

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 Colin Pike.

ONE Substitute Members:- Jennifer Crow, and two vacancies.

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

Town House,
ABERDEEN 31 January 2019

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, 8 FEBRUARY 2019 at 9.30 am.**

FRASER BELL
CHIEF OFFICER - GOVERNANCE

BUSINESS

- 1 Determination of Urgent Business (If any)
- 2 Determination of Exempt Business
- 3 Appointment of Opportunity North East Substitute Members on the Joint Committee
- 4 Declarations of Interest
Members are Required to Intimate any Declarations of Interest in Respect of the Items on Today's Agenda.
- 5 Minute of Previous Meeting of 7 December 2018 (Pages 3 - 6)

6 Aberdeen City Region Deal Progress Update (Pages 7 - 18)

Please note that there are appendices contained within the Exempt/Confidential section of this agenda below.

EXEMPT / CONFIDENTIAL ITEMS

7 Aberdeen City Region Deal Progress Update - Exempt Appendices (Pages 19 - 30)

8 Financial Update Q3 2018/19 - to follow

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, 7 December 2018. Minute of Meeting of the ABERDEEN CITY REGION DEAL JOINT COMMITTEE. Present:- Councillor Jenny Laing, Chairperson; Councillor Jim Gifford, Vice-Chairperson; Councillors Marie Boulton, Douglas Lumsden and Richard Thomson and Mr Patrick Machray, OBE.

DECLARATIONS OF INTEREST

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

MINUTE OF PREVIOUS MEETING OF 9 NOVEMBER 2018 - FOR APPROVAL

2. The Joint Committee had before it the minute of its previous meeting of 9 November 2018, for approval.

The Joint Committee resolved:-

- (i) in terms of article 7, resolution (iii) – Scottish Government Additional Investment for Transport - Update, to note that details in relation to the agreed intervention and signalling capacity constraints costs were still awaited from Mr Torrance; and
- (ii) to otherwise approve the minute.

PRESENTATION BY DIRECTOR OF RAIL, TRANSPORT SCOTLAND

3. The Joint Committee received a presentation from Mr Bill Reeve, Director of Rail, Transport Scotland.

Mr Reeve (a) made reference to the rail investment projects in terms of the £200m commitment to upgrade the Aberdeen to central belt rail line and improve infrastructure, rolling stock of trains and timetable from December 2018; (b) made reference to the consultant's report which outlined the 'Revolution in Rail' proposals; (c) advised that the consultant's had identified a package of 18 measures at a cost of £218m including works north of Dundee which benefited both routes (Aberdeen to Glasgow/Edinburgh) and the need for benefits in both the 'to Aberdeen' and 'from Aberdeen' directions; (d) indicated that the measures proposed included track upgrades to increase line speed including renewal of track, signalling and level crossing upgrades and structural work; and (e) intimated that the consultant's report advised that doubling the track from Montrose to Usan would not provide any journey time benefits.

Mr Reeve advised that the journey time benefits identified were as follows:-

ABERDEEN CITY REGION DEAL JOINT COMMITTEE

7 December 2018

Route	
Aberdeen to Edinburgh	1.5 mins
Aberdeen to Glasgow	2.5 mins
Edinburgh to Aberdeen	2.5 mins
Glasgow to Aberdeen	1.5 mins

During discussion, Mr Reeve responded to a number of questions from members of the Joint Committee, specifically regarding journey times, the consultant's report, the Montrose to Usan line, the benefits of improved signalling and an update relating to Kintore Station.

The following points were noted:-

- that signalling upgrades were important to improve capacity;
- that works on project routes south of Dundee would improve journey times from Aberdeen to central belt although acknowledged that the overall time benefits were disappointing;
- that the Reference Group established by Transport Scotland would explore options further in conjunction with Network Rail; and
- acknowledged constraints in terms of the approach to Perth and Tay Bridge sections.

The Joint Committee resolved:-

- (i) to thank Mr Reeve for his presentation and the information provided;
- (ii) to note that Transport Scotland would endeavour to provide early submission of project timescales;
- (iii) to note that track diagrams in terms of overtaking slower trains e.g. freight, would be circulated; and
- (iv) that the consultant's report be circulated to members of the Joint Committee.

