

Public Document Pack

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

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

Aberdeen City Council Substitute Members:- Councillors Stephen Flynn, Gordon Graham and Ian Yuill.

Aberdeenshire Council Substitute Members:- Councillors John Cox, Allison Evison and one vacancy.

ONE Substitute Members:- Colin Crosby, Jennifer Craw and Professor Ferdinand von Prondzynski.

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

Town House,
ABERDEEN 02 November 2018

ABERDEEN CITY REGION DEAL JOINT COMMITTEE

The Members of the **ABERDEEN CITY REGION DEAL JOINT COMMITTEE** are requested to meet in **Committee Room 2 - Town House on FRIDAY, 9 NOVEMBER 2018 at 9.30 am.**

FRASER BELL
CHIEF OFFICER - GOVERNANCE

BUSINESS

- 1 Determination of Urgent Business (If any)
- 2 Declarations of Interest
Members are Required to Intimate any Declarations of Interest in Respect of the Items on Today's Agenda.
- 3 Minute of Previous Meeting of 30 August 2018 - for approval (Pages 3 - 8)
- 4 Aberdeen City Region Deal Progress Update (Pages 9 - 18)

- 5 City Region Deal - Financial Update Q2 2018/19 (Pages 19 - 20)
Please note that there are exempt appendices located within the Exempt/Confidential section of the agenda below
- 6 Aberdeen City Region Deal Annual Report 2018 (Pages 21 - 54)
- 7 Scottish Government Additional Investment for Transport Update (Pages 55 - 58)
- 8 Cruise Update (Pages 59 - 66)
- 9 Joint Committee Programme of Meeting Dates (Pages 67 - 68)

EXEMPT/CONFIDENTIAL ITEMS

- 10 External Transportation Links to Aberdeen South Harbour STAG Study (Pages 69 - 108)
- 11 City Region Deal - Financial Update Q2 2018/19 - Exempt Appendices (Pages 109 - 112)

www.abzdeal.com

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

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

ABERDEEN, 30 August 2018. Minute of Meeting of the ABERDEEN CITY REGION DEAL JOINT COMMITTEE. Present:- Councillor Jenny Laing, Chairperson; Councillor Jim Gifford, Vice-Chairperson; Councillors John Cox (as substitute for Councillor Argyle), Gordon Graham (as substitute for Councillor Boulton), Douglas Lumsden, Richard Thomson, Professor Stephen Logan, Mr Patrick Machray, OBE, and Sir Ian Wood.

DETERMINATION OF URGENT BUSINESS

1. The Chairperson had determined that items 6(a) and 10 (Housing Infrastructure Funding) on the agenda, be considered as a matter of urgency in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973.

The Committee resolved:-

to concur with the Chairperson.

DETERMINATION OF EXEMPT BUSINESS

2. The Chairperson proposed that the Committee consider item 7 (Food Hub for Innovation Business Case), item 8 (Harbour Transport Action Plan), item 9 (City Region Deal – Financial Update – Exempt Appendix) and item 10 (Housing Infrastructure Funding – Exempt Appendices) with the press and public excluded from the meeting.

The Committee resolved:-

in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting from item 7 of the agenda so as to avoid disclosure of information of the classes described in the following paragraphs of Schedule 7(A) to the Act:- articles 8, 9 and 10 (paragraph 6), and article 11 (paragraphs 4 and 6).

DECLARATIONS OF INTEREST

3. No declarations of interest were intimated in respect of the items on today's agenda.

MINUTE OF PREVIOUS MEETING OF 22 JUNE 2018 - FOR APPROVAL

4. The Joint Committee had before it the minute of its previous meeting of 22 June 2018, for approval.

The Committee resolved:-

- (i) to approve the minute as a correct record; and
- (ii) to note that in relation to article 5(ii) of the minute, a briefing paper illustrating all that was currently happening in digital connectivity in the region which would

ABERDEEN CITY REGION DEAL JOINT COMMITTEE
30 August 2018

include details of further opportunities and gaps would be prepared by Wendy Robertson, Digital Lead and circulated to members in due course.

CITY REGION DEAL - FINANCIAL UPDATE Q1 2018/19

5. The Joint Committee had before it a report by Alan Wood, Head of Finance, Aberdeenshire Council which provided details of the finances of the Aberdeen City Region Deal for the first quarter of financial year 2018/19.

The report recommended:-

that the Joint Committee note the content of the report and its appendix.

Mr Wood advised that the total spend and forecast of the City Region Deal finances were on track.

The Joint Committee resolved:-

to approve the recommendation.

PROGRESS UPDATE

6. The Joint Committee had before it a report by John-Paul Cleary, Senior Programme Manager, Aberdeen City Council on the progress of the City Region Deal and its constituent workstreams.

The report recommended:-

that the Joint Committee note the content of the report and its appendices, and the progress made.

John-Paul Cleary, Senior Programme Manager, Aberdeen City Council presented the report and advised (1) that the Annual Conversation meeting was scheduled for 11 October 2018; (2) that construction work on the full fibre infrastructure commenced in July 2018; and (3) that the City Region Deal live projects and economic indicators were contained within appendix 2 of the report.

The Joint Committee resolved:-

- (i) to approve the recommendation; and
- (ii) that a progress report in relation to the objectives and plans for the cruise ship market in terms of the Aberdeen Harbour expansion be submitted to a future meeting of the Committee.

MATTER OF URGENCY

ABERDEEN CITY REGION DEAL JOINT COMMITTEE
30 August 2018

The Chairperson accepted the following item as a matter of urgency in terms of Section 50(B)(4)(b) of the Local Government (Scotland) Act 1973 due to a misunderstanding of committee timescales and awaiting feedback from partner agencies on plans. The report could not wait an additional three months as this would mean a further delay to see if access could be eased, and the Scottish Government fund continuing to be unused

HOUSING INFRASTRUCTURE FUNDING

7. The Joint Committee had before it a report by Derek McGowan, Chief Officer – Early Intervention and Community Empowerment, Aberdeen City Council on the use of the Housing Infrastructure fund aligned to the City Region Deal.

The report recommended:-

that the Joint Committee agree that Councillor Laing should write on behalf of the Joint Committee to the Scottish Government regarding the future use and administration of the Housing Infrastructure Fund to aid local development.

Derick Murray, Nestrans Director provided information in relation to the £200M funding for transportation projects, intimating that Transport Scotland would be providing details on the proposed projects in due course. He also advised that the upgrade signalling work in Newtonhill had commenced.

It was noted that any work to reduce journey times in central Scotland might be lost within the network, so it would be more beneficial if the improvement work was closer to the North East where the benefits would be more tangible.

The Joint Committee resolved:-

to approve the recommendation.

In accordance with the decision recorded at article 2 of this minute, the following items of business were considered with the press and public excluded.

FOOD HUB FOR INNOVATION BUSINESS CASE

8. The Joint Committee had before it a report by Lindsay McKenzie, Commercial Director, Opportunity North East which sought approval of the business case for the Food Hub for Innovation project within the Innovation theme of the Aberdeen City Region Deal.

The report recommended:-

that the Committee –

ABERDEEN CITY REGION DEAL JOINT COMMITTEE
30 August 2018

- (a) approve the business case attached at Appendix 1 of the report and instruct the Head of Economic Development to intimate to the UK Government and the Scottish Government that the Joint Committee endorses the business case; and
- (b) instruct the Chief Officer – City Growth to circulate a service update to members of the committee if there are any changes of note to the business case from the UK Government or the Scottish Government.

The Joint Committee heard Lindsay McKenzie and Jennifer Craw speak in support of the report and answer questions, particularly in relation to the management of food storage, the building model, research/testing and the training agenda.

The Joint Committee acknowledged the significant amount of work undertaken by Jennifer Craw and Lindsay McKenzie in the preparation of the report and business case.

The Joint Committee resolved:-
to approve the recommendations.

HARBOUR TRANSPORT ACTION PLAN

9. The Joint Committee had before it a report by Paul Finch, Strategic Transport Projects Manager, Aberdeenshire Council and Kirsty Davison, Peter Brett Associates in relation to the Transport Action Plan for the new Aberdeen South Harbour.

The report recommended:-
that the Joint Committee note the content of the report and its appendix.

The Joint Committee received a powerpoint presentation from Kirsty Davison, during which she outlined the aims of the study commissioned by the two local authorities, potential operating scenarios, key findings and key assumptions including the following:-

- Passenger capacity;
- Passenger/crew preferences;
- Planned excursions/personal excursions; and
- Travel demand.

Kirsty Davison answered several questions raised by members, specifically in relation to proposed coach routes to and from the harbour in to the city and out to the countryside, the size of the vessels and passenger numbers, the road network and transport assessment, facilities for passengers within the port to ensure best quality experience, that planned coach excursions would be organised by cruise ship companies and details in relation to usage of shuttle buses.

Sir Ian Wood raised concerns in relation to potential traffic issues resulting in delays for cruise passenger coaches and taxis during morning rush hour along the Coast Road,

ABERDEEN CITY REGION DEAL JOINT COMMITTEE
30 August 2018

Hareness Road and Wellington Road. In response Kirsty Davison and Ken Neil, Senior Engineer, Aberdeen City Council explained that analysis of this had been undertaken in terms of the baseline 2020 traffic flow model using extensive data and no perceived risks were identified within the Transport Action plan in this regard. It was also noted that coaches would be travelling in the opposite direction on the Coast Road during peak times.

The Joint Committee resolved:-

- (i) to approve the recommendation; and
- (ii) that in conjunction with the decision taken at article 6(ii) of this minute, that a presentation be undertaken on Cruise Aberdeenshire's objectives, actions and plans to include details of the transport position, proposed onsite configuration layout around the passenger arrival experience, quality assurance measures and the potential for future port embarkation needs and demands.

CITY REGION DEAL - FINANCIAL UPDATE - EXEMPT APPENDIX

10. The Joint Committee had before it an exempt appendix in relation to the City Region Deal Financial Update report (article 5 of this minute refers).

The Joint Committee resolved:-

to note the exempt appendix.

HOUSING INFRASTRUCTURE FUNDING - EXEMPT APPENDICES

11. The Joint Committee had before it exempt appendices relating to the Housing Infrastructure Funding report (article 7 of this minute refer).

The Joint Committee resolved:-

to note the exempt appendices.

- **COUNCILLOR JENNY LAING, Chairperson.**

ABERDEEN CITY REGION DEAL JOINT COMMITTEE
30 August 2018

ABERDEEN CITY REGION DEAL: Powering Tomorrow's World

Report Name	Aberdeen City Region Deal Progress Update
Lead Officer	Richard Sweetnam
Report Author	John-Paul Cleary
Date of Report	9 November 2018
Governance	City Region Deal Joint Committee

1:	Purpose of the Report
1.1	To update the Joint Committee on the progress of the City Region Deal and its constituent workstreams, through the body of the report and its appendices: <ul style="list-style-type: none"> • Appendix 1 – Programme Dashboard • Appendix 2 – Benefits Monitoring Dashboard

2:	Recommendations for Action
2.1	It is recommended that the Joint Committee – Notes the content of the report and its appendices, and the progress made.

3:	Summary of Key Information
	<p>Programme Dashboard</p> <p>3.1 Updates on the progress of individual workstreams and projects are contained in the Programme Dashboard in Appendix 1.</p> <p>Digital Programme</p> <p>3.2 On 30th August, this Committee requested a briefing paper illustrating all that was currently happening in digital connectivity in the region which would include details of further opportunities and gaps.</p> <p>3.3 Developments in this area are currently underway, including the development of a Smart Cities Action Plan. The CRD Digital Lead,</p>

3:	Summary of Key Information
	<p>supported by the Digital Workstream group, will ensure alignment between the CRD Digital Programme and this and other developments with the objective of maximising the potential for the City Region to be at the forefront of digital connectivity. Further information will be provided at a future meeting of the Joint Committee once these concepts and plans have been developed further.</p> <p>Economic Benefits Dashboard</p> <p>3.4 The benefits of the City Region Deal are contained in the Benefits Dashboard in Appendix 2. The Benefits Dashboard will be reported each quarter, although some measures within it will only be updated six-monthly or annually. The report monitors the agreed benefits for those projects where business cases have been approved and the projects are in implementation stage.</p> <p>The Oil & Gas Technology Centre (OGTC)</p> <p>3.5 OGTC’s 18 month Checkpoint Report was presented to this Committee on 4th May 2018 and was also issued to the UK Government and the Scottish Government at the same time. Further to discussions between the Aberdeen City Region Deal and representatives of the UK Government, Scottish Government and OGTC, the UK Government and Scottish Government have issued a joint letter detailing the conditions it requires to be met in order to approve the checkpoint report.</p>

4:	Finance and Risk
	<p>4.1 Project-specific financial implications are included in Appendix 1. There are no other financial implications of this report.</p>

