

# Public Document Pack

## ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

To: Councillor Alex Nicoll, Chairperson; Councillor Anne Stirling; Vice Chairperson; Councillor Miranda Radley (ACC), Councillor Ian Yuill (ACC), Councillor Mark Findlater (Aberdeenshire Council), Councillor Gwyneth Petrie (Aberdeenshire Council), Professor George Boyne (ONE), Ms Jennifer Craw (ONE) and Sir Ian Wood (ONE).

Aberdeen City Council Substitute Members:- Councillors Sandra Macdonald, 2 vacancies to be confirmed

Aberdeenshire Council Substitute Members:- Councillors John Cox, Isobel Davidson and Allison Evison.

ONE Substitute Members:- Stanley Morrice, Professor Steven Olivier and 1 vacancy to be confirmed.

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

Town House,  
ABERDEEN, 28 September 2022

### ABERDEEN CITY REGION DEAL JOINT COMMITTEE

The Members of the **ABERDEEN CITY REGION DEAL JOINT COMMITTEE** are requested to meet in **Virtual - Remote Meeting on FRIDAY, 7 OCTOBER 2022 at 9.30 am.**

VIKKI CUTHBERT  
INTERIM CHIEF OFFICER - GOVERNANCE

The meetings will be recorded and thereafter published on the Council's website, using the meeting link.

#### **BUSINESS**

#### **HOUSKEEPING**

- 1.1 Welcome and Apologies
- 1.2 Determination of Urgent Business (If any)
- 1.3 Determination of Exempt Business (If any)

1.4 Declarations of Interest and Transparency Statements

Members are Required to Intimate any Declarations of Interest or Transparency Statements in Respect of the Items on Today's Agenda.

**MINUTE OF PREVIOUS MEETING**

2.1 Minute of Previous Meeting of 10 June 2022, for Approval (Pages 3 - 8)

**REPORTS**

3.1 Aberdeen City Region Deal Quarterly Progress Update (Pages 9 - 28)

3.2 External Transportation Links to Aberdeen South Harbour – Progress Update (Pages 29 - 38)

3.3 SeedPod Change Request (Pages 39 - 40)

Please Note that an exempt appendix is included within the Exempt/Confidential Business Section of this agenda below. Members should refrain from making reference to the exempt information within the public part of this agenda.

**EXEMPT/CONFIDENTIAL BUSINESS**

4.1 Seedpod Change Request - Exempt Appendix (Pages 41 - 46)

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

## ABERDEEN CITY REGION DEAL:

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ABERDEEN, 10 June 2022. Minute of Meeting of the ABERDEEN CITY REGION DEAL JOINT COMMITTEE. Present:- Councillor Alex Nicoll, Chairperson; Councillor Anne Stirling, Vice-Chairperson; Councillors Miranda Radley and Ian Yuill (Aberdeen City Council); Councillors Mark Findlater and Gwyneth Petrie (Aberdeenshire Council); and Professor George Boyne, Stanley Morrice (as substitute for Jennifer Crow) and Sir Ian Wood (Opportunity North East).

In Attendance: Richard Sweetnam, Julie Richards-Wood, Graham Chandler, Ross Stevenson, Alan McKay, Aigul Gray, Mark Masson (Aberdeen City Council); Councillor John Cox, Alan Wood, Mary Beattie and Alex MacLeod (Aberdeenshire Council); Lindsay McKenzie (Opportunity North East); Paul Finch (NESTRANS); and Damian Briody, Darius Astell and James Dunshea (Transport Scotland/Network Rail)

**The agenda and reports associated with this minute can be located [here](#).**

**Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be retrospectively altered.**

### WELCOME, INTRODUCTIONS AND APOLOGIES

1. The Clerk welcomed everyone to the first meeting of the Joint Committee following the recent Local Government Elections. Members then introduced themselves.

The Clerk intimated that apologies for absence had been submitted by Jennifer Crow and that Stanley Morrice would be substituting at today's meeting. Apologies were also submitted by Jim Savege.

### APPOINTMENT OF CHAIRPERSON

2. The Clerk sought nominations for Chairperson of the Joint Committee, whereupon:-

Councillor Findlater, seconded by Councillor Stirling, moved:-  
that Councillor Alex Nicoll be appointed as Chairperson of the Joint Committee.

There were no other nominations.

### **The Joint Committee resolved:-**

to appoint Councillor Nicoll as Chairperson.

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**At this juncture, Councillor Nicoll assumed the chair.**

### **APPOINTMENT OF VICE CHAIRPERSON**

3. The Chairperson sought nominations for the appointment of Vice Chairperson of the Joint Committee, whereupon:-

The Chairperson, seconded by Councillor Yuill, moved:-  
that Councillor Anne Stirling be appointed as Vice Chairperson of the Joint Committee.

There were no other nominations.

### **The Joint Committee resolved:-**

to appoint Councillor Stirling as Vice Chairperson.

### **DECLARATIONS OF INTEREST AND TRANSPARENCY STATEMENTS**

4. Sir Ian Wood, Professor George Boyne and Stanley Morrice advised that they would have a connection in terms of any issue affecting Opportunity North East (ONE), specifically in relation to the Food Hub, Bio Aberdeen or the new Energy Transition Zone (ETZ) which may arise during discussion, by virtue of them being Board Members of ONE, however having applied the objective test they did not consider that they had an interest and would not be withdrawing from the meeting.