CRD ANNUAL REPORT

4. With reference to article 6 of the minute of the previous meeting of 9 November 2018, the Joint Committee had before it the Aberdeen City Region Deal 2018 Annual report prepared by the Programme Manager.

The report recommended:-

that the Joint Committee endorses the report.

The Joint Committee resolved:-

to approve the recommendation subject to amending wording to section 9 (under table 2) to read "The £10m reflects separate funding, of which £2m has come from the Memorandum of Understanding, along with £1.1m from both Councils' contribution to the

ABERDEEN CITY REGION DEAL JOINT COMMITTEE
7 December 2018

CRD Digital Programme. This has levered £40m of private sector investment to the city's 'Fibre to the Premises' programme."

- **COUNCILLOR JENNY LAING, Chairperson.**

ABERDEEN CITY REGION DEAL JOINT COMMITTEE
7 December 2018

ABERDEEN CITY REGION DEAL: Powering Tomorrow's World

Report Name	Aberdeen City Region Deal Progress Update
Lead Officer	Richard Sweetnam, Chief Officer, ACC
Report Author	Julie Richards-Wood, CRD Programme Manager ACC
Date of Report	8 February 2019
Governance	City Region Deal Joint Committee

1:	Purpose of the Report
<p>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:</p> <ul style="list-style-type: none"> i. <u>Appendix 1</u> – Programme Dashboard ii. <u>Appendix 2</u> – Benefits Monitoring Dashboard & Report iii. <u>Appendix 3</u> –The response to UK and Scottish Governments on the Oil & Gas Technology Centre (OGTC) 18 Month Checkpoint Review. 	

2:	Recommendations for Action
<p>It is recommended that the Joint Committee:</p> <ul style="list-style-type: none"> i. Notes the content of the report, its appendices, and the progress made. ii. Note and endorse the two conditions which are to be included within the Oil & Gas Technology Centre Business Case, as a result of the 18 Month Checkpoint review as set out in Appendix 3 to this report. 	

3:	Summary of Key Information
<p>Programme Dashboard</p> <p>3.1 Key milestones achieved this quarter</p> <ul style="list-style-type: none"> i. Aberdeen's CRD's Annual Report is published on www.abzdeal.com ii. Stag 1 approved December 2018 	

3:	Summary of Key Information
	<ul style="list-style-type: none"> iii. Food for Innovation Business Case approved January 2019 iv. Duct Digital Business case approved January 2019 with conditions v. Full Fibre Infrastructure Business Case approved January 2019 vi. Bio-therapeutic Hub Launch Dec 2018 vii. Launch of De-commissioning Centre January 2019 <p>3.2 Workstream updates</p> <p>Updates on the progress of individual workstreams and projects are contained in the Programme Dashboard in Appendix 1.</p> <p>3.3 Digital Programme</p> <ul style="list-style-type: none"> i. 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. Developments in this area are currently underway and a report will be provided to Joint Committee once these concepts and plans have been developed further. <p>3.4 Benefits Realisation Dashboard</p> <ul style="list-style-type: none"> i. 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. Further work is planned in the coming months including a workshop for Project Leads with the Equalities Commission. <p>3.5 The Oil & Gas Technology Centre (OGTC)</p> <p>As reported at November’s Committee, the UK Government and Scottish Government issued a joint letter to the Aberdeen City Region Deal detailing the conditions it requires to be met in order to continue the current funding model. The response to this letter is noted in Appendix 3 of this report.</p>

4:	Finance and Risk
	<ul style="list-style-type: none"> i. Project-specific financial implications are included in Appendix 1. There are no other financial implications of this report.