ABERDEEN CITY REGION DEAL - PROGRAMME DASHBOARD

9 November 2018

Id	Theme / Project	Lead	Stage	Last Completed Milestone	Next Milestone	Next Milestone Target Date	Timeline	Budget	Resource	Notes
1 Innovation										
1.1	Oil & Gas Technology Centre	Collete Cohen	Implement	Establish Subsurface Solution Centre	2 Centres of Excellence well underway for development	March 2019	G	G	G	Over 90 members of the Solution Centres currently in place, with further expected to join in the coming months. 121 approved Projects in progress, with an investment of £67.5m and OGTC share of £27.8m. Over 40 offshore trials planned, with a number already completed. The building of the Hub at the Decommissioning Centre commenced on the 13th of August and is scheduled for completion in early November, with a launch being planned for December. The research themes for both National Centres is being developed in collaboration with the Universities and Industry. The first TechX cohort graduated on 21st September where Paul Wheelhouse MSP was a guest speaker. All 10 Pioneers now transition into TechX Plus at Elevator for a further 12 months. The application for the 2nd TechX cohort opened on 1st October which will close at the end of January 2019.
1.2	Food Hub for Innovation	Jennifer Crow	Define	Approval of business case by CRD Joint Committee	Approval of Business Case by UK and Scottish Governments	TBA	G	G	G	ONE Board approved full business case on 11 September 2018. ONE Board approved ONE funding of £4.4m on 11 September 2018. Providing UK and Scottish Government approval is confirmed before the end of 2018, the timeline set out in the Business Case should be achievable. Any further delays beyond this will impact on the construction completion date.
1.3	Bio-Therapeutic Hub for Innovation	Jennifer Crow	Implement	Business case approved by both governments	Design and planning of Hub for Innovation - Concept Design	Dec 2018	G	G	G	Preferred candidates identified in procurement of Architect Led Design Team, Cost Consultant and Principal Designer and contract negotiations well advanced. Development of detailed project brief underway, including design and technical spec for construction, fit out and operation of building Pilot Life Sciences Business Support programme successfully delivered and follow up support delivered to participant companies through ONE and Partners BioManufacturing feasibility study completed Project underway to retain Life Sciences' graduates in region.
2 Digital Infrastructure										
2.1	City Network Extension	Julie Richards	Implement	Work started on Network Build in the City	Group 1 (first phase) completed	01/11/18	A	G	G	Timeline Amber - Build is 4 weeks behind schedule. City Fibre are recruiting a second sub-contractor. Recruitment and retention of squads remains an issue for CityFibre and their subcontractors.
2.2	Full Fibre Infrastructure	Wendy Robertson	Define	Approval of revised Business Case by Joint Committee	Approval of Business Case by UK and Scottish Governments	TBA	A	G	G	Timeline amber - Government review of the revised business case took two months to respond and is incomplete. The length of the business case approval process with the two governments is having an impact on the delivery of the project. This has been escalated with both governments.
2.3	Duct Network Extension	Wendy Robertson	Define	Issue of revised Business Case to Joint Committee for information	Approval of Business Case by UK and Scottish Governments	TBA	A	G	G	Timeline amber - Last government review of the revised business case took two months to respond and is incomplete. The length of the business case approval process with the two governments is having an impact on the delivery of the project. This has been escalated with both governments.
2.4	Sensor Network	Wendy Robertson	Define	Outline Business Case approved by Joint Committee	Strategic Commissioning Committee Approval to Procure	20/11/18	R	G	G	Approval being sought from ACC's Strategic Commissioning Committee on 20th November to procure consultancy to develop business case. Timeline Red due to slippage of 6 months due to departure of original Digital lead.
2.5	Regional Data Exchange	Wendy Robertson	Define	Outline Business Case approved by Joint Committee	Strategic Commissioning Committee Approval to Procure	20/11/18	R	G	G	Approval being sought from ACC's Strategic Commissioning Committee on 20th November to procure consultancy to develop business case. Timeline Red due to slippage of 6 months due to departure of original Digital lead.
3 Transportation										

3.1	Strategic Transport Appraisal	Paul Finch	Implement	Pre appraisal - data analysis and consultation	Final pre-appraisal report	01/12/18	A	G	G	The next stage of work is to consider the outcomes of the pre-appraisal stage before commencing to a STAG Part 1 Appraisal. Timeline amber - There is a risk that the AWPR opening schedule will have knock-on impact on timescales. This has to be viewed in the context of the wider programme but is not viewed as critical at this point.
4 Internationalisation										
4.1	Aberdeen Harbour Expansion	Margaret Pattison (ACC Coordinator)	Implement	Piling Commencement	Commencement of N Breakwater Crown Wall	01/03/2019	G	G	G	North breakwater works continuing with core, rock armour and precast armour units. Piling operations on west quay ongoing. Accropode production within the Carousel facility is ongoing. Majority of dredging works complete for 2018. Marine drill and Blast activities are now underway Site Investigations for Water Mains infrastructure delayed due to proposed rerouting First caisson transportation from Spain complete – second shipment underway Visitor Centre visits now in excess of 3200 visitors.
4.2	Transportation Links to Bay of Nigg (Initial Options Appraisal)	Ken Neil	Implement	Part 1 Reporting - Final Report	CRD JC Approval of Final Report and Business Case for next phase	9/11/18	G	G	G	STAG Part 1 final report issued. As well as the CRD JC, the report will be submitted to ACC's City Growth & Resources Committee on 27th November for approval.

ABERDEEN CITY REGION DEAL - OVERALL MEASURES

Benefit	Measures	Measure Frequency	Target	Target Date	Previous Measure	Current Measure	Status
Increase in GVA	Aberdeen City Council and Aberdeenshire Council areas	Annually	£260M	2026	-	-	G
	Scotland	Annually	£222M	2026	-	-	G
	UK	Annually	£190M	2026	-	-	G
Increase in Employment	Total number of new jobs by 2026 (Aberdeen City Council and Aberdeenshire Council areas)	Annually	3,300	2026	-	-	G
Additional Tax Revenues	UK Income tax, national insurance, VAT and oil tax revenues.	Annually	£113M	2026	-	-	G

OIL & GAS TECHNOLOGY CENTRE

Benefit	Delivery Area	Measures	Measure Frequency	Target	Target Date	Previous Measure	Current Measure	Status
Match Funding	OGTC	Co-investment match funding from the private sector (Operators and Supply Chain)	Quarterly	£174.1M	2026	£22.0m	£39.8m	G
Increase in GVA	OGTC	Additional GVA	Annually	£8.9B - £26.9B	2036	-	-	G
New Technologies Deployed	OGTC	Increase the number of new technologies that have been deployed on a first user principle	6 Monthly	10	2026	-	0	G
University Standing	Universities	Improve the standing of the two Aberdeen Universities in the research league table for oil and gas technical excellence	-	-	2026	-	-	Measure TBA
Senior Academics	Universities	Significantly increase number of senior academics attracted internationally to work in the two Aberdeen Universities in oil and gas roles	-	-	2026	-	-	Measure TBA
Commercialised Solution Centre Technologies	OGTC - Solution Centres	Number of OGTC Solution Centre funded technologies reaching commercialisation phase (TRL9)	6 Monthly	15	2026	-	2	G
Supply Chain Projects Funded	OGTC - TechX	Number of Supply Chain Technology Accelerator projects co-funded	Quarterly	100	2026	10	10	G
Other Identified Measures								
Benefit	Delivery Area	Measures	Measure Frequency	Target	Target Date	Previous Measure	Current Measure	Status

DIGITAL INFRASTRUCTURE - CITY NETWORK EXTENSION PROJECT

Benefit	Delivery Area	Measures	Measure Frequency	Target	Target Date	Previous Measure	Current Measure	Status
Increased availability of fibre to the premises in Aberdeen City Region	City Network Extension	Number of premises in Aberdeen City with access to ultrafast services	Quarterly	90,000	2021	-	2,692	G

BIO-THERAPEUTICS HUB FOR INNOVATION

Benefit	Delivery Area	Measures	Measure Frequency	Target	Target Date	Previous Measure	Current Measure	Status
Life Science support programmes	Bio-therapeutics Hub	Life Science support programme launched	Quarterly	Deliver	2018	–	Delivered	G
Establishment of collaborative bio-therapeutics space	Bio-therapeutics Hub	Establishment of a 69,000-square foot flexible collaborative space	Quarterly	Deliver	2020	–	–	G
	Bio-therapeutics Hub	% occupancy rate of collaborative space	Annually	80%	2026	–	–	G
GVA	Bio-therapeutics Hub	Generate GVA	Annually	£76M - £138M	2047	–	–	G
Startups and spinouts	Bio-therapeutics Hub	Number of spinouts achieved	6 Monthly	24	2026	–	–	G
Networking events focusing on company growth	Bio-therapeutics Hub	Number of networking events per annum	Annually	4	2026	–	–	G
International collaborations	Bio-therapeutics Hub	Number of international collaborations in place over 5 years	Annually	2	2025	–	–	G

STRATEGIC TRANSPORT APPRAISAL

Benefit	Delivery Area	Measures	Measure Frequency	Target	Target Date	Previous Measure	Current Measure	Status
ASAM	Transport	Interim ASAM Upgrade complete	Quarterly	Deliver	2017	–	Complete	G
	Transport	Further ASAM Upgrade	Quarterly	Deliver	2019	–	–	G
Strategic Transport Appraisal	Transport	Initial STAG pre-appraisal complete	Quarterly	Deliver	2018	–	–	G
	Transport	Initial STAG appraisal completed	Quarterly	Deliver	2019	–	–	G
	Transport	Detailed STAG appraisal completed	Quarterly	Deliver	2021	–	–	G

This page is intentionally left blank

ABERDEEN CITY REGION DEAL: Powering Tomorrow's World

Report Name	City Region Deal – Financial Update Q2 2018/19
Lead Officer	Alan Wood
Report Author	John-Paul Cleary, John Lovie
Date of Report	9 November 2018
Governance	City Region Deal Joint Committee

1:	Purpose of the Report
1.1	To update the Joint Committee on the finances of the Aberdeen City Region Deal for the second quarter of financial year 2018/19.

2:	Recommendations for Action
2.1	It is recommended that the Joint Committee notes the content of the report and its appendix.

3:	Summary of Key Information
3.1	The funding mechanisms of the Aberdeen City Region Deal are centrally managed and monitored by the City Region Deal Programme Manager with support from Aberdeenshire Council Finance Service, and with oversight provided by the Programme Board as part of its normal activities. The membership of the Programme Board includes a Section 95 Officer to provide financial assurance of the programme finances, ensure the financial requirements of both the UK and Scottish Governments are met, and ensure alignment with the financial strategy and procedures of both Councils (through liaison with the Section 95 Officer of the Council not represented directly).
3.2	The 2018/19 full year spend forecast for the Aberdeen City Region Deal is £177,967,000. A detailed breakdown is shown in Table 1 of the Appendix. This has been agreed with the UK and Scottish Governments.

3:	Summary of Key Information
3.3	The total spend to end of Q2 2018/19 across all City Region Deal projects and partners, including private sector investment, was £61,446,477. A detailed breakdown is shown in Table 2 of the Appendix. There is no significant underspend reported to date, however any further delay in approval of business cases by the UK Government and Scottish Government for the Duct Network Extension and Full Fibre Infrastructure digital projects, and the Food Hub for Innovation project, may impact spending forecasts.

4:	Finance and Risk
4.1	Finance information constitutes the body of the report. There are no additional risks to Aberdeen City Council or Aberdeenshire Council related to this report.

ABERDEEN CITY REGION DEAL: Powering Tomorrow's World

Report Name	Aberdeen City Region Deal Annual Report 2018
Lead Officer	Richard Sweetnam
Report Author	John-Paul Cleary
Date of Report	9 November 2018
Governance	City Region Deal Joint Committee

1:	Purpose of the Report
1.1	To present the Aberdeen City Region Deal Annual Report 2018 and gain its approval from the Committee for its wider publication.

2:	Recommendations for Action
2.1	It is recommended that the Joint Committee endorses the report.

3:	Summary of Key Information
3.1	The draft Aberdeen City Region Deal 2018 Annual Report (Appendix 1) was submitted to the UK Government and the Scottish Government on 21 st September.
3.2	The Annual Conversation with the UK Government and the Scottish Government during which the Annual Report was reviewed took place on Thursday 10 th October. The Report was well-received, with no major revision required.
3.3	Subsequent to this Committee, the Annual Report will be made widely available, including through the City Region Deal, Aberdeen City Council, Aberdeenshire Council, UK Government and Scottish Government websites.

4:	Finance and Risk
-----------	-------------------------

4:	Finance and Risk
4.1	Any financial implications are included in the Annual Report in Appendix 1.

ABERDEEN CITY REGION DEAL

ANNUAL REPORT 2018

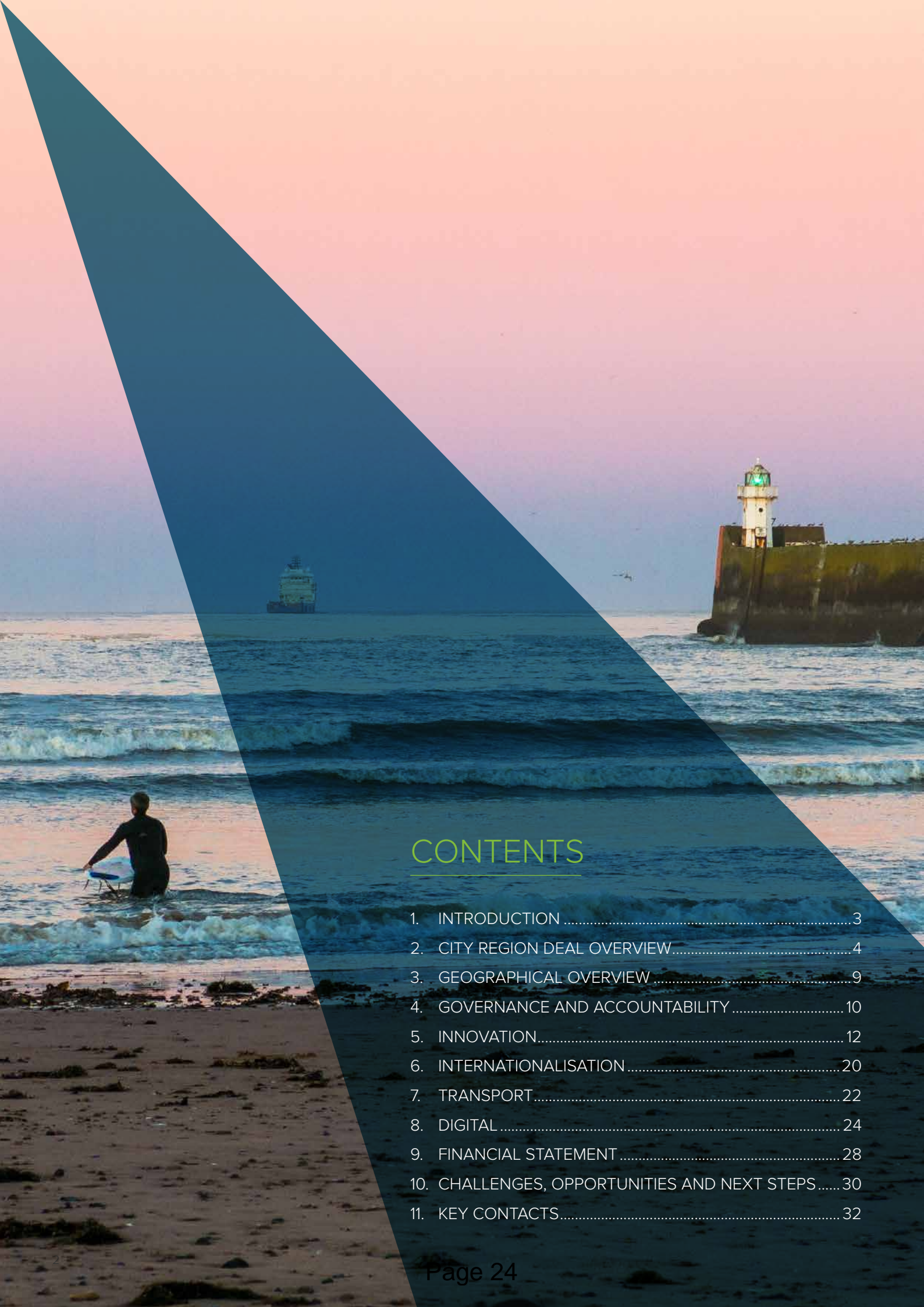
ABERDEEN CITY REGION DEAL:
Powering Tomorrow's World