### **MINUTE OF PREVIOUS MEETING OF 4 FEBRUARY 2022, FOR APPROVAL**

5. The Joint Committee had before it the minute of its previous meeting of 4 February 2022, for approval.

In relation to article 4 (Aberdeen City Region Deal Quarterly Progress Update), the Joint Committee heard from Alan McKay, Team Leader, Roads Projects who provided an update on the External Transportation Links to Aberdeen South Harbour project, making particularly reference to the tendering process for the appointment of the Technical Specialist Advisers to take forward the next stages of the project in June 2022.

During discussion, it was acknowledged that maximum effort was required to accelerate the works programme to deliver the access routes to the South Harbour within an agreed timeframe.

### **The Joint Committee resolved:-**

- (i) to note that an update report on the External Transportation Links to Aberdeen South Harbour project to include details of a timeline/programme of works would be submitted to the meeting on 9 September 2022;

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- (ii) that officers circulate to all members, the External Transportation Links to Aberdeen South Harbour Updated Strategic Business Case including corresponding papers which was signed off by the Scottish Government; and
- (iii) to otherwise approve the minute.

### ABERDEEN CITY REGION DEAL QUARTERLY PROGRAMME UPDATE

6. The Joint Committee had before it a report which provided an update on the Programme Summary in relation to Milestones, Benefits, Finance & Risk.

**The report recommended:-**

that the Joint Committee –

- (a) notes the content of the Progress Report and Appendix 1; and
- (b) agrees an additional Joint Committee will be scheduled in July/August to approve the Change Request for the updated SeedPod Business Case.

Lindsay McKenzie (ONE), provided an update on the Seedpod project, making reference to the additional costs for the project, sourcing funding opportunities and the requirement to refresh the SeedPod Business Case. In this regard, she advised that there would likely be a need to arrange a special meeting of the Joint Committee in July/August 2022, to approve the change request for the updated Business Case.

The Joint Committee also heard from Mary Beattie, Head of Finance on the funding aspects relating to the report, in particularly, the 11% underspend which would be transferred to future years.

**The Joint Committee resolved:-**

to approve the recommendations contained within the report.

### STRATEGIC TRANSPORT APPRAISAL

7. The Joint Committee had before it a report which sought approval of proposals for a programme of development work for the Strategic Transport Appraisal, following confirmation of regional and national transport priorities.

**The report recommended:-**

that the Joint Committee support the following activities in Financial Year 2022/23 and Financial Year 2023/24 in relation to the Strategic Transport Appraisal budget:-

- (a) Update the Case for Change and Preliminary Options Appraisal for A90N / A952 Ellon to Peterhead and Fraserburgh;
- (b) Progress to Outline Business Case key elements of A956 Wellington Road Corridor Study, including junctions at Harness Road and Southerhead Roundabout;

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- (c) Undertake an options study on assessing, and accommodating future potential growth in local Rail Freight, focussed on the Craiginches Rail Freight facilities adjacent to East Tullos;
- (d) Application of the regional Transport and Land Use Model (ASAM19) to inform strategic land use decisions for future Development Plans;
- (e) Progress to Outline Business Case the development of two innovative “Live Lab” demonstration projects following the scoping exercise undertaken in the previous year; and
  - (1) Regional Hydrogen Re-fuelling Facilities (demountable), aimed at extending the range of hydrogen vehicle use beyond Aberdeen City, facilitating broader geographic range of applications; and
  - (2) Mobility Hubs, in both urban and rural settings, enabling vehicle e-charging and uptake of alternative mobility solutions, supported by digital applications.

The Joint Committee heard from Paul Finch, NESTRANS who provided an update on the progress to date of the six schemes.

**The Joint Committee resolved:-**

to approve the recommendations contained within the report.

**ADDENDUM**

Following the meeting, Mr Finch had sought and received approval from the Chairperson and Vice Chairperson of minor but important changes to the start of the recommendation above. The following changes are underlined:-

“that the Joint Committee note and approve the following activities in Financial Year 2022/23 and Financial Year 2023/24 in relation to the Strategic Transport Appraisal budget, to be co-ordinated by the Director of NESTRANS, through the CRD Transport Working Group.”

### **ABERDEEN CITY REGION DEAL ANNUAL REPORT 2021-2022**

8. The Joint Committee had before it a report which presented the Aberdeen City Region Deal Annual Report 2021-22 and sought approval for its wider publication.

**The report recommended:-**

that the Joint Committee endorses the report.

Richard Sweetnam, Chief Officer – City Growth provided an overview of the report advising that the format of the Annual Report followed the Scottish Government’s preferred template.

**The Joint Committee:-**

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to approve the recommendation, subject to amending the Deal envelope figure on page 6 of the Annual Report to read '£1billion' prior to submitting the final version to the UK and Scottish Governments.

### MOU HOUSING PROGRESS UPDATE

9. The Joint Committee had before it a report which provided an update on the progress in relation to the housing workstream of the Memorandum of Understanding (MOU), which was a Scottish Government commitment to invest a further £254M over the same 10-year period as the City Region Deal.

**The report recommended:-**

that the Joint Committee note progress in relation to the Memorandum of Understanding for Housing.