ABERDEEN CITY REGION DEAL - PROGRAMME DASHBOARD January/February 2019

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 underway for development	March 2019	G	G	G	<p>OGTC Business Case Approved 2016, OGTC opened February 2017, 18 Month Checkpoint March 2018 - where targets had been met or exceeded. December 2018 Submission of stretched targets to UK/Scottish Government. 36 Month Checkpoint due October 2019</p> <p>Launch of the De-commissioning Centre took place in January 2019 with The Lord Duncan of Springbank and Paul Wheelhouse, Minister for Energy, Connectivity and the Islands. Over 110 members of the Solution Centres currently in place, with further expected to join in the coming months.</p> <p>156 approved Projects in progress, with a total investment of £85m with OGTC share of £34.4m;</p> <p>Over 50 offshore trials planned, with a number already completed; The research themes for both National Centres is being developed in collaboration with the Universities and Industry; The application for the 2nd TechX cohort opened on 1st October and currently stands at over 100 applications from over 20 countries. The application process will close at the end of January 2019.</p> <p>Innovation Hub continues to have a busy program with consistently positive feedback being received.</p> <p>Subsurface Solution Centre created and launched.</p>
1.2	Food Hub for Innovation	Jennifer Crow	Define	Approval of Business Case by UK and Scottish Governments	Set up of Food Hub Company	February 2019	G	G	G	<p>JC Approved Business Case August 2018</p> <p>UK/Scottish Government approved funding 17th January 2019</p>
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	March 2019	G	G	G	<p>Business Case Approval by JC June 2017 and Funding Partners October 2017</p> <ul style="list-style-type: none"> •Final drafts of contracts issued to Architect Led Design Team, Cost Consultant and Principal Designer. •Development of detailed project brief underway, including design and technical spec for construction, fit out and operation of building •Initial site surveys instructed •Construction project launched publicly on 21 November 2018 •Follow up support continues to be delivered to companies participating in the Pilot Life Sciences Business Support programme through ONE and Partners •Project underway to retain Life Sciences' graduates in region. •3 workshops held at University of Aberdeen and RGU to generate interest in Life Sciences commercialisation and university spin outs.
2 Digital Infrastructure										
2.1	City Network Extension	Julie Richards-Wood	Implement	Right of Access legal agreement between ACC and CF in place	Group 2 (second phase) completed	March 2019	G	G	G	<p>CRD JC approved the connection of 57sites public sector sites November 2017. CityFibre with Vodafone announced a £40million investment for Fibre To The Premises Build in February 2018 which will connect almost every home in Aberdeen City.</p> <p>CityFibre have laid 44,000m of fibre in the ground and passed 4,600 number of homes in the City, with 55 homes now connected through Vodafone.</p> <p>Sub-contractors GCU and Actavo will be working in the Hilton, Rosehill and Stockethill areas in the City during February and March.</p>
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	Jan 19	A	A	G	<p>In February 2018 the CRD JC approved the current Digital Infrastructure Project although the first version was submitted January 2017 with subsequent updates. Clarification questions from UK/SG were answered in May, August and November 2018. This Business Case was approved 31/01/19 subject to additional information being included in a revised Business Case. Procurement documentation is being finalised and contract notice to be issued in February 2019.</p> <p>Timeline moved from Red to Amber - The length of the business case approval process with UK/Scottish Government has impacted milestones and profiled spend for 2018/19 which will need to be revised.</p>