HM Government



#ABZdeal



CONTENTS

1. INTRODUCTION	3
2. CITY REGION DEAL OVERVIEW	4
3. GEOGRAPHICAL OVERVIEW	9
4. GOVERNANCE AND ACCOUNTABILITY	10
5. INNOVATION.....	12
6. INTERNATIONALISATION	20
7. TRANSPORT.....	22
8. DIGITAL	24
9. FINANCIAL STATEMENT	28
10. CHALLENGES, OPPORTUNITIES AND NEXT STEPS.....	30
11. KEY CONTACTS.....	32

1. AN INTRODUCTION FROM THE CHAIR OF THE ABERDEEN CITY REGION DEAL JOINT COMMITTEE

When the Aberdeen City Region Deal was signed in 2016 it marked the culmination of an enormous amount of diligent preparation by the public and private sectors to identify and develop projects that will contribute to our region's future prosperity. The formalisation of the Deal was a landmark moment for the north-east and the catalyst for a 10 year programme of investment worth in excess of £800 million to the area.

What we were very clear about from the outset was that the signing of the Deal also marked the start of the hard work, not the end.

The delivery activity that has flowed in the two years since demonstrates that point and the annual report captures the key milestones and outlines the future plans to realise the ambitions of the Deal.

Already the forecasts of the investment the Deal will leverage have been revised upwards, from the initial figure of £826 million to £868 million. That key indicator demonstrates the possibilities that are opening up.

There are a number of highlights in the pages that follow, not least the success of the Oil and Gas Technology Centre – which as the first project of the Aberdeen City Region Deal has set an incredibly high bar. In the first 18 months of operation the centre has fostered 80 ongoing projects, exceeding the initial aspirations, and secured £22 million of industry investment against initial expectations of £8.5 million.

Targets have been surpassed and the momentum which continues to build is an inspiration as we look forward to more Aberdeen City Region Deal projects coming onstream.

Innovation hubs for our food, drink and agriculture and life sciences sectors will realise growth, stimulate innovation and productivity, and contribute to the strength and diversity of the regional economy. The Bio-therapeutics Hub for Innovation is now in its delivery phase and the Food Hub for Innovation business case is currently with the UK and Scottish Governments for approval. Both of these hubs will build on region-specific sector strengths, support company creation and growth, foster collaboration and commercialisation, and anchor employment and economic activity here long term.

The physical signs of the positive impact of the Aberdeen City Region Deal are also prominent, with the Aberdeen Harbour expansion gathering pace and the digital infrastructure commitment demonstrated by the ongoing full fibre build programme which will make Aberdeen the country's first gigabit city when completed. As Chair of the Joint Committee the progress is welcome and the potential of the Aberdeen City Region Deal is clear. On behalf of the Deal partners, I thank our project partners and stakeholders, and the businesses within our key industry sectors and across the city region for their continued support as we work together towards shared goals.



Cllr Jenny Laing,
Aberdeen City Council Co-Leader
Chair of the Aberdeen City Region Deal Joint Committee





2. CITY REGION DEAL OVERVIEW

North East Scotland is a major contributor to the UK and Scottish economies. The public and private sectors in the region are working in partnership to ensure that our economy delivers significant benefits locally and nationally in the future. Key to this, a Regional Economic Strategy was approved by Aberdeen City Council and Aberdeenshire Council in December 2015 and co-signed by Opportunity North East. This strategy provides a framework for the future economic development of Aberdeen and Aberdeenshire focusing on diversification of the economy into new areas of activity and markets through four programme areas of: Innovation; Internationalisation; Inclusive Economic Growth; and Investment in Infrastructure.

The Aberdeen City Region Deal is one delivery mechanism of this strategy, focusing on Innovation, Internationalisation and Infrastructure. Within these themes, eleven projects have been identified. The success of the area means that there are now a number of supply-side issues constraining Aberdeen's competitiveness. To address these issues the deal will: improve the region's connectivity (transport and digital), boost innovation, develop a better functioning housing market and expand the harbour. Infrastructure is critical to the place making of Aberdeen City and Aberdeenshire - securing its long-term economic wellbeing and an internationally competitive business environment. The downturn in the global oil and gas sector further highlighted the challenges which the region faces, but also offers opportunities for the future. These challenges and opportunities have been addressed through the City Region Deal, and the eleven projects identified within the outlined themes.

Significant investment into new technology for the Oil & Gas sector is included in the Deal, to consolidate the region's global reputation as a centre for the oil and gas industry and ensure Aberdeen can make an effective transition from an operations base to a global centre for technology and R&D investment. Building on



local strengths in the Life Sciences and Food, Drink, Agriculture & Fishing industries, the Deal also provides investment for Hubs for Innovation for both the life sciences and food, drink & agriculture sectors, to increase the diversity of the local economy.

The Deal also includes investment into the new Aberdeen South Harbour currently under construction to the south of the City, and the improvement of transport links to it, in order to maximise its economic impact, regionally and across Scotland. The South Harbour will be capable of docking much larger vessels, to support subsea engineering, offshore energy, decommissioning activities, berth large cruise liners (which will also have a positive impact on tourism in the City Region) and support the industry trend towards increasingly larger ships. In addition, the Deal includes significant investment to improve the City Region’s digital infrastructure and a Strategic Transport Appraisal to identify the improvements to the City Region’s transport infrastructure required over the next 20 years, building on the completion of the AWPR and other planned investments.

The Aberdeen City Region Deal was signed in November 2016. The establishment of the Deal was Led by: Aberdeen City Council, Aberdeenshire Council, the UK Government, the Scottish Government, and Opportunity North East, the Deal’s private sector partner.

Other key partners include the City’s two Universities, Robert Gordon University and University of Aberdeen.

The current investment profile of the Deal is shown in Table 1 below:

Table 1

Current Investment Profile	
	Funding (£'000s)
UK Government / Scottish Government (50/50)	250,000
Aberdeen City Council / Aberdeenshire Council (50/50)	20,000
Universities	23,500
Private Sector	543,544
Others	31,366
Total	868,410

*Others are those funding streams which will be identified and agreed during later stages of the projects.

OUTCOMES

In preparing the Deal, the regional partners carried out economic modelling which suggested the Deal is capable of delivering:

- Annual GVA increases of £260 million across the Aberdeen City Council and Aberdeenshire Council areas, £222 million at the Scotland level and £190 million in the UK.
- An average of 330 new jobs per year, aggregating to some 3,300 new net jobs over the 10 year lifetime of the deal.
- Additional annual tax revenues to the UK and Scottish Governments of £113 million from income tax, national insurance, VAT and oil tax revenues.

WORKING IN PARTNERSHIP

Effective partnership working between the private and public sectors is driving an ambitious development agenda for North East Scotland, which aims to deliver a long-term economic renaissance based upon a diversified and resilient industrial base that supports inclusive economic growth across the region. Central to this is a collaboration between, Aberdeen City Council, Aberdeenshire Council, private sector led and funded economic development body Opportunity North East (ONE), and UK Government and Scottish Government Development and Skills Agencies.

The Regional Economic Strategy sets the vision and context for this shared agenda and its delivery plan, which includes the £250 million Aberdeen City Region Deal (CRD).

The key success factor for the Aberdeen CRD has been partnership working to define the regional ambition and to identify transformational opportunities for its key industries. Innovation is the key theme within the CRD, with projects to catalyse growth for the oil and gas, life sciences and food, drink and agriculture sectors.

The Aberdeen CRD was predicated on the regional need for infrastructure investment and the challenging economic conditions as a result of the reduced oil price. This played a key role in the development of our priorities and associated Business Cases. Our first step was to focus on the Regional Economic Strategy, setting out our economic priorities and ambition. Following its approval in December 2015, development of the City Region Deal was aligned to the programme areas within the strategy, in particular, innovation and internationalisation. The ultimate outcome from the strategy and supporting investments such as the City Region Deal delivery is sector growth through diversification and the retention of people, jobs and skills in the North East. In turn this will achieve a diversified and resilient regional economy for the long term.







3. GEOGRAPHICAL OVERVIEW

Aberdeen City Council, and large areas of the Aberdeenshire Council area, operate as an integrated economic geography. The relationship between the two administrative areas is well established through economic linkages across travel to work and learn areas; business supply chains; and key sectors of the regional economy. Work has recently been concluded on a refreshed action plan to deliver the Regional Economic Strategy, reflecting the progress made since 2015, the implementation of the City Region Deal and the result of the Brexit referendum and its possible impacts.

The economy of the City Region is vital to its future, the quality of life of its residents, and its attractiveness to visitors and investors. The area has outperformed other parts of the United Kingdom over recent decades and has emerged from three very challenging years caused by the fall in oil prices on world markets.

The City Region is currently undergoing considerable change with numerous large-scale infrastructure projects in the process of completion such as the Aberdeen Western Peripheral Route, the Aberdeen Harbour Expansion, improvements to Aberdeen International Airport, upgrading of regional rail links, offshore wind energy, The Events Complex Aberdeen (TECA), Peterhead Fish Market and high-quality office and commercial developments.

These developments reflect the City Region's aspirations for economic and population growth, with the combined population of Aberdeen City and Aberdeenshire projected to increase from 485,893 in 2014 to 576,506 by 2039. This is an increase of 90,613 or 18.6%.





4. GOVERNANCE AND ACCOUNTABILITY

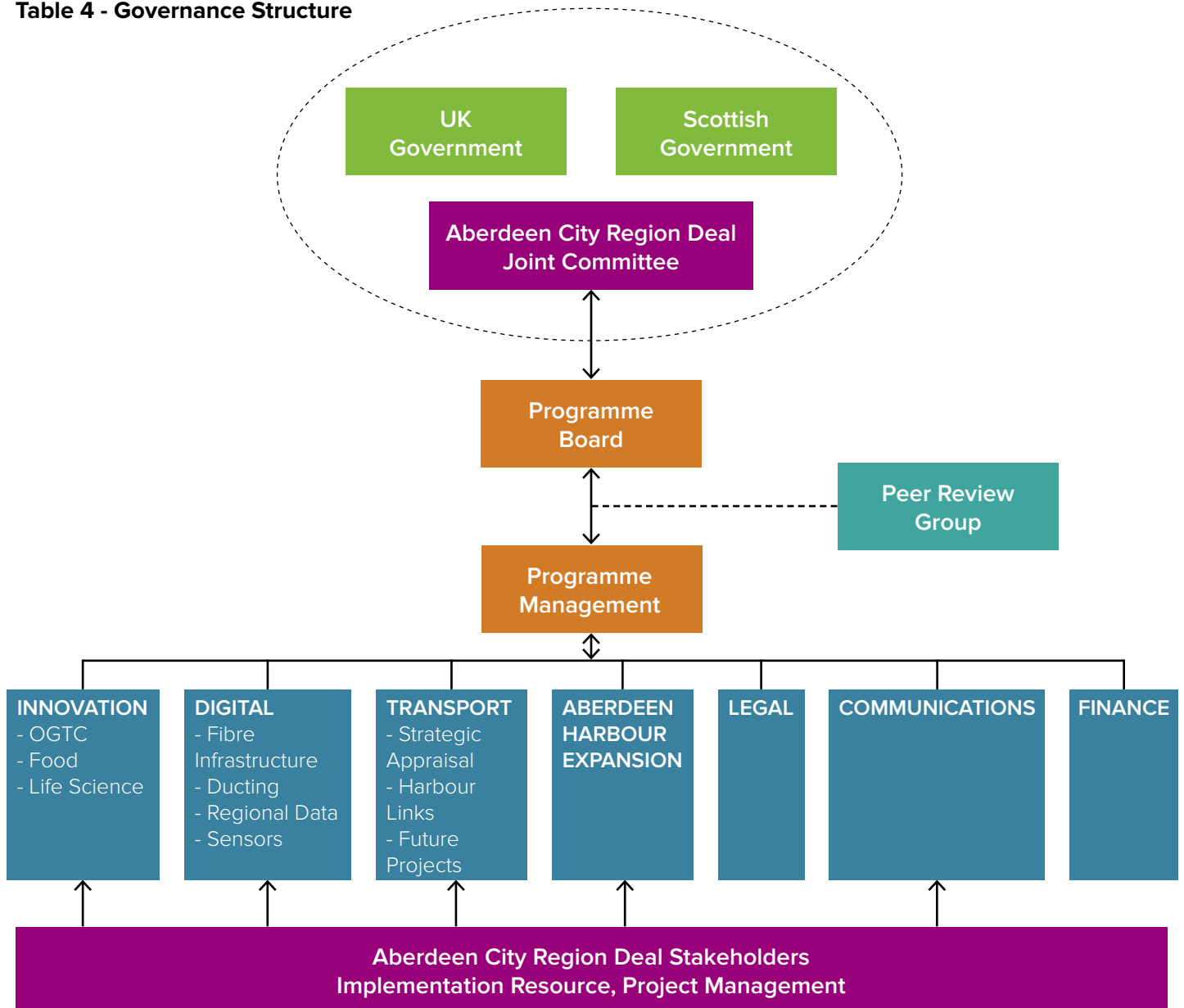
The Deal is governed by the Aberdeen City Region Deal Joint Committee, established under the Local Government (Scotland) Act 1973. There are nine seats on the Joint Committee, made up of three representatives from each of the administrations of Aberdeen City Council and Aberdeenshire Council, and the Board of Opportunity North East.