The Joint Committee heard Alex MacLeod, Housing Strategy and Building Standards Manager outline the key information from the report, making reference to (1) the details of the MOU agreement; (2) the historical difficulties in accessing the £20M Housing Infrastructure Fund; and (3) the progress being made in relation to the delivery of affordable housing in terms of the Affordable Housing Supply Grant.

Councillor Stirling sought assurance from officers that discussions were being held with Scottish Water in relation to the constrained sites along the A90 corridor.

**The Joint Committee resolved:-**

- (i) to approve the recommendation contained with the report; and
- (ii) to instruct the Housing Strategy and Building Standards Manager, Aberdeenshire Council to work with Scottish Water to accelerate the delivery of affordable housing in constrained sites along the A90 corridor.

### MOU TRANSPORT PROGRESS UPDATE

10. The Joint Committee had before it a report which provided an update on the progress of the projects being taken forward through the additional Scottish Government investment announced alongside the Aberdeen City Region Deal, namely (1) progress on the A90/A937 Laurencekirk Junction Improvement Scheme; and (2) the investment in the rail network to improve services between Aberdeen and the Central Belt. The Transport Scotland's update report was appended to the cover report.

**The report recommended:-**

that the Joint Committee note the update within the report.

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In response to questions from members of the Joint Committee in relation to proposed rail network improvements and benefits to the North East, Damian Briody, Darius Astell and James Dunshea advised:-

- that £50M would be spent annually on the Aberdeen to Central Belt Corridor;
- that journey time reductions were likely to be as follows:-  
Aberdeen to Edinburgh (20 minutes);  
Aberdeen to Glasgow (10 minutes); and  
Aberdeen to Dundee (3 minutes).
- there would also be gauge enhancements to enable wider and longer freight trains and decarbonisation of the line, most likely via full electrification by 2030;
- there would be an increase in freight trains (target is 15 per day) which would reduce carbon emissions in line with the Scottish Government's Decarbonisation Action Plan; and
- new rolling stock of trains have greater technology/infrastructure and would improve Wi-Fi and passenger productivity.

**The Joint Committee resolved:-**

- (i) to request that Transport Scotland submit a breakdown of actual spend in relation to the Aberdeen to Central Belt Rail Investment every two cycles; and
  - (ii) to otherwise approve the recommendation contained within the report.
- **COUNCILLOR ALEX NICOLL, Chairperson.**



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<b>Report Name</b>	<b>Aberdeen City Region Deal Quarterly Progress Update</b>
<b>Lead Officers</b>	<b>Richard Sweetnam, Chief Officer, ACC &amp; Mary Beattie, Section 95 Officer, Aberdeenshire Council</b>
<b>Report Authors</b>	<b>Julie Richards-Wood, Service Manager, ACC &amp; John Lovie, Finance Accountant, Aberdeenshire Council</b>
<b>Date of Report</b>	<b>9<sup>th</sup> September 2022</b>
<b>Governance</b>	<b>City Region Deal Joint Committee</b>

### 1. Purpose of the Report

#### 1.1 To update the Joint Committee on:

- Programme Summary in relation to Milestones, Benefits, Finance & Risk
- Appendix 1: Projects Update

### 2. Recommendations for Action

#### 2.1 Notes the content of the Progress Report and Appendix 1

### 3. Programme Summary

#### 3.1 Milestones

**3.1.1** The Aberdeen City Region Deal (ACRD) is a ten-year deal, signed in 2016. All projects are progressing well, but there have been challenges due to Covid and the economic climate. The risk profile remains at amber and projects are using change control to adapt and re-profile where required.

**3.1.2** SeedPod, the Digital programme, and the Transport Links to Aberdeen South Harbour require additional Business Case approvals; completion dates for these projects are recorded and monitored as a risk.

**3.1.3** The contract for the initial design work for the Transport Links to Aberdeen South Harbour, Design Manual for Roads, and Bridges (DMRB) Stages 2 and 3, has been awarded. The tender returns were higher than profiled and therefore a Change Request was approved by the Chair of the Programme Board, under delegated authority and the

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UK and Scottish Government (UK/SG) which agreed an additional £164,000 to be moved into 2022/23 budget. This is reflected in the finances below. The overall budget has not been impacted.

**3.1.4** Progress in awarding the SeedPod construction contract has been impacted by the challenges presented by cost volatility and inflation in the construction market. The Business case, approved in 2019 has been refreshed to reflect the additional opportunities around high value manufacturing and automation and decarbonisation given the demands on industry in current economic climate and environment. The revised business case also reflects the real construction pricing in 2022. Ongoing change control has been approved by UK/SG in July and August 2022 and will be presented to Joint Committee in September 2022. The final construction contract will be awarded towards the end of Q4 2022/23, subject to additional funding being secured.

**3.1.5** A Business Case will be presented to Joint Committee in November 2022 with three recommended options on how the Deal's funding can be used to build on the infrastructure and coverage we now have in place. The first option is to introduce solutions to attract rural operators to drive inward investment into rural areas. Loan options had been investigated however this cannot be progressed under the MOU funding arrangement. Officers are working with the Scottish Government to look at other funding models to achieve this end goal. Work is underway to establish the benefits to residents across rural Aberdeenshire with regards to digital connectivity. Other options being put forward relate to deploying 5G technology with a view to progress with a proposal for Aberdeen and Peterhead Harbours and an Agri-tec investment in Huntly.

