

Project	Funding Requirement	Funding Sources/Models	Status
Tillydrone Regeneration	c.£40m	Combined funding package: ACC Capital Plan Contribution of ACC land assets Potential RSL involvement Sale of sites for private development Aberdeen Heat and Power	In development The final funding solution will depend on the detailed scheme agreed. However in preparation ACC is in the process of finalising a short list of funding structures that would enable all partners to contribute to delivering the housing element of the scheme

The regeneration of Middlefield, including the reconfiguration and upgrade of the Haudagain junction includes multiple stakeholders and funding sources. The total cost of delivering the planned highways upgrades and housing provision is estimated at around £40m.

As the Haudagain junction forms part of the trunk road network these works will be managed and funded by Transport Scotland. In addition, Transport Scotland will be obliged to pay compensation for the loss of property through demolitions required to deliver the project. An element of this compensation will be to ACC for the loss of existing Council housing. ACC intends to ring fence any compensation for re-provisioning and redevelopment of new housing and services in the Middlefield area.

Work is continuing to assess the extent of demolitions required and to establish the scope for reprovisioning in the area and the tenure of replacement homes envisaged. ACC envisage a joint venture approach between the council, developers and Registered Social Landlords (RSLs) could represent an effective means of delivering the funding required with a joint approach to delivering housing in the area providing scope for cross subsidy of new affordable units.

Work is currently underway to identify a shortlist of delivery options for the sites taking into account the flexibility that will be required to cope with different tenure mixes. In particular the quantum of affordable housing in the scheme will impact the potential level of subsidy that will be required to make the scheme viable. ACC envisage that its contribution to any development vehicle will be through a combination of resources from the Housing Capital Programme and existing land assets.

Project	Funding Requirement	Funding Sources/Models	Status
Middlefield and Haudagain	c.£40m	Combined funding package: Transport Scotland ACC Capital Plan ACC land assets Potential RSL involvement	In development The final funding solution will depend on the detailed scheme agreed. However in preparation ACC is in the process of finalising a short list of funding structures that would enable all partners to contribute to delivering the housing element of the scheme

ACCELERATE ABERDEEN

Aberdeen was a successful winner of the UK Government Broadband Fund to become a "Super Connected City". Up to £5.58m is available for Aberdeen subject to submission of a satisfactory programme roll out and spending plan to the DCMS. The funding is allocated as follows:

- Vouchers £4.28m
- Wifi in public buildings £0.3m
- Incubator Lab £1.00m
- TOTAL £5.58 M

The ACC City Broadband voucher scheme will offer financial support to small and medium enterprises of up to £3,000 to help upgrade their broadband connectivity. This scheme is funded via a grant of £4.28m from the UK government's Super Connected Cities Fund. An additional £300k allocation from Super Connected Cities has been made available to roll out high quality wifi in public buildings which will be accessible to SME's for free in addition to improving public sector service delivery.

Project	Funding Requirement	Funding Sources/Models	Status
City Broadband Package	£5.58m	Private Sector Department for Culture Media and Sport Super Connected Cities Grant ACC Capital Plan Scottish Government Infill Procurement	In development



ABERDEEN WESTERN PERIPHERAL ROUTE

The AWPR is one of the most significant investments in the strategic road network in the North East for a generation. The Council is the procuring agent for the project. The project is currently in procurement as part of the Scottish Government Non Profit Distributing (NPD) Model investment programme. Under this model the upfront capital costs will be met by the private sector using private sector finance with this being repaid by Transport Scotland over the 30 year concession period from their revenue budgets.

The Council has agreed to make a contribution to the project of up to a maximum of £75m and the intention is that this will be in the form of a capital contribution which will offset the amount of private sector finance required. This capital contribution will reduce the amount of private sector funding required, improving the deliverability of the required private sector finance for the project in the context of a challenging market for long term finance. The same capital contribution is to be made by Aberdeenshire Council.

This model removes any risk exposure the Council would otherwise have been subject to. Work is underway to tender the work over the next few months.

Project	Funding Requirement	Funding Sources/Models	Status
AWPR	Maximum £75m for ACC	ACC Capital Plan: £75m max Aberdeenshire: £75m max Transport Scotland: through NPD model	Fully funded Project is currently in procurement under the NPD programme

CENTRAL ABERDEEN TRANSPORT INFRASTRUCTURE (SOUTH COLLEGE STREET AND BERRYDEN CORRIDOR AND CITY CENTRE PEDESTRIANISATION)

The Central Aberdeen Transport Infrastructure programme will improve traffic flow and safety in the city centre as well as providing a foundation for the potential pedestrianisation in the city centre to be progressed which the council has a specific NHCP budget provision of £10 million. The total cost is estimated at £36.5m. Recognising the impact of the project on city centre congestion, air quality, safety and economic development this project is to be fully funded by ACC through capital plans up to 2017.