The Aberdeen City Region Deal Programme Board also provides scrutiny and guidance at an officer level and reports into the Joint Committee. It includes members from both Councils, Opportunity North East, Scottish Enterprise and NESTRANS (North East of Scotland Transport Partnership).

The Deal is also supported by a Programme Sponsor, Programme Manager and Programme Management Office (PMO). Workstream groups have been established for each theme with linkage to the Programme Board and to the Committee provided by the Programme Manager who will sit on all workstream groups.

The overall governance structure of the Aberdeen City Region Deal is shown in Table 4. The regional governance takes on a wider strategic role beyond the City Region Deal, considering broader infrastructure investment such as housing that sits outside of the Deal which will impact on its effectiveness, and also the £254m additional Scottish Government investment announced alongside the Deal.

Table 4 - Governance Structure



5. INNOVATION

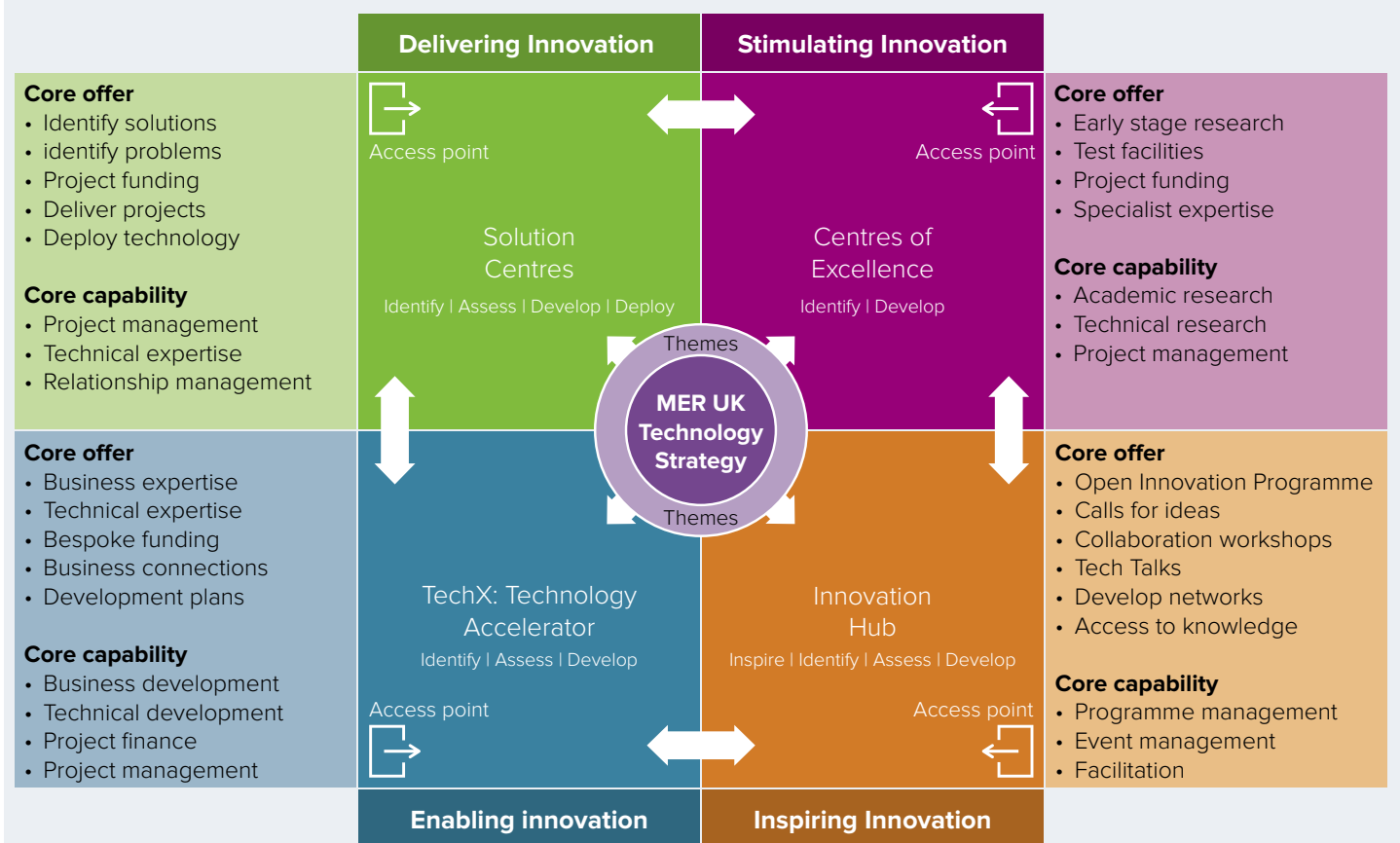
Our vision is to expand our existing culture of innovation, research and development built to a large extent on the success of the North Sea oil and gas industry over the past 50 years.

THE OIL & GAS TECHNOLOGY CENTRE (OGTC)

The vision for the OGTC is to create a centre based in the Aberdeen City Region, with global reach, for solving offshore mature basin, subsea and decommissioning technology challenges. In doing so the OGTC will generate a substantial competitive advantage for both the United Kingdom Continental Shelf basin and UK supply industry.

The OGTC is enabling investment in the development of technology in partnership with industry, academia and the supply chain actively supported by the regulator and government. It strives to create a culture of Innovation in the North East of Scotland by actively investing in the development and deployment of technology in the North Sea and then sharing the results and case studies from those investments and sharing lessons and integrating expertise from other industries.

The operational model designed to achieve this is shown below:





Working through Solution Centres, the Centre is encouraging, leading and co-funding industry-initiated technology projects to develop and deploy solutions for the Oil & Gas Industry. The OGTC is focused on delivering innovation in five key areas: well construction, small pools, asset integrity, decommissioning and digital transformation.

Through Centres of Excellence, working closely with local universities, the OGTC is stimulating innovation by supporting the development of high quality R&D capabilities in the University of Aberdeen, Robert Gordon University and within the oil and gas industry.

The OGTC is partnering with the University of Aberdeen to create a Decommissioning Centre of Excellence and Robert Gordon University to establish a Subsea Engineering Centre of Excellence. Industry led, the Centres will build on the research and development capability of both universities, linking with other UK innovation centres to tackle industry challenges.

With TechX, the Technology Accelerator, the OGTC is supporting smaller companies in the supply chain by funding accelerated development of their technology ideas in addition to exceptional mentoring and business support to enable them to become investment ready for product scale up.

And with the unique Innovation Hub, the OGTC inspires innovation by creating an inspirational place where companies, technology providers and schools come to collaborate on solutions and learn about the art of the possible.

The objective is to establish a culture of innovation that will consolidate Aberdeen City Region's position as the global hub for oil and gas technology and innovation.

PROGRESS TO DATE

The OGTC was the first project to be initiated by the Aberdeen City Region Deal with combined UK Government and Scottish Government funding of £180m over 10 years, and the Centre officially opened in February 2017.

In its first 18 months of operation, the key headline achievements of the Centre are:

- 400 technologies screened by OGTC's Solution Centres from machine learning to robotics to virtual reality, resulting in more than 80 ongoing projects, well beyond the original target of 8 projects.
- 10 field trials completed between the Asset Integrity and Well Construction Solution Centres. These were focused on non-intrusive vessel inspections, corrosion under insulation, well plugging and abandonment, and more efficient delivery systems for drilling wells and resulted in potential annual savings to the industry of over £240 million per year.
- TechX Pioneers Programme attracted more than 125 applications from 24 countries. 10 technology start-ups have been selected to take part in an intense 16-week program starting June 2018.
- Secured £22 million investment by industry, significantly higher than the original expectation of £8.5 million.
- Secured additional £1.9 million in funding from the Scottish Government's Decommissioning Challenge Fund.
- Merged with existing industry body ITF (Industry Technology Facilitator) to focus and enhance technology and innovation support for the industry.
- Hosted visits from the UK Prime Minister and Scottish First Minister to promote the work of the Centre.

Key Milestones	Planned / Achieved Date
Business Case Approved by UK and Scottish Governments	August 2016
OGTC Official Opening	February 2017
First three Solution Centres up and running (Small Pools, Well Costs Reduction & Asset Integrity)	March 2017
First 10 offshore field trails completed	July 2017
Complete Innovation Hub fit-out at Queens Road HQ	September 2017
Digital Transformation 'Call for Ideas' generated 68 ideas on how to harness the power of big data and machine learning	March 2018
Five Solution Centre up and running (Asset Integrity, Wells, Small Pools, Decommissioning and Digital Transformation)	May 2018
First 80 projects underway over 5 Solution Centres	May 2018
Technology Accelerator Program established with first 10 technology start-ups companies selected to take part in 16-week development program	June 2018
First 100 projects identified, underway or completed	October 2019
Technology knowledge database platform created and populated	October 2019
25 offshore trials completed	October 2019



CASE STUDIES

WELL CONSTRUCTION

OGTC is working with Spirit Energy to field-trial a well plugging and abandonment technology that could deliver up to £100 million cost-savings per year. Interwell's thermite solution, which is being deployed at Spirit Energy's onshore well at Caythorpe, melts materials in the wellbore, forming an impermeable barrier to seal the well. The results will be shared with a further nine North Sea companies collaborating on the project.

ASSET INTEGRITY

The results of three non-intrusive inspection (NII) trials, organised in partnership with Total E&P UK, demonstrated the potential to deliver significant cost, safety and efficiency benefit compared with traditional intrusive methods. Eddyifi, MISTRAS and Sonomatic conducted the trials that deployed a range of ultrasonic corrosion mapping and time of flight diffraction solutions. OGTC's survey with ABB found that adopting NII technology could deliver increased production and lower maintenance costs worth up to £242 million per year on the UKCS.

OGTC also worked alongside Eserve on a new technology to change how offshore surveys are conducted. In just three months, Eserve has grown from £0 to £650,000 in revenue and increased its team from three to 12 employees. This growth will help anchor Eserve in Aberdeen and strengthen the North-East supply chain.

A further project with Infinity Oilfield Services, is developing a safety solution which has the potential to deliver over £320 million in potential savings to the industry. The Kevlar device contains corroded valve equipment to eliminate safety and operational risk and extend asset life. The first field trial has successfully completed with further installations planned for the remainder of 2018.

SMALL POOLS

OGTC has developed a concept for the Tie-back of the Future to help unlock the remaining stranded assets. Wood McKenzie has estimated that this has the potential to unlock 400 million barrels and generate £3 billion of value for the UK. OGTC is working with five organisations to transform the development of small pools. This has a significant export opportunity with 27 billion barrels in small pools globally.

TRANSFORMATIONAL TECHNOLOGY

Demand is growing for technologies to help transform the oil and gas industry for the low carbon economy. OGTC is working with the industry on a Sector Deal proposal to government for funds to support further investment in this area to position the Oil & Gas industry for the Low Carbon Economy. This is an area of strong interest for the industry.

STEM PROGRAMME

Encouraging more young people to get involved in science, technology, engineering and mathematics (STEM) is essential to create a culture of innovation in North-East Scotland. OGTC is working with schools, colleges, universities and other partners to develop a STEM program using our Innovation Hub to host events and workshops to inspire the next generation.



BIO-THERAPEUTICS HUB FOR INNOVATION

The Bio-Therapeutics Hub for Innovation is a 10-year £40m investment project to accelerate growth and build on the strengths of the Life Sciences cluster in the North East of Scotland, which includes the company base, University of Aberdeen, Robert Gordon University and NHS Grampian.