**3.1.6** Checkpoint Reviews have been scheduled with UK & SG in October for the following projects: Net Zero Technology Centre, BioHub, SeedPod, Digital and Transport Links to Aberdeen South Harbour.

## **3.2 Benefits**

**3.2.1** Deal partners have been working with EKOS to produce an ACRD Benefits Realisation Plan which is currently in its first draft. The Benefits Realisation Plan will be aligned to the new Regional Economic Strategy and presented to government and Joint Committee.

**3.2.2** Projects will continue to update on Benefits agreed at Business Case and Community Benefits at Procurement Stage through the Annual Report. The Communications group will continue to work with projects to highlight major milestones and benefits through coverage in the media.

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**3.2.3** Media coverage can be viewed at [www.abzdeal.com](http://www.abzdeal.com) and includes the following coverage from the last quarter:

- ACRD Annual report press release
- NZTC - International Study new partners (Japan and Egypt) press release
- NDC and ORE Catapult form floating offshore wind research partnership
- TechX graduation/demo day PR announcing the winners of the awards and prizes
- Depth of knowledge is powering Scotland's green energy transition
- Industry supply chain champion Sian Lloyd Rees joins Net Zero Technology Centre Board
- Scotland's energy industry must rise to the challenge of future demand
- Port of Aberdeen welcomes first vessel to South Harbour as construction continues at pace
- ORE Catapult and National Robotarium confirmed as consortium partners for £4.5 million Offshore Low Touch Energy Robotics and Autonomous Systems project
- NZTC - SMART DACP2 press release
- NZTC - Sealand Cygnus study launch

## 3.3 Finances

**3.3.1** 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 SG 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).

**3.3.2** Actual expenditure for Q1 2022-23 is £29.216m. Forecast expenditure for the financial year is £142.309m, compared to the budget £141.865m a variance of £0.444m outlined in 3.3.4 - Table 2.

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### 3.3.3 Digital Theme Finance Summary:

Table 1 shows a summary of the Digital Theme financial position at Q1 2022-23 by individual project.

Digital Programme	Funding Source	Budget	Q1 Actual Expenditure	Forecast for year	Variance	Variance Notes/ Additional Comments
		£,000	£,000	£,000	£,000	
Duct Network	UKG/SG	609	125	609	0	
	Partners	1,000	0	391	(609)	
Full Fibre	UKG/SG	0	0	0	0	
	Partners	250	3	250	0	
City Network Ext.	Partners	13	0	13	0	This project connected 57 public sector sites and was completed in November 2021. However, City Fibre have continued with their commercial roll out in the city with a further £19m of Private Investment over next two years - £12,667m this year.
Others	Councils	155	41	155	0	
<b>Total</b>		14,681	169	14,072	(609)	

UKG/SG	609	125	609	0
Partners	14,072	44	13,463	(609)
<b>Total</b>	14,681	169	14,072	(609)

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3.3.4 Table 2: Actual expenditure at Q1 2022/23 amounts to £29.216m

Table 2: ACRD						
Programme	Funding Source	Budget	Q1 Actual Expenditure	Forecast for Year	Variance	Variance Notes
		£,000	£,000	£,000	£,000	
Net Zero Technology Centre	UKG/SG	23,400	3,600	23,400	0	
	Partners	45,732	10,056	45,732	0	
BioHub	UKG/SG	7,554	2,841	7,554	0	
	Partners	3,299	825	3,299	0	
SeedPod	UKG/SG	2,651	51	51	(2,600)	A rephasing of ACRD funding is required to reflect the contract award date towards the end of Q4 2022/23 and to accommodate other funding scheduled for receipt in 2022/23.
	Partners	1,772	443	2,305	533	
Digital	UKG/SG	609	125	609	0	
	Partners	14,072	44	13,463	(609)	Restrictions on the roads network means it is prudent to commence works later in Q3 reducing the forecast for the year.
Strategic Transport Appraisal	UKG/SG	0	0	0	0	
	Partners	560	16	516	(44)	Resources anticipated to develop the A90(N)/A952 project during the summer period were not realised which means re-profiling the main work to 2023/24. The initial stages including data collection and evidence review will be progressed in the meantime.
Transport Links	UKG/SG	596	16	760	164	Increased spend forecast for the financial reflects recently approved Change Request by the governments to allow earlier procurement and commissioning of survey packages.
	Partners	0	0	0	0	
Aberdeen Harbour Expansion	UKG/SG	0	0	0	0	
	Partners	41,620	11,199	44,620	3,000	West Quay has been added back into the project with successful negotiation of further funds from the Scottish National Investment Bank
<b>Total</b>		141,865	29,216	142,309	444	

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**3.3.5** Table 3 shows the financial profile for the remainder of the Deal and prior year spend for each of the projects.

The table shows the Deal growing to £1.009bn from £826.200m primarily because of additional investment from the Private Sector alongside an additional £11.7m contribution to the Harbour project from Scottish Enterprise (SE) that was announced in 2017 and a further £2m contribution from SE to the Bio Hub project.