South College Street works are estimated to cost £5.5 million and is provided for in the NHCP as is Phase 1 of the Berryden Corridor at £5.6 million. The whole Berryden Corridor scheme is currently estimated to cost £21 million:

- **Phase 1** £5.6m
- **Phase 2** £6.7m
- **Phase 3** £4.15m
- **Phase 4** £4.6m

Funding still needs to be identified for phases 2 – 4 of the above and this will be reported on as part of the 2014/15 budget process to Council in February 2014.

Project	Funding Requirement	Funding Sources/Models	Status
Central Aberdeen Road Infrastructure	£36.5m	ACC Capital Plan: £21m with remainder being referred to 2014/15 budget process	Fully funded – South College Street, Berryden Corridor Phase 1 and Pedestrianisation In Development Phases 2 - 4



THIRD DON CROSSING

The Third Don Crossing is a strategically crucial upgrade of the local road network which falls within the Council's remit. The project is considered a priority and has therefore been given a full capital allocation of £15.4m in the forward capital plans. In addition funding and delivery of this project is required to gain benefit from investment by Transport Scotland to upgrade the trunk road network at the Haudagain junction (see below). Procurement is currently in progress and costs will be finalised upon appointment of preferred contractor (but are not anticipated to exceed the amount currently budgeted for).

Project	Funding Requirement	Funding Sources/Models	Status
Third Don Crossing	£15.4m	ACC Capital Plan: £15.4m	Fully funded

DYCE DRIVE LINK ROAD AND PARK AND CHOOSE SITE

Dyce Drive is an essential upgrade to improve connections to Aberdeen Airport, taking advantage of the planned investment in the AWPR. Project costs are estimated at £15.2m and full allocation has been made in forward capital plans in recognition of the project's strategic importance.

The link road will also help deliver vital investment in the area to further enhance economic growth within the City and to ensure that Aberdeen continues to be a key economic driver in the wider Scottish and UK economies.

Project	Funding Requirement	Funding Sources/Models	Status
Dyce Drive	£15.2m	ACC Capital Plan: £15.2m	Fully funded

ACCESS FROM THE SOUTH

The feasibility study to investigate capacity issues with access from the South and consider a number of concepts is fully funded.

The long term proposal to increase crossing capacity at the River Dee is included as one of a number of regionally strategic proposals to be implemented via the Strategic Transport Fund and will be brought forward in due course.

CROSS CITY TRANSPORT CONNECTIONS

We will commence the investigatory stage with Transport Scotland to establish funding mechanisms for both the investigatory stage and delivery of proposals and a report on proposals and funding mechanisms to a future report to the Council.



MARISCHAL SQUARE DEVELOPMENT

Recognising its commercial potential the Marischal Square proposals aims to deliver a capital receipt to the Council as well as an on-going revenue stream in a complex financial model that is commercially sensitive. The project aims to be on site in 2014 with a target completion date by the end of 2016 and will deliver a high quality hotel, office space and retail facilities.

This model of public and private sector collaboration could have wider applications throughout the city, making efficient use of Council resources, and is likely to form part of the future SIP funding toolkit.

Project	Funding Requirement	Funding Sources/Models	Status
Marischal Square	£0m	Private sector: ACC to enable through participation in lease structure and demand risk sharing	Fully funded subject to planning permission and final legal agreements being agreed

CITY CENTRE REGENERATION

In conjunction with the establishment of a City Centre Regeneration Board the Council aims to demonstrate a commitment to moving the City Centre forward and will therefore put £20 million into a City Centre Infrastructure Fund.

Setting up this Fund demonstrates a clear focus of the Council to address the investment required within the City Centre. It also allows the Council to provide resources where additional partner funding could also be harnessed and is seen as a real chance for partnership working to reach consensus on the City Centre regeneration.

The Fund will be ring fenced for the city centre team to recommend to Council on the preferred investment strategy in the City Centre.

As part of the funding of this work, we propose to re-open discussions on the establishment of a TIF with the Scottish Government and link this to the Aberdeen end of the Energetica Corridor and possibly to the redevelopment of Aberdeen Exhibition and Conference Centre.