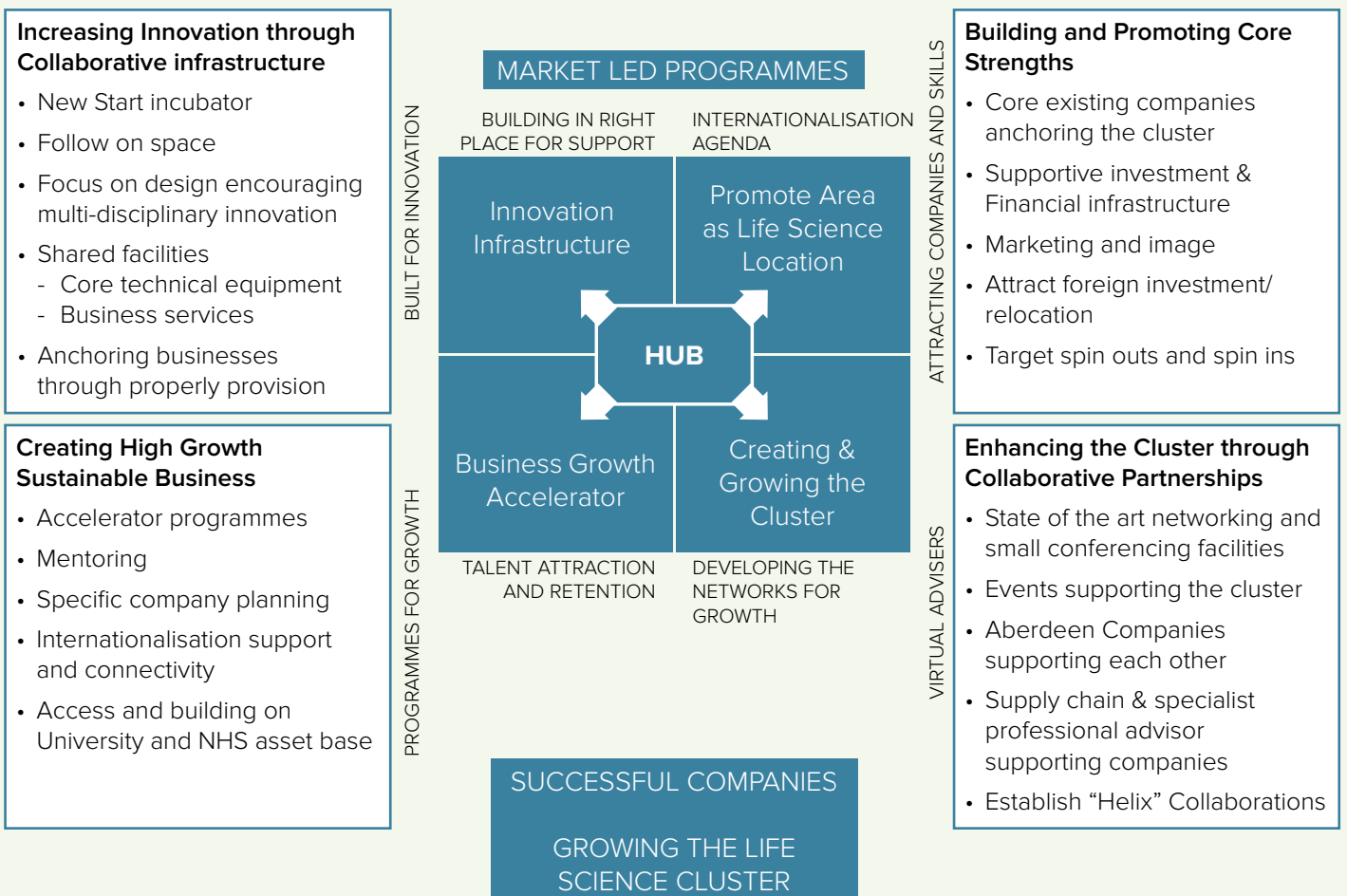
The project is being led by Opportunity North East (ONE) and has been developed by the ONE Life Sciences sector board, University of Aberdeen, Robert Gordon University, NHS Grampian and Scottish Enterprise.

The Hub will create a vibrant Life Sciences cluster and a supportive ecosystem to accelerate the number of spin-outs, new starts and growth companies, capitalising on our regional assets and strong collaborative links – the triple helix of clinical, commercial and academic researchers on the Foresterhill Health Campus, Europe’s largest integrated medical, research and teaching location.

The Hub will provide a focal point and space for industry to collaborate and innovate in creating the next generation of products and therapies in known areas of strength such as biotherapeutics, modern epidemics (including dementia, obesity, diabetes), medtech, diagnostics and nutrition.

LIFE SCIENCES COMPANY & CLUSTER DEVELOPMENT HUB

Key Focus Area: Biotherapeutics, Modern Epidemics



PROGRESS TO DATE

The business case for the Bio-Therapeutics Hub for Innovation was approved by the UK and Scottish Governments in September 2017. Since then, a new company called BioAberdeen Limited has been set up to develop and manage the Hub project and procurement of the project management and design team has started. Subject to the appropriate planning approvals, construction will commence in 2019.

Key Milestones	Planned / Achieved Date
BioAberdeen Ltd established	March 2017
Business Case Approved by UK and Scottish Governments	October 2017
Launch Life Sciences Support Programme	October 2017
Build a 69,000-square foot flexible collaborative Hub space	December 2020
Achieve Minimum 80% occupancy target by year 5	2026
24 start up and spinouts achieved by year 5	2026
Develop 2 International Collaborations	2026



FOOD HUB FOR INNOVATION

The Food Hub is a £21m investment project over 10 years to accelerate growth and innovation of existing businesses and start-ups by building on the strengths of the food and drink industry in the North-East of Scotland through a consumer-focused, customer-driven approach to innovation across all sectors of the industry.

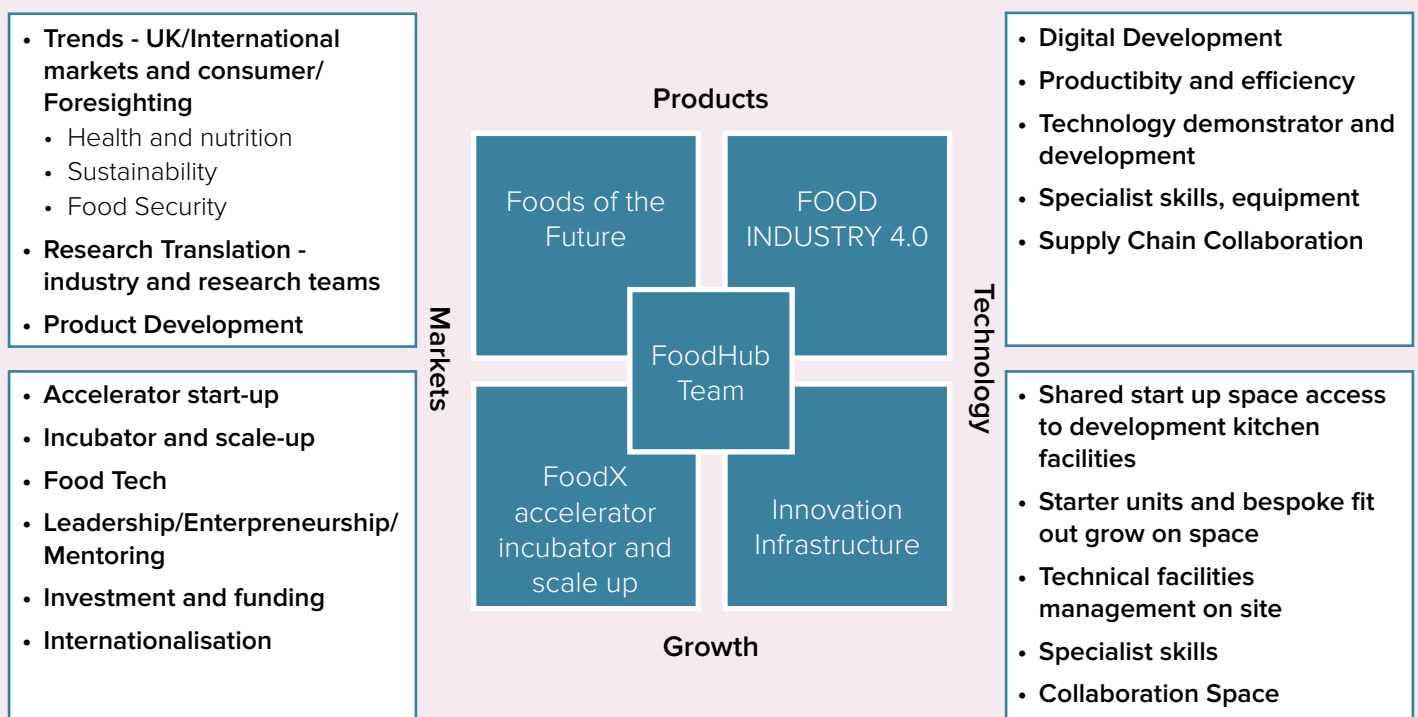
The project has been developed by Opportunity North East (ONE) through the ONE Food, Drink & Agriculture sector board in conjunction with the University of Aberdeen and Robert Gordon University and with support from SRUC and Scottish Enterprise. Significant industry engagement has informed the model and business case and ONE is leading the project delivery.

The vision is to establish the go-to regional centre for the accelerated growth of businesses, inspiring ambition and providing essential support for the food and drink industry. We will develop a market focussed industry that is customer driven, which is agile in anticipating change and responsive to it and which harnesses research to exploit market opportunities. As all aspects of business today become increasingly digital, the Food Hub will provide a focus on finding digital and technology solutions to meet market demands, ensuring our local industry has the technical skills to find and apply solutions across the supply chain, production, manufacturing and processing capacity to address and lead developments in the sector.

Success will see Aberdeen become a beacon for both the UK and international food and drink industries, a destination of choice for new start-ups, attracted by the buzz of excitement generated by like-minded new companies developing market focused products using the most up to date market intelligence and deploying leading edge technology in primary and production solutions. Buyers will look forward to trips to Aberdeen because they know they will find the most exciting new products that either create new markets or are well targeted to their own customers. Academics will see the city and its educational establishments as the place to conduct and apply their research.

There are four key elements to the Food Hub model: Foods of the Future, Food Industry 4.0, FoodX accelerator and Innovation Infrastructure. These four elements are interdependent; the success of the vision depends on the delivery of all aspects and are clearly illustrated in The Food Hub Model below.

The go to centre for accelerated innovation and growth support for the food and drink industry



PROGRESS TO DATE

Extensive industry engagement and stakeholder consultation has informed the preparation of the Food Hub business case. The draft business case was issued to the UK and Scottish Governments in July 2018 and discussions with both Governments are ongoing.

Key Milestones	Planned / Achieved Date
Draft Business Case Issued to two governments for approval	July 2018
Business Case Approved by UK and Scottish Governments	October 2018
Build and open a 30,000 sq ft flexible space	October 2021
The first cohort of 10 start-ups participating in the accelerator programme	January 2020
10 start-ups achieved per year	2025
Increase in company turnover by min 5% per annum	2025
20 companies to have achieved significant sales (10% of turnover) in new markets (at least 2 of these to be international)	2028



6. INTERNATIONALISATION

North East Scotland has a long and successful history of exporting goods, expertise and talent around the world, and through the City Region Deal, we want to maximise the returns.

ABERDEEN HARBOUR EXPANSION

Aberdeen Harbour is Britain's oldest existing business, established in 1136. Today it is the premier marine support centre for the oil and gas industry and the main commercial port serving the North East of Scotland.

The resulting construction of new facilities in Nigg Bay, to the South of the existing harbour, will revolutionise the port's capacity and will allow vessels of up to 300 metres plus to berth alongside. The extensive quay lengths, expansive laydown area and deep water channel will also transform the functionality of the port, allowing the accommodation of upscaled decommissioning, renewables and cruise industry activity.

The new facilities are designed to allow the port to grow its oil and gas core activities whilst attracting new, upscaled activities from the widest range of sectors.

A £350 million infrastructure development, transforming the marine support capacity of Aberdeen through the creation of over 1,400 metres of deep-water quay and over 125,000 square metres of quayside laydown area. Represents significant upscaling and growth opportunity for customers, who will have the ability to berth vessels of up to 300 metres in length. A development of national significance, the new combined harbour will become Scotland's largest port in terms of berthage.



PROGRESS TO DATE

Construction of the new harbour commenced project in May 2017 and the construction of the North Breakwater and dredging operations are now well advanced. The project is fully on schedule for completion in the Summer of 2020.

Key Milestones	Planned / Achieved Date
Construction Commencement	May 2017
Start of Dredging	September 2017
Start of South Breakwater	May 2018
Piling Commencement	May 2018
Commencement of North Breakwater Crown Wall	March 2019
End of North Breakwater	November 2019
End of South Breakwater	March 2020
Completion of Superstructure	April 2020
Completion of Works - Site demobilisation / Reinstatement Works	May 2020
Contract Completion	May 2020

TRANSPORT LINKS TO THE NEW HARBOUR

In order to maximise the impact of the new harbour on the wider regional economy, this transport project will improve connectivity between the harbour and the new Aberdeen Western Peripheral Route

PROGRESS TO DATE

Peter Brett Associates (PBA) have been commissioned to undertake a STAG 1 appraisal of transport connections to and from the new harbour. Transport Planning Objectives (TPOs) were agreed and an initial long-list of 22 options for transport infrastructure and connectivity upgrades in the vicinity of the new harbour site were developed. This list was taken through an initial sifting and development process and an exercise involving the packaging of options, resulting in a shortened list of options recommended to be taken forward for further assessment at the Detailed Appraisal stage.



The next stage of the study involves the development of the Detailed Appraisal during which the options developed at the Initial Appraisal stage will be appraised against the TPOs, STAG criteria, established policy directives and option feasibility, affordability and public acceptability.

The Aberdeen City Region Deal Joint Committee also identified a potential risk around the readiness of the local transport infrastructure to support the arrival of large cruise ships to new South Harbour. To alleviate this risk, PBA were also commissioned to develop a transport plan associated with the large scale movement of passengers from the new harbour as a result of the berthing of much larger cruise ships.

Key Milestones	Planned / Achieved Date
Procurement of consultants for STAG Part 1	October 2017
Procurement of consultants for Harbour Transport Plan	May 2018
Harbour Transport Plan Completed	August 2018
STAG Part 1 Completed	September 2018
Procurement of consultants for STAG Part 2	February 2019

7. TRANSPORT

STRATEGIC TRANSPORT APPRAISAL

The development of a Strategic Transport Appraisal (STA) considers the long-term transport needs of the region over the next 20 years following the completion of the Aberdeen Western Peripheral Route (AWPR).



PROGRESS TO DATE

The interim upgrade of the Aberdeen Sub Area Model (ASAM) has been completed and the model is being used on a number of studies for a range of different purposes. A further update of the model will be progressed following an extensive traffic and transport data collection exercise on completion of the AWPR. This will provide the quantitative base for the detailed appraisal.

Jacobs were commissioned to undertake a Pre-Appraisal in accordance with Scottish Transport Appraisal Guidance (STAG). Current and future problems and opportunities have been considered along with the transport network across the City and Shire region, and a set of Transport Planning Objectives (TPOs) have been developed.