PROGRAMME		Actual	Actual	Actual	Actual	Actual	Outturn	Forecast	Forecast	Forecast	Forecast	Grand
Project	Funding Source	16/17 £,000	17/18 £,000	18/19 £,000	19/20 £,000	20/21 £,000	21/22 £,000	22/23 £,000	23/24 £,000	24/25 £,000	25/26 £,000	Total £,000
Net Zero Technology Centre	UK/SG	4,100	12,200	17,600	25,200	26,700	22,900	23,400	22,800	14,900	10,200	180,000
	Partners	500	7,440	30,334	36,181	28,401	22,456	45,732	41,291	20,611	12,954	245,900
BioHub	UK/SG	0	0	318	723	1,685	9,720	7,554	0	0	0	20,000
	Partners	101	157	532	461	281	2,335	3,299	3,387	2,338	2,486	15,377
Seedpod	UK/SG	0	0	0	111	376	393	51	9,069	0	0	10,000
	Partners	13	21	53	469	424	1,350	2,305	6,977	1,471	1,476	14,559
Digital Theme	UK/SG	0	0	45	257	4,142	3,606	609	1,341	0	0	10,000
	Partners	0	0	8,842	16,305	9,839	8,496	13,463	7,227	0	2,058	66,230
Strategic Transport Appraisal	UK/SG	0	195	177	394	185	145	0	0	1,604	2,300	5,000
	Partners	180	0	0	0	0	0	516	994	310	0	2,000
Transport Links to Aberdeen South Harbour	UK/SG	0	28	128	139	106	70	760	655	8,085	15,029	25,000
	Partners	0	0	0	0	0	0	0	0	0	0	0
Aberdeen Harbour Expansion	UK/SG	0	0	0	0	0	0	0	0	0	0	0
	Partners	15,989	53,749	86,151	54,613	64,126	96,125	44,620	0	0	0	415,373
<b>Total</b>		<b>20,883</b>	<b>73,790</b>	<b>144,180</b>	<b>134,853</b>	<b>136,265</b>	<b>167,596</b>	<b>142,309</b>	<b>85,828</b>	<b>49,319</b>	<b>46,503</b>	<b>1,009,439</b>

Funding Source	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Total
UK/SG	4,100	12,423	18,268	26,824	33,194	36,834	32,374	33,865	24,589	27,529	250,000
Partners	16,783	61,367	125,912	108,029	103,071	130,762	109,935	59,876	24,730	18,974	759,439
<b>Summary Total</b>	<b>20,883</b>	<b>73,790</b>	<b>144,180</b>	<b>134,853</b>	<b>136,265</b>	<b>167,596</b>	<b>142,309</b>	<b>93,741</b>	<b>49,319</b>	<b>46,503</b>	<b>1,009,439</b>

Funding Source	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Total
UK/SG	4,500	23,250	35,950	42,750	37,950	34,900	24,300	20,300	15,400	10,700	250,000
Partners	52,070	92,945	174,485	113,600	37,500	26,900	25,100	22,200	18,800	12,600	576,200

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Summary Total	56,570	116,195	210,435	156,350	75,450	61,800	49,400	42,500	34,200	23,300	826,200
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Original Deal Profile compared to Current Profile											
Funding Source	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Total
UK/SG	(400)	(10,827)	(17,682)	(15,926)	(4,756)	1,934	8,074	13,565	9,189	16,829	0
Partners	(35,287)	(31,578)	(48,573)	(5,571)	65,571	103,862	84,835	37,676	5,930	6,374	183,239
Summary Total	(35,687)	(42,405)	(66,255)	(21,497)	60,815	105,796	92,909	51,241	15,119	23,203	183,239

## 4. Finance and Risk

- 4.1** The Tripartite financial agreement offers grant funding between 2016-2027. Until the remaining Business Cases and associated timelines are finalised and agreed there is a risk that funding will be required post Deal. Partners will begin exploring options with government on how this risk could be mitigated.
- 4.2** Increased costs, reflecting the current economic position are being monitored and discussed with Regional Partners, UK, and Scottish Governments.
- 4.3** The grant offer letter states that “The Grantee and the individual partners will bear the costs of any financial overruns or increased spend on their respective Projects funded as part of the Programme.”

## Appendix 1: Project Update

### 1.1 Net Zero Technology Centre, formerly OGTC

- 1.1.1 **Key Milestones achieved:** The Oil & Gas Technology Centre (OGTC) Business Case Approved 2016, OGTC opened February 2017, 18-Month Checkpoints with UK/SG in March 2018 & December 2020 – targets were met or exceeded. June 2021, NZTC name and pivot change request approved by Joint Committee and UK/SG.
- 1.1.2 **Previous Milestone:** Launch of Simulator with Aberdeen University  
**Next Milestone:** Launch of National Subsea Centre Q3 2022; Publication of Open Innovation Program – Q3 2022
- 1.1.3 Established in October 2016, the Net Zero Technology Centre, formerly OGTC is delivering significant results as it drives forward the organisation's key goals; to help maximise economic recovery from the UK continental shelf, anchor the supply chain in the North-East of Scotland, and create a culture of innovation in the region. These are driven through Solution Centres, National Centres, Tech X accelerator and the Innovation Hub.
- 1.1.4 Net Zero Technology Centre is focused on developing and delivering affordable technology for a net zero North Sea, with the purpose of the organisation still in support of the Oil and Gas industry and the community we live in. A link to case studies on completed and live projects can be viewed at [Live Projects \(netzerotc.com\)](https://www.netzerotc.com). The number of projects funded have increased from 331 to 334.
- 1.1.5 The focus this quarter has been on: completion of Cohort 4 and launching Cohort 5. Work has continued to evaluate the entries for the Open Innovation Program which will source technology to fill the technology gaps. There have also been a number of ministerial visits from both Scottish and UK Government. Activity for the next quarter will include review and selection of the 2022 Open Innovation Programme and continued work on the selection process for Cohort 5.
- 1.1.6 **Finance:** No major variances currently forecast for the year. Actual expenditure for Q1, including matched funding amounts to £13.656m.