2.3	Duct Network Extension	Wendy Robertson	Define	Revised Business Case to Joint Committee for information	Approval of Business Case by UK and Scottish Governments	Jan 19	A	A	G	In January 2017 the CRD JC approved the current Duct Network Extension Project and the Staffing Business Case was approved July 2017 in preparation of BC approval. Clarification questions from UK/Scottish and Government were answered in May, August and November 2018. UK/Scottish Gov approved the BC 23rd January 2019 subject to additional information being included in a revised Business Case by February 2019. <u>Timeline moved from Red to Amber</u> - The length of the business case approval process with UK/Scottish Government has impacted the milestones and profiled spend for 2018/19 which will need to be revised.
2.4	Sensor Network	Wendy Robertson	Define	Strategic Commissioning Committee Approval to Procure	Business Case out for procurement	February 2019	G	G	G	CRD JC approved Outline Business Case 09/02/18 Strategic Commissioning Committee approved procurement 20th November 2018. Contract Notice issued week commencing 21/01 for provision of services to provide Full Business Case.
2.5	Regional Data Exchange	Wendy Robertson	Define	Strategic Commissioning Committee Approval to Procure	Business Case out for procurement	February 2019	G	G	G	CRD JC Approved Outline Business Case 09/02/18 Strategic Commissioning Committee approved procurement 20th November 2018. Contract Notice issued week commencing 21/01 for provision of services to provide Full Business Case.
3 Transportation										
3.1	Strategic Transport Appraisal	Paul Finch	Implement	Final pre-appraisal report	ASAM Update	February 2019	A	G	G	Business Case Approval: CRD JC November 2017, Aberdeenshire Committee November 2017 and UK/Scottish Government 2017; City Growth and Resources June 2018 Timeline amber - There is a risk that the AWPR opening schedule will have knock-on impact on timescales for gathering data to inform the final ASAM upgrade. This has to be viewed in the context of the wider programme but is not viewed as critical at this point. Strategic Transport Appraisal option generation and sifting work underway, with officer and stakeholder workshops completed. Member workshops are scheduled for February 2019.
4 Internationalisation										
4.1	Aberdeen Harbour Expansion	Margaret Pattison (ACC Coordinator)	Implement	Piling Commencement	Commencement of N Breakwater Crown Wall	March 2019	G	G	G	Business Case approved 24th August 2017 North breakwater works continuing with core, rock armour and precast armour units. Piling operations on west quay ongoing. Marine drill and Blast activities are now complete Site Investigations for Water Mains infrastructure complete Commencement of Greyhope Road diversion works
4.2	Transportation Links to Aberdeen South Harbour	Ken Neil	Implement	CRD JC Approval of Final Report and Business Case for next phase	STAG Part 2 - Award Tender	February 2019	G	G	A	CRD JC approved STAG Part 1 final report November 2018 ACC's City Growth & Resources Committee on 27th November 2018 UK/Scottish Government approval of further funding for Part 2 appraisal 13th December 2019 <u>Resource is Amber</u> - due to resource required for a technical officer for this project which may impact on future delivery and milestones.

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

ABERDEEN CITY REGION DEAL
BENEFITS MONITORING

OIL & GAS TECHNOLOGY CENTRE

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	-	4,600	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

Our Ref.
Your Ref.
Contact
Email
Direct Dial
Direct Fax



14 January 2019

City Growth
Aberdeen City Council
Business Hub 4
Marischal College
Broad Street
Aberdeen
AB10 1AB

Tel: 03000 200 292
Minicom 01224 522381
DX 529452 Aberdeen 9
www.aberdeencity.gov.uk

Dear Ms Gil, Ms Hackett and Mr Krasnowski,

Aberdeen City Region Deal OGTC- 18 Month Checkpoint and Review Report

On behalf of the City Region Deal Joint Committee I would like to formally communicate our response to the two conditions set out by the Delivery Board outlined in your letter dated 13th September 2018. A full response can be found in the three papers attached.

1. New appropriate stretched targets and output Measures for 36-month review

The paper **OGTC 36 Month Revised Targets** shows the current targets which are outlined in the Aberdeen City Region Deal, along with new appropriate stretched targets to be used in the 3year review, due October 2019.

2. OGTC current operating model and plans for financial sustainability

OGTC have outlined their current operating model in the attached **Governance** Document. In my role as an observer on the OGTC Board I will continue to work with colleagues/partners to explore funding options. We are also ready to work with the UK and Scottish Government to create sustainable planning arrangements following the ten years. This will include the Oil and Gas Sector being included in future Government Funding arrangements.

We note that the Delivery Board has agreed to continue to pay quarterly in advance. Please find in the paper **OGTC Funding Principles** the evidence, rationale and business need on why payments in advance is necessary to support the OGTC to deliver its outcomes.

RICHARD SWEETNAM
CHIEF OFFICER



The City Region Deal Joint Committee attributes the quarterly in advance payments as the key enabler for the fast-paced development of the Oil and Gas Technology Centre which has exceeded the original targets and now allows OGTC to stretch targets eighteen months into the project. This was outlined in the original Business Case and we hope that the case outlined continues to see this arrangement in place for the remaining eight years of the Deal, allowing the OGTC to flourish.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R Sweetnam', written in a cursive style.

Richard Sweetnam
Chief Officer City Growth

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

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