Project	Funding Requirement	Funding Sources/Models	Status
City Centre Infrastructure Fund	£20m	ACC Capital Plan: £20m	Fully funded

ART GALLERY AND MUSEUMS COLLECTION CENTRE

The Aberdeen Art Gallery project has an anticipated total project cost of approximately £33m net depending on the final site and partnership development of the Museums Collection Centre. The project is currently awaiting a response from the Heritage Lottery Fund (HLF) on an application for substantial grant funding towards the project. A response from HLF is anticipated in the coming months and a positive outcome would enable the project to commence in the current financial year. There is also the Collection Centre and funding of £3m to complete the funding package is fully allowed for in ACC's FY13/14 capital plan.



Project	Funding Requirement	Funding Sources/Models	Status
Aberdeen Art Gallery Extension and Refurbishment	£33m	HLF Grant and donations: £20m ACC Capital Plan: £13m	Fully funded subject to outcome of grant application

AECC

A procurement exercise is currently on-going to identify a preferred solution and private sector partner for development of a new AECC.

Energetica is a major long term initiative to develop a new sustainable development corridor that will include a range of new homes and business space in a desirable and sustainable setting. It is proposed that a redeveloped AECC will form part of delivering Energetica.

Given the impact of this development on bringing forward new development within the Energetica corridor, the Council are keen to explore the applicability of value capture finance mechanisms to the scheme whereby a proportion of new taxes such as business rates, VAT, corporation tax could be retained locally to help pay for delivery of the masterplan.

Project	Funding Requirement	Funding Sources/Models	Status
AECC	Commercially Sensitive as no Preferred Bidder has been approved.	Private Sector Investment ACC Capital Plan Support Value Capture Finance TIF	In development A procurement exercise to identify preferred options and potential delivery partners is currently underway and the final funding requirement will depend on the outcome of this exercise.

DEVELOPING A LONGER TERM FUNDING FRAMEWORK: CITY INVESTMENT FUND

City Investment Fund Principles

A lack of access to funding can often hold back and delay investment in key local projects. At a city level access to funding can be fragmented with multiple agencies and funding streams being responsible for targeting specific areas of investment or having competing priorities. This creates a complex environment within which to identify and secure funding for priority projects.

As part of the SIP process, ACC are keen to explore opportunities for greater collaboration across funding streams and between funding partners to target resources at delivering the small number of priorities that have the biggest impact on the local economy in a more efficient and timely way.

In the first instance consideration is being given in the short term to the internal allocation of capital budget resource within ACC in tandem with proposed governance changes outlined in the following section of this plan. A more competitive approach to allocation of this funding may lead to more innovative proposals that better align with strategic growth outcomes. Further dialogue within the Council will be taking place over the coming months.

In the second phase of this work ACC will be considering the precedent for a more streamlined and flexible approach to local growth funding as illustrated by the Single Local Growth Funds (SLGFs) that have been established in England which are administered by the public and private sector Local Enterprise Partnerships (LEPs). A number of principles, applicable in the context of the SIP, underpin the SLGF approach:

- That decisions on spending should be more informed by the economic needs and priorities of a given local area;
- That local priorities should be established based on robust evidence gathered from both public and private sector sources;
- In order to respond more effectively greater flexibility should be granted around how money is used locally to meet priorities;
- A more competitive approach to allocating funding can potentially lead to better growth outcomes at lower cost;
- That public sector resources should be used to leverage in or facilitate additional contributions from private sector sources either through matched funding or structured finance approaches;
- That the fund should be able to share in and recycle the proceeds and 'growth dividends' generated by its investments through value capture and other "earn back" mechanisms; and,
- Robust governance and reporting arrangements should oversee the fund and monitor its decisions and performance.

Scottish Government has recognised the potential offered by a more flexible approach to funding at city level and, through the Scottish Cities Alliance (SCA), work is ongoing to outline what approaches may be appropriate in a Scottish context for further consideration by both the UK and Scottish Governments.

ACC are engaged with the SCA in this process to ensure alignment between these complementary pieces of work.



Making better use of existing funding

As noted above, as part of the SIP process ACC intends to review the existing governance arrangements for allocating ACC's capital budget with consideration being given as to how strategic priorities can be incorporated into the process to maximise impacts.

In the longer term a fund structure for the city could bring together both new and existing sources of funding. In terms of existing funding this might include increased coordination in allocating public sector resources between ACC, Scottish Enterprise, Transport Scotland, ERDF and UK government funding (e.g. Super Connected Cities funding). ACC is also keen to consider how investment in commercial development, that contributes to growth goals and could also provide a return to a fund for reinvestment, could be incorporated with a number of potential opportunities identified.

A fund should also seek to act as a vehicle to attract other sources of funding for example from the Green Investment Bank in support of sustainability investments. A key goal should also be to increase participation from private sector funders for example local pension funds, banks and other institutional investors. Pooling of these resources to deliver priorities should provide new opportunities to structure finance to take account of the appetite for risk and return amongst each of the parties.