Net Zero Technology Centre



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## Appendix 1: Project Update

### 1.2 BioHub

1.2.1 **Key Milestones achieved:** Bio-Therapeutics Hub for Innovation Business Case Approval by Joint Committee in June 2017 and Funding Partners October 2017.

1.2.2 **Previous Milestone:** Completion of the brickwork plinth on lower level, curtain walling and glazing in the ground floor foyer space will make the building wind and watertight  
**Next Milestone:** Water connection completed Q2 2022/23; Handover of building - Q3 2022/23

1.2.3 The Bio-therapeutics Hub for Innovation (BioHub) is a ten year £40million investment project to accelerate growth and build on the strengths of the Life Sciences cluster in the Northeast of Scotland, which includes the company base, University of Aberdeen, Robert Gordon University and NHS Grampian. The BioHub website can be viewed at [www.biohubaberdeen.com](http://www.biohubaberdeen.com)

1.2.4 Life Science company engagement continues with increasing attendance at face-to-face events. Participants in the accelerator programme continue to receive expert support.

1.2.5 Progress from the last quarter includes:

- Roof is substantially complete with minor works ongoing; Roof parapet works complete to all except one location.
- Main cladding works ongoing, currently working in the southwest corner infilling the hoist area – paused until replacement sub-contractor appointed (previous contractor having entered administration in early August 2022).
- Temporary loading bay is now in use and M&E fit out works ongoing within the main plant room.
- Curtain walling has progressed to all available elevations.
- Main attenuation tank and additional tank now complete and backfilled.
- All HV and LV cables installed along with meter and is now energised.
- Brick and block nearing completion on the south elevation.
- Foul and storm water drainage complete along the west and south elevation.
- Mains water/hydrant supply pipework now installed and await Scottish Water connection.
- Secondary steel within the lift shafts is nearing completion to allow lift install to commence.
- Fire stopping ongoing to service penetrations.
- Internal partitions ongoing and nearing completion with M&E 1st and 2nd fix ongoing.
- Modular water tanks are within the tank room, and tank piers are complete.
- Second fix Joinery now started to level 1 and is ongoing with doors and frames being fitted on 2nd and 3rd floor level.
- Birdcage scaffold installed above Hellerup stair with soffit insulation and M&E bracketry ongoing.
- Data link work progressing, and ongoing AV requirements scoped and instructed.

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## Appendix 1: Project Update

- 1.2.6 Pilot project for future tenant fit out on floors 2 and 3 work is underway to assist in securing tenants and developing a handbook. Pre-qualification request for FM contract issued on Public Contracts Scotland
- 1.2.7 **Finance:** No major variances forecast for the financial year. Actual expenditure, including matched funding at Q1 amounts to £3.666m.



Caption: August 2022. Progress on Aberdeen's £40 million Bio Hub project with curtain walling now complete, final cladding being installed and internal fit out progressing to plan.

## Appendix 1: Project Update

### 1.3 SeedPod

- 1.3.1 **Key Milestones achieved:** The Food Hub Business Case Approval by Joint Committee in August 2018; UK/SG approved 17th January 2019.
- 1.3.2 **Previous Milestone:** Revised business case finalised; additional funding applications prepared, and Change request approved by UK/SG Deals Board in July 2022  
**Next Milestone:** Change request to be considered at Joint Committee in September 2022
- 1.3.3 The Food Hub (SeedPod) is a £21million investment project over ten years to accelerate growth and innovation of existing businesses and start-ups. It will build 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. A link to the project can be viewed [SeedPod | ONE \(opportunitynortheast.com\)](https://www.opportunitynortheast.com)
- 1.3.4 Progress in awarding the construction contract has been impacted by the challenges presented by cost volatility and inflation in the construction market. The Business case is being refreshed to reflect the additional opportunities around high value manufacturing and automation and decarbonisation given the demands on industry in current economic climate and environment. The revised business case also reflects the real construction pricing in 2022. The final construction contract will be awarded towards the end of Q4 2022/23, subject to approval of the change request and additional funding being secured.
- 1.3.5 **Finance:** Actual expenditure at Q1 amounts to £0.51m. Table 2 provides further information on variance of £2.600m compared to original budget of £2.651m.



Caption: SeedPod is a £21 million investment in the food and drink industry to create a centre of excellence for manufacturing and production in northeast Scotland that will deliver regional and national growth ambition.