The process involved extensive stakeholder and public consultation, including interviews, workshops and online surveys. On the 1st June 2018, a workshop was held with local elected members in Woodhill House in order to present the derived interim TPOs and key themes emerging from the Pre-Appraisal process.

The conclusion of this stage of work is timely as it feeds into the Strategic Transport Projects Review (STPR2) and the review of the National Transport Strategy (NTS).

Key Milestones	Planned / Achieved Date
Establishment the Transport Workstream Group	August 2016
Procurement of Pre-Appraisal work	September 2017
Stakeholder and public consultation	Oct 2017 - Feb 2018
Agreement on the Transport Ambition	December 2017
Interim Aberdeen Sub Area Model (ASAM) Upgrade	April 2018
Agreement of Interim Transport Planning Objectives	June 2018
Completion of Pre-Appraisal	September 2018
Preliminary project generation and sifting, and Initial Transport Appraisal	August 2019
ASAM Update	October 2019
Scheme development and refinement	April 2020
Detailed Transport Appraisal	April 2021



CASE STUDIES

PARTNERSHIP WORKING

The Transport Workstream Group was established in August 2016 as part of the Aberdeen City Region Deal governance structure to manage the transport related aspects of the Deal. The group is made up of representatives from Transport Scotland, Department for Transport, Nestrans, Aberdeen City and Shire Strategic Development Planning Authority, Aberdeen City Council, and Aberdeenshire Council, along with the City Region Deal Programme Manager.

The combined expertise of the different representatives within the Group has resulted in significant benefits over and above the initial expectations of the group, including:

- a) Links to the National Transport Strategy (NTS) and Strategic Transport Projects Review (STPR);
- b) Links to the Strategic Development Plan and emerging Regional Transport Strategy; and
- c) Effective communication and coordination across the administrations and leadership of the different organisations represented.

The success of the Transport Workstream Group is a prime example of successful partnership across government departments, different Council's areas and other strategic bodies.

STAKEHOLDER ENGAGEMENT

As part of the Strategic Transport Appraisal (STA) Pre-Appraisal process, a detailed and wide-ranging stakeholder engagement exercise was undertaken. The Project Working Group and commissioned consultants, Jacobs, worked in partnership to agree key stakeholders and the method of engagement with each.

The structured interviews were carried out with local and regional authorities, decision makers and business organisations using a set of consistent questions designed to obtain each interviewee's perspectives on key problems and opportunities, weaknesses and threats, typical modes of travel, interfaces with the transport network as well as views on the future direction of the economy of the region.

Workshops were held to engage with elected members, transport operators and providers, active travel organisations, disability groups, health and emergency services and the local business community.

A public survey was advertised via the social media feeds of Transport Scotland, Nestrans, Aberdeen City Council and Aberdeenshire Council, and was discussed in the local press. A total of 578 responses were received and the information obtained was analysed to gain an understanding of travel behaviour across the study area, and to validate the views of key stakeholders.

Such a comprehensive stakeholder engagement exercise has provided the Pre-Appraisal study with a strong understanding of the principal problems and opportunities in the Aberdeen City Region. This has enabled confidence in the emerging objectives, which will facilitate progression of the appraisal process going forward.



8. DIGITAL

CITY NETWORK EXTENSION PROJECT - ABERDEEN GIGABIT CITY

Extending the Aberdeen City Council fibre network to 57 additional sites across the City has successfully stimulated private sector investment of up to £40 million by City Fibre and Vodafone. Building on the Council's fibre network, City Fibre will utilise this to extend and deploy 800km of fibre within Aberdeen City, providing the majority of the City with access to 'fibre to the premises' and creating Scotland's first 'Gigabit City'.

Over the next two to three years the programme will install a Gigabit-capable, city-wide full fibre broadband network, making Aberdeen Scotland's first city in which nearly every home and business will have access to gigabit-speed broadband.

This achievement will go a long way to achieve the core objectives of the Digital theme of the City Region Deal and will make Aberdeen a forerunner for digital transformation in Scotland. It will also contribute to fulfilling the Scottish Government's 'Reaching 100%' ambition of making Scotland one of the best-connected places in Europe.

PROGRESS TO DATE

This business case was approved in December 2017 and work started on 23rd July 2018 on the network build in the City with the first trial area of 2,500 properties being connected to fibre.

Key Milestones	Planned / Achieved Date
Business Case Approved by CRD Joint Committee	November 2017
Business Case Approved by Government	December 2017
Year 1 Network Build Programme Begun	July 2018
Year 2 Network Build Programme Scheduled	April 2019
Year 1 Network Build Programme Complete	June 2019
Project Complete	December 2020

FULL FIBRE INFRASTRUCTURE

Building on what is being achieved in the City Network Extension Project, an aggregated public sector demand approach will be taken to extend fibre further into the City Region. This will be primarily achieved by Aberdeenshire Council and NHS Grampian sites acting as anchor tenants delivering new build dark fibre infrastructure into economically important areas in the City Region and will ensure industrial estates within the following key locations are included:

- Westhill
- Inverurie
- Kintore
- Blackburn
- Banchory
- Portlethen
- Stonehaven

PROGRESS TO DATE

The business case for the project was approved by Joint Committee in February 2018 subject to a funding application to the Department of Digital, Culture, Media and Sport. The bid was unsuccessful and after evaluating the feedback received and the uncertainty of success in the next round (around 75 applications are anticipated) an amended business case funding the project from existing CRD budgets was approved by a special meeting of the CRD Joint Committee on 22nd June 2018.

Key Milestones	Planned / Achieved Date
Business case approved by Joint Committee	June 2018
Business case approved by UK and Scottish Governments	September 2018
Contract Award	February 2019
Implementation Starts	April 2019
Network Build Starts	August 2019
Network Build Complete	December 2021

DUCT NETWORK EXTENSION

Aberdeen City Council already operates a duct network in the City and this will be expanded to cover the main economic areas. Initially this duct network would be for Council use, followed by engagement with commercial organisations to encourage them to utilise the expanded network to enhance their fibre offering in Aberdeen City, consequently stimulating the market. This project will also provide the enabling infrastructure for the proposed sensor network and provide the opportunity for Aberdeen City to be used as a test-bed for autonomous vehicles and will also support 5G installations.

PROGRESS UPDATE

This project was part of the overall business case approved by the CRD Joint Committee in January 2017 and a split-off business case further refining the project was presented to the CRD Joint Committee in May 2018. It is anticipated that the installation of the ducts and dark fibre will be completed in 2021.

Key Milestones	Planned / Achieved Date
Approval of Business Case by Joint Committee	January 2017
Approval of Business Case by UK & Scottish Governments	September 2018
Complete Design Phase	December 2018
Procurement Award – Contract One	April 2019
Begin Implementation	June 2019
Procurement Award – Contract Two	August 2019
Duct Network Completed	October 2021

SENSOR NETWORK

Currently, within Aberdeen City there is a network of over 1,000 sensors which are used to manage traffic flow, monitor the environment, etc. The Sensor Network project in CRD will expand this existing network to:

- enable better transport management (both private and public sector)
- facilitate smart travel and autonomous vehicles
- enable anonymised data to be made available for delivering commercial and public services more efficiently

Although the scope of the project is not yet defined, other potential applications include data on traffic flows, farm animal health and movements, environmental issues such as soil quality, flooding, people flows, stability of the built environment and building condition monitoring to allow early intervention in situations where, for example residents may be at risk of hypothermia, along with industrial applications such as condition monitoring. The Sensor Network and Regional Data Exchange projects are closely linked. They will correlate with the digital element of other industry sectors and focus on the interdependencies (especially with OGTC and Food and Drink) such as Big Data and other data sharing, sensor, and Internet of Things developments.

PROGRESS TO DATE

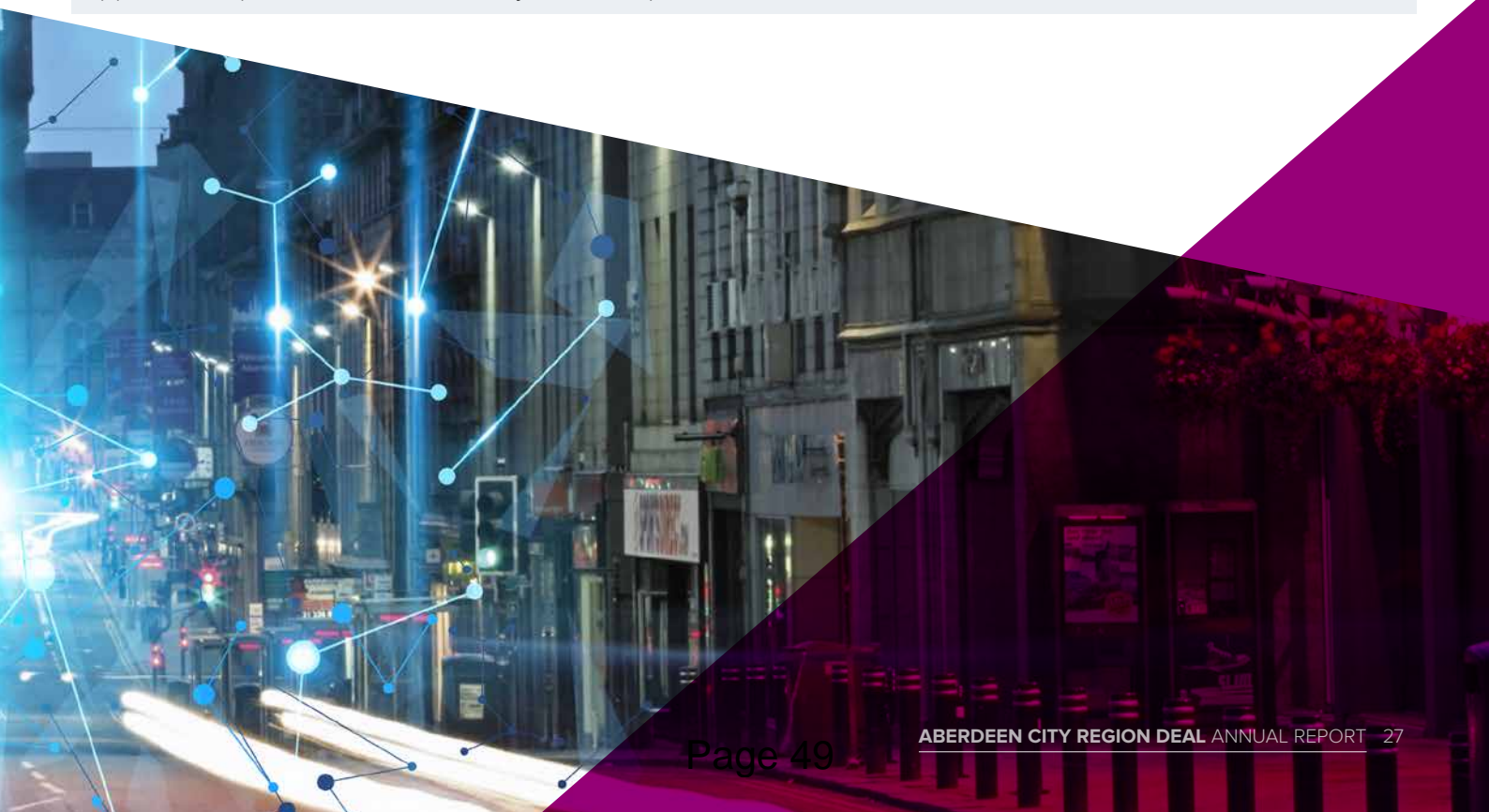
An outline business case was approved by Joint Committee in February 2018 to allocate £150,000 for the development of the business case for this project. The project is currently in the early stages of procurement to appoint the specialist skills necessary to develop the Full Business Case.

REGIONAL DATA EXCHANGE

The UK and Scottish Governments have commissioned a number of studies assessing the economic value of making public sector data open and accessible. These studies concluded that UK-wide the direct benefits are around £1.8 billion per year and the indirect benefits are around £5 billion per year. The Regional Data Exchange will support transactions of data between participating stakeholders with an aim to establish an operational market in regional data and the development of innovative applications.

PROGRESS TO DATE

An outline business case was approved by Joint Committee in February 2018 to allocate £150,000 for the development of the business case for this project. The project is currently in the early stages of procurement to appoint the specialist skills necessary to develop the Full Business Case.



9. FINANCIAL STATEMENT

The original funding forecast in the signed Deal was £826.2 million over the 10-year life of the Deal to end of financial year 2025/26. The current forecast for total investment has risen to £868.4 million over the same period. This is due to an increase in the forecast of private sector funding in OGTC and Digital Infrastructure.

The breakdown of funding forecast against each workstream is shown in Table 2 below.

Table 2

Programme Funding Forecasts Over 10 Years (2016-2026)						
(£'000s)	UKG/SG	ACC / AC Councils	RGU & Aberdeen University	Private Sector	Others	Total
Oil & Gas Technology Centre	180,000	0	23,500	159,657	1,900	365,057
Bio-Therapeutics Hub for Innovation	20,000	0	0	6,200	9,177	35,377
Food Hub for Innovation	10,000	0	0	7,387	1,589	18,976
Digital Infrastructure	10,000	7,000	0	40,000	10,000	67,000
Strategic Transport Appraisal	5,000	2,000	0	0	0	7,000
Transport Links to the New South Harbour	25,000	0	0	0	0	25,000
Aberdeen Harbour Expansion	0	11,000	0	330,300	8,700	350,000
Total	250,000	20,000	23,500	543,544	31,366	868,410

The variances against the original deal funding are shown in Table 3 below.