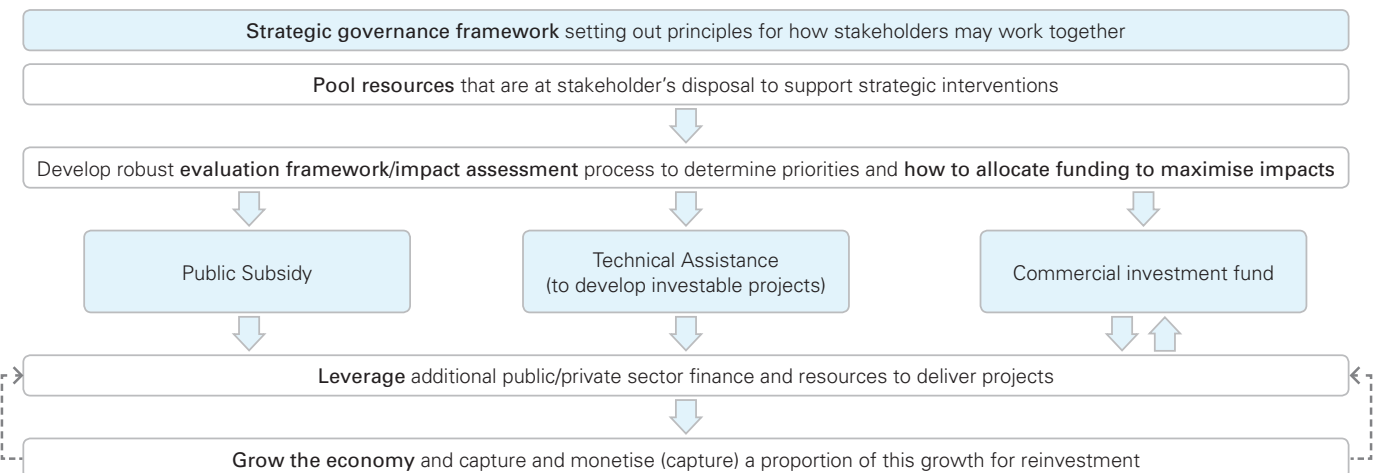
Key to encouraging multiple parties to pool resources is evidencing clear priorities, clear impacts and confidence in the ability of the fund to make decisions and invest wisely. Potential governance options are discussed in the next section of this plan.

Capturing the Proceeds of Growth

Another key component of a fund concept is the ability to identify, capture and reinvest the proceeds of growth. This recognises that local investment can deliver wide ranging benefits for local and national, public and private stakeholders. This is an important consideration for a high growth, high impact location like Aberdeen where the value added of the local economy yields substantial benefits both in terms of private sector activity and exchequer revenues from oil and gas production. Where a compelling linkage can be made between infrastructure investment, economic growth and economic impacts there could be potential for the city to seek to retain a greater proportion of the value the city adds in order to deliver further investment and growth. Value capture models such as Tax Incremental Finance are already being delivered and could be used alongside a fund structure to increase the investment funding available in a more sustainable manner.

Next steps

The key concepts underpinning a fund of clear governance, prioritisation to maximise growth impacts, pooling of resources, maximising leverage of additional resource and evidencing and capturing the 'growth dividend' for reinvestment can be summarised in the diagram below.



Through taking a stakeholder led and growth focussed approach to establishing infrastructure investment priorities the SIP process has already begun to establish a more robust basis for making the case for investment in the city. The SIP process will seek to build on this work and, in conjunction with other bodies such as the SCA, continue to investigate opportunities for a sustainable long term investment framework for the city.



Governance

The Strategic Infrastructure Plan outlines the process to date and the completion of phase 1 of work to identify key infrastructure goals for the city together with the projects to help deliver these goals in the short to medium term.

The plan has been developed by Aberdeen City Council in consultation with the public and private sectors.

To deliver these priorities we will establish a multi-disciplinary infrastructure programme within the Council that will work across the key priority areas to deliver the infrastructure that enables growth. This programme will report directly to the Chief Executive and the Corporate Management Team through the Council's Programme Management Office. The programme will be included in the annual budgeting process with a complete refresh every two years.

The necessary dedicated resource to deliver each of the projects outlined in the plan has been considered and work is underway to ensure this resource is in place within each of the services.

As outlined in the section on the funding framework, Phase 2 of the SIP will focus on identifying a broader strategy to develop innovative funding models to deliver future infrastructure needs. This work is being taken forward in conjunction with the Scottish Cities Alliance.

As part of phase 2 we will continue to bring forward future projects that enable economic growth including how we will fund and deliver infrastructure.



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