## Appendix 1: Project Update

### 1.4 Digital Full Fibre Infrastructure Project

- 1.4.1 **Key Milestones achieved:** In February 2018, Joint Committee approved a revised (January 2017) Digital Infrastructure Project. This Business Case was approved by UK/SG in January 2019. Network build started in June 2020.
- 1.4.2 **Previous Milestone:** Milestone Payment May 2022 for final site from contract  
**Next Milestone:** Milestone Payment September 2023 for new additional site
- 1.4.3 The final segment from the original contract is connected. One additional site – a new school, currently in construction, was added. The network build to the new school will start once the building has been constructed and is therefore expected to complete Summer 2023.
- 1.4.4 This project has provided significant community benefits. The successful contractor, Neos Networks (formerly SSE Telecoms) has supported seven apprenticeships on the project as well as three structured work placements, each lasted five days a week over eight weeks. There have also been further community outreach activities including five facilitated professional courses for the programme team to upskill the workforce, and one hundred hours of staff time collaborating with community organisations, including to help digitally isolated individuals gain access to devices. Neos Networks are also running grass-roots workshops with school pupils to teach them about Science, Technology, Engineering, and Mathematics (STEM) careers and to help develop interview skills for future job applications. They are advocating for STEM graduates to join their organisation, delivering guest lectures at universities, and creating opportunities for interns at Neos Networks.
- 1.4.5 The Full Fibre project won the Go Awards Social Value Category in April 2022. Project success in the procurement demonstrates robust and progressive approaches to fair work practices.
- 1.4.6 **Finance:** No variation on original budget of £0.25m for the year. Actual expenditure at Q1 amounts to £0.003m.



Photo Caption: Portlethen Academy is among the schools getting faster broadband

## Appendix 1: Project Update

### 1.5 Digital Duct Network

- 1.5.1 **Key Milestones achieved:** In January 2017, Joint Committee approved the current Duct Network Extension Business Case. UK/SG approved the Business Case in January 2019. Phase 2 approved in December 2020. In February 2022, Joint Committee and UK/SG approved Change Request for Phase 3.
- 1.5.2 **Previous Milestone:** Phase 1 **100%** Complete September 2022  
**Next Milestone:** Phase 2 **100%** Complete October 2022
- 1.5.3 Aberdeen City Council already operates a duct network in the city, and this will be expanded to cover key economic areas. Initially this duct network will be used by the Council, followed by engagement with commercial organisations to encourage them to use the expanded network to enhance their fibre offering in Aberdeen City, consequently stimulating the market. This project will also provide the enabling infrastructure for sensors and provide the opportunity for Aberdeen City to be used as a testbed for autonomous vehicles as well as supporting 5G installations.
- 1.5.4 In March 2021 works for Phase 1, which is the West Route (A944) and works for Phase 2 (South route, A956) began. Despite initial delays both Phases are making timely progress with Phase 1 completing in September 2022. Phase 2 works on the bridge still to be undertaken with a completion date of early October. This is due to the works on King George V bridge, as the Queen Elizabeth Bridge is the diversion route.
- 1.5.5 Phase 3 design works is underway and construction to commence late 2022.
- 1.5.6 The Duct Network will be on strategic transport Corridors and will connect all transport system assets. It allows for Connected and Autonomous Vehicles (CAVs) and will enable infrastructure 5G when services are deployed.
- 1.5.7 **Finance:** Actual expenditure at Q1 amounts to £0.125m. Table 1 provides further information on underspend forecast of £0.609m compared to original budget of £1.609m.

## Appendix 1: Project Update

### 1.6 Digital Infrastructure Business Case Gap Analysis

- 1.6.1 **Key Milestones achieved:** Outline Business Case approved to proceed to Full Business Case at Joint Committee in May 2020.
- 1.6.2 **Previous Milestone:** Joint Committee gave approval for officers to drive demand stimulation and aggregation activities February 2021  
**Next Milestone:** Business case to be considered at Joint Committee in November 2022
- 1.6.3 Information from the Scottish Government on the R100 premise level data as relevant to the Aberdeen and Aberdeenshire area is now available.
- 1.6.4 The outline Business Case approved at Joint Committee 5<sup>th</sup> February 2021, approved option 3 to drive demand stimulation and take up of the SG schemes and vouchers available. Aberdeenshire Council have since employed 3FTEs who have supported 382 residents use the voucher scheme.
- 1.6.5 A Business Case development is in progress and will be presented at Joint Committee in November outlining recommendations on how Aberdeen City Region Deal funding can be used to build on the infrastructure and coverage we now have in place.

## Appendix 1: Project Update

### 1.7 Digital City Network Extension Project – Project Completed

1.7.1 **Key Milestones achieved:** In November 2017 Joint Committee approved this project and the connection of fifty-seven public sector sites. CityFibre with Vodafone announced a £40million investment for Fibre to The Premises Build in February 2018. In March 2021 TalkTalk were also announced as an Internet Service Provider (ISP). CityFibre recently announced plans worth a further £19million to connect more premises in the City.

In November 2021, the last milestone was completed, and final payments made, the City Network Extension project extended Aberdeen City Council's fibre network to fifty-seven public owned buildings sites across the city such as schools and sheltered housing. It has successfully stimulated private investment to extend and deploy fibre, providing most of the city with access to 'fibre to the premises' and creating a 'Gigabit City.'