Table 3

Programme Funding Variances Over 10 Years (2016- 2026)							
Variance (£'000s)	UKG/SG	Councils	Unis	Private Sector	Others	Overall	% Variance
Oil & Gas Technology Centre	0	0	0	43,257	(32,300)	10,957	3%
Bio-Therapeutics Hub for Innovation	0	0	0	(800)	(1,823)	(2,623)	-7%
Food Hub for Innovation	0	0	0	(663)	(461)	(1,124)	-6%
Digital Infrastructure	0	0	0	25,000	10,000	35,000	109%
Strategic Transport Appraisal	0	0	0	0	0	0	0%
Transport Links to the New South Harbour	0	0	0	0	0	0	0%
Aberdeen Harbour Expansion	0	0	0	(8,700)	8,700	0	0%
Total	0	0	0	58,094	(15,884)	42,210	5%

THE OIL & GAS TECHNOLOGY CENTRE

Forecast of overall funding has increased by 3% due to an expected increase in Private Sector funding. This is based upon correlation of the level of investment secured during the Centre's first 18 months of operation.

Also note that over £32 million of funding originally classified as coming from 'Others' in the agreed business case has now been reclassified under 'Private Sector' but this does not affect the forecast funding overall.

BIO-THERAPEUTICS HUB FOR INNOVATION

The overall funding forecast for the Bio-Therapeutics Hub for Innovation has remained unchanged at £38 million and the impact of later scheduling of the project due to delays in the business case approval stage, has led to the Private sector / Others funding streams now forecast to stretch beyond the initial 10 year term of the Deal.

FOOD HUB FOR INNOVATION

The overall expected funding of the project has in fact risen from £20 million to £21 million but the impact of later scheduling of the project due to delays in the development of the business case has led to the Private sector / Others funding streams now forecast to stretch beyond the initial 10 year term of the Deal.

DIGITAL INFRASTRUCTURE

An increase of £35 million in private sector funding is now being forecast in the City Network Infrastructure project, which relates to the announcement of £40 million total funding in the project by the private sector.

ABERDEEN HARBOUR EXPANSION

£8.7 million of what was originally categorised as private sector funding is now being funded by Scottish Enterprise and is categorised under 'Others'. This does not affect the total project funding.



10. CHALLENGES, OPPORTUNITIES AND NEXT STEPS

The following issues and further opportunities have been identified within the constituent projects of Aberdeen City Region Deal:

Project	Issues	Opportunities
The Oil & Gas Technology Centre	<ul style="list-style-type: none"> Ongoing review of funding model 	<ul style="list-style-type: none"> There is an improving outlook for Oil & Gas Sector and an impact on how OGTC can respond. Potential for Centres of Excellence to become National Centres as they become activated.
Bio-Therapeutics Hub for Innovation		<ul style="list-style-type: none"> Delivery is a key strand of the Regional Economic Strategy diversification plan
Food Hub for Innovation	<ul style="list-style-type: none"> The business case approval process with the UK Government and Scottish Governments is in progress. Any lengthy delay in approval will impact when the project can begin delivery. 	<ul style="list-style-type: none"> Delivery is a key strand of the Regional Economic Strategy diversification plan
Aberdeen Harbour Expansion		<ul style="list-style-type: none"> Ongoing need to ensure local partners are geared up to take advantage of tourism opportunities as a result of the berthing of much large cruise vessels. Land side development opportunities within Invest Aberdeen portfolio.
Transport Links to New Harbour	<ul style="list-style-type: none"> Maintaining the pace of the options appraisal in the light of significant public and stakeholder interest. Requirement to co-ordinate this with a wider study being undertaken on the adjacent A956 Wellington Road corridor. Recent public consultation events confirmed the interest that surrounding communities have in the project, and their sensitivity to potential adverse impacts of specific route options. 	<ul style="list-style-type: none"> Improved transport links will enhance tourism, as a result of serving visitors from much larger cruise vessels berthing at the new harbour. Industrial/ distribution and storage opportunities on neighbouring Altens/ Tullos Industrial Estate. Wider benefits could be secured by building on the partnership with Aberdeen Harbour Board and other key stakeholders.
Strategic Transport Appraisal	<ul style="list-style-type: none"> The delay in the opening of the AWPR, a Transport Scotland managed project, has delayed the availability of the full ASAM upgrade based on actual impact of AWPR rather than predicted impact for full consideration of Strategic Transport Assessment options. 	<ul style="list-style-type: none"> The Appraisal will provide the Region's input to the Scottish Government Strategic Transport Projects Review and the case for infrastructure investment funding. The City Region Deal signatories have committed to exploring funding solutions for delivery of STAG priority projects. There is a clear opportunity for the Appraisal to deliver multiple benefits across all agencies based on an early identification of regional transport priorities.
Digital Infrastructure	<ul style="list-style-type: none"> The business case approval process with the UK Government and Scottish Government of two key digital CRD projects is impacting when these projects can begin. 	<ul style="list-style-type: none"> Digital infrastructure investment is already bringing forward additional investment in creative industries sector and tourism

KEY NEXT STEPS

Key next steps in the ongoing delivery of the Deal are as follows:

Project / Area	Next Steps
Business Case Approval	<ul style="list-style-type: none"> To maintain the momentum of delivery of the Aberdeen City Region Deal, the prompt development and approval of outstanding business cases by the UK Government and Scottish Government will be pursued.
Evaluation framework	<ul style="list-style-type: none"> Ongoing work with all workstreams on ensuring a valid, appropriate evaluation framework is in place.
Local Economy	<ul style="list-style-type: none"> Review further opportunities from recovering local economy.
The Oil & Gas Technology Centre	<ul style="list-style-type: none"> Revise and update project business case to reflect current operating model and plans for financial self-sustainability. Develop new stretching targets and output measures. Develop rationale, evidence and business need for continuation of current funding model.
Food Hub for Innovation	<ul style="list-style-type: none"> Gain approval by the UK Government and Scottish Government and begin project delivery.
Strategic Transport Appraisal	<ul style="list-style-type: none"> Discussion with the Scottish Government in progress on a required funding process for the following stages.
Digital Infrastructure	<ul style="list-style-type: none"> Gain approval from the UK Government and Scottish Government for the Duct Network Extension and Full Fibre Infrastructure projects and begin project delivery. Development of full business cases for the Regional Data Exchange and Sensor Network projects.



11. KEY CONTACTS

THE ABERDEEN CITY REGION DEAL JOINT COMMITTEE

Cllr Jenny Laing, Convener of the Committee and Co-Leader of Aberdeen City Council

Cllr Jim Gifford, Leader of Aberdeenshire Council

Cllr Douglas Lumsden, Co-leader of Aberdeen City Council

Sir Ian Wood, Chairman, Opportunity North East

Cllr Marie Boulton, Aberdeen City Council

Pat Machray, Opportunity North East

Cllr Peter Argyll, Aberdeenshire Council

Cllr Richard Thomson, Aberdeenshire Council

Professor Stephen Logan, Opportunity North East

THE ABERDEEN CITY REGION DEAL PROGRAMME BOARD

Richard Sweetnam, Chief Officer - City Growth, Aberdeen City Council

Alan Wood, Head of Finance, Aberdeenshire Council

Belinda Miller, Head of Economic Development & Protective Services, Aberdeenshire Council

Caroline Strain, Head of Partnerships, Scottish Enterprise

Derick Murray, Managing Director, Nestrans

Jackie Buchanan, Service Manager, Legal Services, Aberdeen City Council

Jennifer Crow, Chief Executive, Opportunity North East

Julie Wood, Programme Manager, Aberdeen City Council

Paul Smith, Communications & Marketing Manager, Aberdeen City Council

Stephen Archer, Director of Infrastructure Services, Aberdeenshire Council

For more information visit:

abzdeal.com

investaberdeen.co.uk

Email: Julie Wood JRichardsWood@aberdeencity.gov.uk

To view the
Regional Economic Strategy Action Plan visit:

www.bit.ly/RESactionplan

ABERDEEN CITY REGION DEAL: Powering Tomorrow's World

Report Name	Scottish Government Additional Investment for Transport Update
Lead Officer	David Torrance
Report Author	David Torrance
Date of Report	26 October 2018
Governance	Additional Investment MOU & Transport Working Group

1:	Purpose of the Report
<p>To update the City Region Deal joint Committee on the progress of projects being taken forward through the additional Scottish Government investment announced alongside the Aberdeen City Region Deal.</p> <p>This report covers progress on the Laurencekirk junction improvements work and the investment in the rail network to improve services between Aberdeen and the Central Belt.</p>	

2:	Recommendations for Action
<p>It is recommended that the Aberdeen City Region Deal Joint Committee: -</p> <p>(a) Note the Scottish Government Additional Investment for Transport Update</p>	

3:	Summary of Key Information
<p>Background</p> <p>The transport related investment which the Scottish Government announced in addition to the Aberdeen CRD commitments included £24 million for the design and construction of a new grade-separated junction at Laurencekirk and £200 million to help improve journey times and increase capacity on key rail links between Aberdeen and the Central Belt.</p> <p>Laurencekirk</p> <p>Transport Scotland appointed design consultants (AMEY) for the A90 Laurencekirk Junction Improvement scheme in September 2016. This allows</p>	

3: Summary of Key Information

progress of the design development phases of the junction upgrade and thereafter through the relevant statutory procedures.

Since appointing design consultants, Transport Scotland has been working hard to identify and undertake initial assessment of options (Design Manual for Roads and Bridges (DMRB) Stage 2 assessment).

The emerging options from the DMRB Stage 2 assessment process were presented to the public at an exhibition in October 2017 for vital feedback. Transport Scotland has since completed significant work on refining the options and undertook public exhibitions in July and August 2018 to present the preferred option. This consists of a south grade-separated junction with a full diamond layout and bridge over the A90 together with retention of the existing central reserve gaps at the Centre (B9120) and North (A937) junctions.

A DMRB Stage 3 assessment involving the development and detailed assessment of the preferred option is now being taken forward which will culminate in publication of the draft Orders in 2019 for formal comment. Thereafter progress will be dependent on the public reaction to the draft Orders and whether a Public Local Inquiry is required. Construction of the scheme itself can only commence if the scheme is approved under the relevant statutory procedures and thereafter a timetable for its progress can be set.

A Partnership Group with Aberdeenshire and Angus Councils, along with NESTRANS has been set up to support this project by providing a cohesive policy and investment approach which will help to maximise the benefits of the investment. Consultation has been maintained throughout the design development stages, with the group last consulted over a series of individual meetings on the week prior to the public exhibition events in summer 2018 to discuss the preferred option. The next group meeting is scheduled to be held in early November 2018.

Aberdeen to Central Belt Rail Investment

The Aberdeen to Central Belt Reference Group last met on 27 February 2018, with the next meeting planned in mid-November around the availability of the ARUP report. The Reference Group is led by Transport Scotland and includes Train and Freight Operating Companies, Network Rail and ScotRail, Terms of Reference for the Group were agreed on 22 November 2017.

The group is taking forward two strands of work:

- identifying rail freight needs and how they might be addressed, which includes identifying and promoting freight initiatives that exploit the potential of the line for the benefit of communities, local business, and stakeholders;
- identifying all options to improve journey times, capacity and connectivity within the available funding envelope (including

3: Summary of Key Information

consideration of the value of double tracking Usan Junction and the South Esk viaduct).

Transport Scotland is pleased that an effective working group with wide rail industry and stakeholder engagement has been charged with driving this work forward.

A whole rail system analysis has already been completed by Network Rail to identify a number of critical constraints on the line and identify potential opportunities to address these. Further work packages are now underway using both NR and contractor resources to expedite progress.

The initial analysis has identified signalling capacity constraints immediately south of Aberdeen as an early opportunity. Work is already underway to install new Intermediate Block signals between Newtonhill and Craiginches. This will deliver four passenger and one freight path per hour between Aberdeen and Stonehaven by March 2019. Contracts have been awarded and detailed design continues as per programme. De-vegetation, material drops and civil engineering preparation work has commenced ahead of the main implementation (and associated possessions) works which are due to progress early in 2019.

Early in Control Period 6 (from April 2019) Network Rail will commission a new trailing crossover at Craiginches to allow southbound freight trains to depart direct without having to run round at Aberdeen station. This increases capacity for passenger and freight trains and also reduces journey times and improves the competitive position for rail freight. In addition, Newtonhill signal box will be modernised and re-controlled to Aberdeen to improve operational control and efficiency in December 2019.

Consultants, ARUP were appointed to undertake a comprehensive pre-appraisal of the route which is expected to identify the optimum package of interventions that will secure the best possible return from the £200 million investment. Arup has been analysing track data, track geometry and line speeds, before conducting a multi-disciplinary review of the entire route. This work will identify a list of options for consideration going forward.

Building on initial stakeholder engagement which was used to inform the Revolution in Rail timetable, the Group facilitated further engagement with Network Rail and ScotRail, in June and with the Regional Transport Partnerships in July and August.

Arup has recently submitted a first draft of the report to Transport Scotland for consideration and sharing with Network Rail and ScotRail for a review of technical accuracy. Following completion of this initial checking process an updated draft report will be issued to the Regional Transport Partnerships for consideration before being reviewed at the next meeting of the Reference Group planned for mid-November.

3: Summary of Key Information

Following consideration of any comments from the Reference Group the report will be finalised and the executive summary is expected to be published on the Transport Scotland website.

Following a meeting between the council Leaders and the Cabinet Secretary for Transport, Infrastructure and Connectivity it has been agreed that Transport Scotland's Director of Rail, Bill Reeve, will attend a meeting with the Members of the CRD Joint Committee and Nestrans when the finalised study options are available. Final arrangements for the meeting to be confirmed on the basis that the reference group meeting is scheduled for mid-November.

The levels of financial support that the Scottish Government has committed for rail infrastructure and services along this corridor underlines our determination to enhance connection of our communities and support sustainable economic growth and jobs across the country.

The introduction of the first of the High Speed Trains on the Aberdeen to central belt line is a key milestone and a sign of things to come. Further changes to rolling stock, infrastructure and timetables from December 2018 onward will bring journey time savings and capacity benefits on intercity routes and will also see a step change in the provision of local services in and around Aberdeen City and Shire. Further details of these will be shared by Transport Scotland and ScotRail in due course.

ABERDEEN CITY REGION DEAL: Powering Tomorrow's World



Report Name	Cruise Update
Lead Officer	Chris Foy (VisitAberdeenshire)
Report Author	Chris Foy (VisitAberdeenshire)
Date of Report	9 November 2018
Governance	City Region Deal Joint Committee

1:	Purpose of the Report
1.1	To update the Aberdeen City Region Deal on the objectives and plans for the Cruise Ship market in light of the construction of the new Aberdeen South Harbour.

2:	Recommendations for Action
	It is recommended that the Joint Committee –
2.1	Notes the objectives and plans for the cruise ship market.

3:	Summary of Key Information
3.1	On 30 th August 2018, as part of a discussion on maximising the economic benefits of the new Aberdeen South Harbour, the Aberdeen City Region Deal Joint Committee requested a progress report on the plans and objectives for the cruise ship market in terms of the Aberdeen harbour expansion.
3.2	<p>In response to this request, this paper provides an update on the following:-</p> <ul style="list-style-type: none"> • Objectives • Economic potential (tourism) • Tourism product development activity • Business development activity • Quayside experience plans • Embarkation point / Cruise Terminal <p>A summary infographic is included in Appendix 1 to explain how cruise business is contracted is also attached.</p>

3: Summary of Key Information

Objective of the Cruise Aberdeenshire programme

3.2 CruiseAberdeenshire is a consortium of Aberdeen City Council, Aberdeen Harbour Board, Aberdeenshire Council, Scottish Enterprise and VisitAberdeenshire. The objective of the group is to help establish Aberdeen as a leading destination for cruise ship visits, to ensure that the tourism product meets the demand of the cruise market and to help cruise contribute to the Destination Strategy target of £1 billion visitors spend per annum by 2025

Economic potential (tourism)

3.3 European industry estimation is that circa €80 of economic benefit is achieved per disembarking passenger (Cruise Europe, 2018). In 2017, 25 small ships called into Aberdeen's existing harbour resulting in approximately 2500 visitors disembarking and an economic impact of €200,000.

3.4 On average 60% of cruise passengers opt for one of the cruise company excursions. Of the remaining 40% a very small number stay on board in port and the remainder explore the area under their own steam. The majority are likely to visit Aberdeen itself.

3.5 Despite the relatively low direct economic impact per head of cruise passengers, there is significant reputational value for the destination in providing a seamless, high quality experience:

- For many passengers, a cruise visit acts as an invitation to return, stay longer and spend more.
- Many cruise ship operators are also mainstream travel companies of global significance (eg TUI) with influence over more lucrative travel business.
- Cruise business also acts as a catalyst to develop tourism product that can be sold through other distribution channels.

Tourism product development activity

3.6 While the current tourism product set is already very attractive to the cruise market, it was understood early on that product development work was required to ensure an excellent fit between the experience and customer expectations.

3.7 The cruise industry is diverse. Cruise companies operate in different markets with different visitor profiles. What might be an attractive excursion option to one company or demographic is not necessarily attractive to another.

3.8 VisitAberdeenshire, along with AHB is working with local businesses to make them aware of the opportunities in the cruise market, and how their product might be enhanced or developed for diverse cruise markets and demographics. Outputs include:

- A "**Being Cruise Ready**" **Business Opportunity Guide** has been produced to help answer many of the questions businesses may have.

3: Summary of Key Information

- Two '**Cruise Ready**' workshops were delivered early in 2018 and a further workshop is scheduled for November 2018.
- **One to one advice** and presentations to local industry and community groups

Examples of recent new product development for the cruise market are as follows:

- **Aberdeen Highland Cattle** – A visit to a farm near Banchory which breeds highland cattle. Already popular with existing cruise and conference business
- **The Craigievar Express** - A visitor experience developed by Grampian Transport Museum in conjunction with Craigievar Castle (NTS).
- **Kincairdine Castle** – The castle is offering an afternoon tea with the laird who also gives a private tour of the garden.
- **Royal Lochnagar Distillery** – *Meet the Manager* tour
- **Duke of Rothesay Pavilion**, Highland Games Centre in Braemar due to open early in 2019.

3.9 Based on the current range of products and the new products recently developed or under development, VisitAberdeenshire has put together a very wide range of excursion itinerary options. Itinerary development and product development will continue to evolve as cruise companies operating larger vessels select Aberdeen as a destination port.

3.10 Working with the Scottish Tourist Guides Association (STGA) the Cruise Aberdeenshire partnership will ensure that sufficient qualified guides will be available by May 2020. An STGA Green Badge course will shortly be promoted, starting in January 2019 with completion in September 2019, delivered by the University of Aberdeen. This will result in approximately 30 additional guides.

Business Development Activity

3.11 Recent business development activity has included a joint sales mission with Aberdeen Harbour to Germany targeting 4 cruise companies. The response to the new south harbour and to the destination product offering has been very positive.

3.12 A 4 day familiarisation visit was organised and delivered for Intercruise, one of the large cruise excursion companies who have already been contracted as the shore excursion provider for one of the cruise ships visiting in 2020 and are regularly contracted by other cruise companies.

3.13 Further business development activity is planned over the next few months at B2B forums in the UK, in Europe and in north America where cruise companies, and excursion operators will be present.

Quayside experience

Quayside Entertainment

3: Summary of Key Information

- 3.14 Destinations onshore, were considered the full 'package' in terms of cruise passenger experience. In recent years, however, this package has been extended to include the experience passengers have arriving into and departing from the port itself.
- 3.15 Quayside entertainment on arrival helps to shape a first impression of a location for passengers, but the departure experience in particular has developed as an opportunity for locations to provide a themed experience, helping to differentiate their location from others on the itinerary, whilst leaving a lasting impression on the passenger (not to mention on the shore excursion and cruise line representatives).
- 3.16 Scottish ports have been no different, and they all, in some way or another, provide quayside entertainment. For most Scottish Ports a piper is almost a basic essential (where appropriate), whilst other ports have differentiated themselves through visits by 'Viking squads' or the ability for customers to shop on the quayside for low-cost Scottish themed gifts.
- 3.17 Aberdeen Harbour Board are committed to providing the essential piper for every cruise vessel arrival and departure, and are considering the potential/practicalities for quayside retail, but there is potential for the city and region to develop a programme of entertainment that could truly differentiate Aberdeen from other destinations, and provide an authentic insight into local talent and culture. CruiseAberdeenshire are therefore looking to secure support from external bodies who might have the expertise to develop and manage a programme of quayside cruise passenger entertainment.

Meet & Greet

- 3.18 All Scottish Ports have personnel on 'meet and greet' duties during the cruise season – often these are harbour board staff. For the larger, more active ports, however, where this is a more onerous task, volunteer groups have formed who not only provide meet and greet services, but who also provide visitor attraction and tourism information to passengers and crew. This service is particularly popular with passengers, and these visitor guides have even been invited to sail with the vessel on the previous evening before that vessels arrives in port so that they can provide information for passengers in advance of their arrival.
- 3.19 The development of such a group would be a great asset for the city and region's cruise offering, and CruiseAberdeenshire are currently exploring ways in which such a group may be developed and supported.

Embarkation port / Cruise Terminal

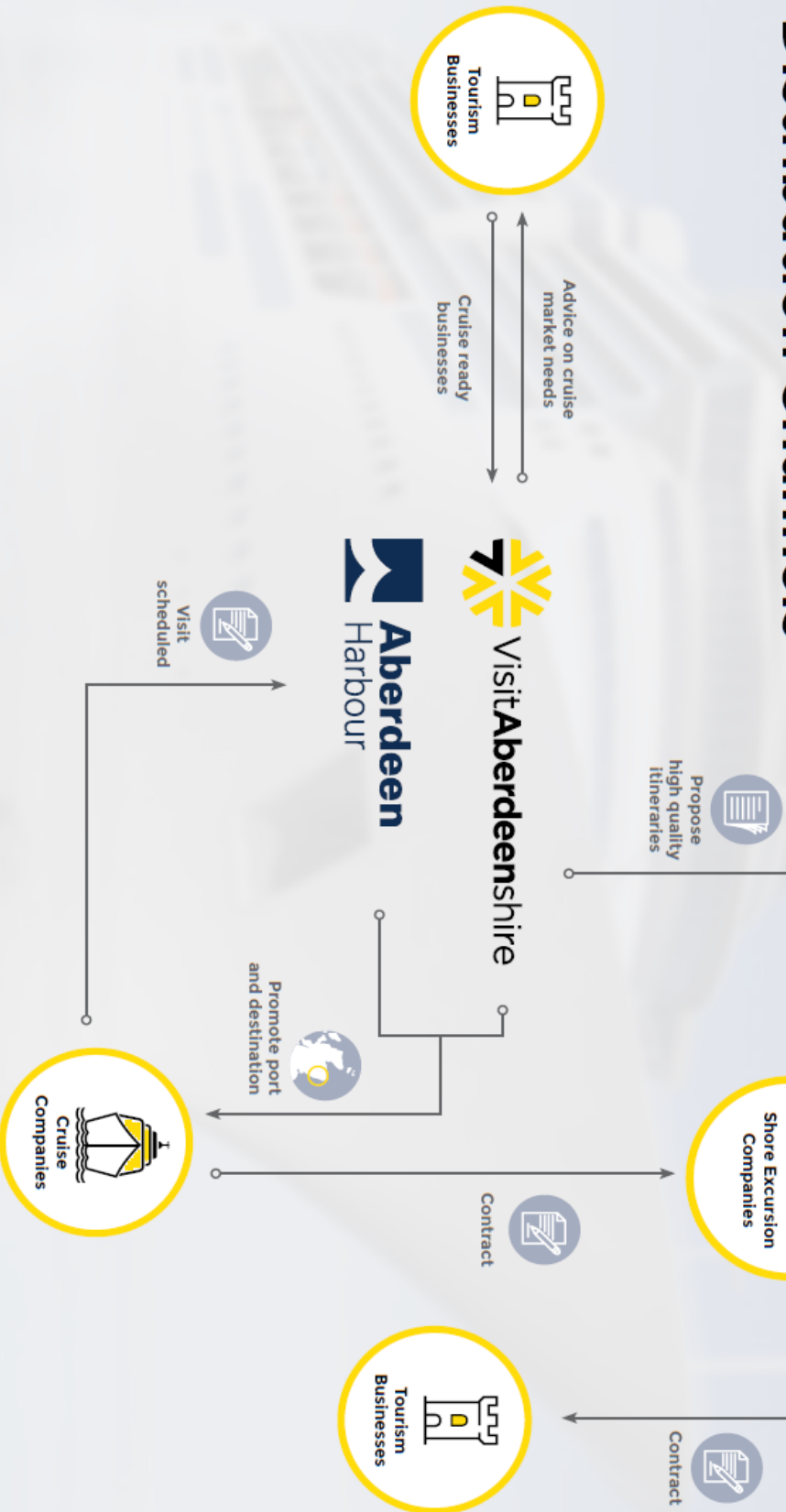
- 3.20 Few Scottish Ports have a dedicated/ permanent Cruise Terminal. The reason for this can be that activity does not justify the investment, or based on the fact that cruise activity is seasonal, and therefore a permanent quayside terminal can remain redundant for the rest of the year, taking up valuable laydown area on a quayside.

3:	Summary of Key Information
3.21	The need for a terminal building, indeed, is dependent on the type of cruise operation underway. For a 'call port', where passengers only arrive on the vessel, visit the destination and then depart on the same vessel, there is little requirement for quayside structures. In these cases, there are minimal border force requirements, and security operations can be served by a temporary and/or mobile structure (as currently in use at Aberdeen North Harbour).
3.22	For a 'turn port' however, where cruise itineraries commence and end, the requirement is greater in that border force and security procedures determine the need for processes such as body/ baggage screening and identity/nationality checks to be carried out.
3.23	Presently Aberdeen Harbour is predominantly a call port, but the unique combination of a large port, in the form of South Harbour, which will have the ability to accommodate vessels of up to 300 metres alongside, along with the proximity of an international airport, and plentiful hotel accommodation, means that Aberdeen is increasingly being viewed as a potential turn port.
3.24	Aberdeen Harbour Board will continue to review need for a permanent cruise terminal building as the development progresses.

4:	Finance and Risk
4.1	There are no financial implications for the Aberdeen City Region Deal as a result of this report.

Appendix 1

Cruise Market Distribution Channels



This page is intentionally left blank

ABERDEEN CITY REGION DEAL: Powering Tomorrow's World

Report Name	Joint Committee Programme of Meeting Dates
Lead Officer	Richard Sweetnam
Report Author	Mark Masson
Date of Report	9 November 2018
Governance	City Region Deal Joint Committee

1:	Purpose of the Report
1.1	The purpose of this report is to agree new dates for the Joint Committee.

2:	Recommendations for Action
	It is recommended that the Joint Committee:–
2.1	Consider and agree the proposed meeting dates at 3.3 of the report.

3:	Summary of Key Information
3.1	In terms of Standing Order 20, the Joint Committee shall agree a timetable of meetings for the following twelve months;
3.2	The Committee Clerk had reviewed the Aberdeen City and Aberdeenshire Council diaries to find new proposed dates for Joint Committee meetings that do not clash with known Council meetings;
3.3	The following proposed dates, times and locations had been identified:– <ul style="list-style-type: none"> • 8 February 2019 in the Town House; • 3 May 2019 in Woodhill House; • 30 August 2019 in Woodhill House; • 8 November 2019 in Woodhill House; • 7 February 2020 in Woodhill House. (all Fridays commencing at 9.30am)

3:	Summary of Key Information
3.4	Meeting rooms have been provisionally booked and electronic appointments will be issued following approval of the dates above.

4:	Finance
4.1	There are no financial implications relating to this report.

Exempt information as described in paragraph(s) 8 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 8 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 8 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 6 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank

Exempt information as described in paragraph(s) 6 of Schedule 7A
of the Local Government (Scotland) Act 1973.

Document is Restricted

This page is intentionally left blank