1.7.2 To date the following benefits have been met and realised:

- Public sector sites that previously had low speed connections, now can work better, and increase their bandwidth. In addition to having the flexibility to expand at these sites, they are pro-actively managed in the event of any performance issues / outages.
- Additional private sector investment has been made sooner than without this Aberdeen City Region Deal investments
- Aberdeen is now a gigabit City with increased availability of fibre to the premises
- The Scale – over 650Km Network build
- There were eighty-five jobs created throughout the build
- Access to CityFibre's 'City Gigabit Club'
- Utilisation of existing Ducts share and partnership working to reduce digs and carbon impacts.
- CityFibre have been involved in supporting community projects

1.7.3 Benefits still to be fully realised include:

- Laying the foundation for further connectivity such as 5G and Internet of Things. The Council and CityFibre are exploring how innovative technology can provide benefits and opportunities for services and citizens.
- CityFibre is currently investigating the foundation for expansion into key economic locations

Aberdeen City Region Deal will continue to report on the Benefits of the City Network Extension project in the annual report.



## Appendix 1: Project Update

### 1.8 Strategic Transport Appraisal

1.8.1 **Key Milestones achieved:** The Strategic Transport Appraisal Business Case Approval by Joint Committee, Aberdeenshire Committee and UK/SG in November 2017. Checkpoint Reviews with UK/SG Nov 2019 and March 2021. Report to Joint Committee on Updated Strategic Business Case May 2021.

1.8.2 **Previous Milestone:** Approval of proposals for a programme of development work for the Strategic Transport Appraisal

**Next Milestone:** Commencing work on Business Cases

1.8.3 The Strategic Transport Appraisal (STA) is tasked with considering the future transport requirements of the region over the next twenty years, taking account of the impacts arising from the investment associated with the Deal and completion of the Aberdeen Western Peripheral Route etc. The longer-term potential impacts of Covid-19 on travel patterns are now another key consideration.

1.8.4 Work on the Strategic Transport Appraisal to date has successfully informed the Regional Transport Strategy, which has now been approved by the Transport Minister. Local authorities are now basing their Local Transport Strategies on this work.

1.8.5 Proposals for the next five years of work on the Strategic Transport Appraisal were considered by the Joint Committee in May 2021. These were identified and developed by mapping proposals coming out of the Regional Transport Strategy to the key opportunities where City Region Deal (CRD) funding would facilitate clear progression and added value:

- Completion of Strategic Modelling Work, and subsequent testing of key areas of interest where previous work showed pressures on network performance.
- Appraisal and Business Case Development for Aberdeen Rapid Transit proposals. This element is fully funded by the Bus Partnership Fund following award announcement in June 2021 and was confirmed in STPR2.
- Appraisal and Business Case Development for A90(N) Corridor, north of Ellon. This scheme was not specifically detailed in STPR2 as a national priority, but this would not preclude ongoing development as it forms a key part of the regional strategy.
- Business Case Development for A956 Wellington Road Corridor, following completion of ongoing options assessment on this route, which was reported in November 2021 to Aberdeen City Council and Nestrans.
- Smaller scale "Live-Lab" interventions modelled on proposals being implemented in England, with initial ideas focussing on:
  - Mobility Hubs – City, Suburban and Rural Small Town.
  - Alternative Fuelling Hubs.
  - Rural Mobility as a Service (MaaS) applications / Demand Responsive Transport.



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## Appendix 1: Project Update

- 1.8.6 In Q2 progress has been made on
- the Aberdeen Sub-Area Model (ASAM) modelling tool (base year modelling completed, future year scenarios being progressed)
  - a final report for transport “live labs”
  - development of a brief for rail terminals work.
- 1.8.7 In Q3 the focus will be on
- completion of future year forecasts for ASAM
  - commence work on business cases as presented at June committee.
- 1.8.8 **Finance:** Actual expenditure at Q1 amounts to £0.016m. Forecast for the year shows an underspend of £0.044m compared to budget. Table 2 provides further information. The cost of ASAM-19 work was higher than profiled with no impact to the overall budget and therefore a change request was approved by the Chief of the Programme Board, under delegated authority.

# ABERDEEN CITY REGION DEAL:

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## Appendix 1: Project Update

### 1.9 Aberdeen South Harbour

- 1.9.1 **Key Milestones achieved:** The Aberdeen Harbour Extension Business Case approved in August 2017. From May 2022, Aberdeen Harbour Board was rebranded and will be known as the Port of Aberdeen.
- 1.9.2 **Previous Milestone:** Completion of North, East & South East Quay construction August 2022  
**Next Milestone:** Phased opening – October 2022
- 1.9.3 Aberdeen South Harbour will add 1,400m in quayside length and accommodate vessels of up to 300metres. The new facilities will create new opportunities for energy transition activities, including renewables and decommissioning, attract new cargo to the port and generate increased tourism through cruise traffic around the North Sea.
- 1.9.4 Completion and operation of 85% of the operational quays is on target for October 2022, though phased opening has commenced with the first vessel entering the new harbour on the 3rd of July 2022.
- 1.9.5 Progress from the last quarter includes the completion of four hundred metres of paving on the East Quay to allow phased operations to begin on a “soft” trial basis, service trenches and drainage for quay surfaces.
- 1.9.6 West Quay has been added back into the project with the completion of this final area planned by May-June 2023.
- 1.9.7 Activity for the next quarter will include completion of surfacing works, fendering and welfare, and customs posts.
- 1.9.8 **Finance:** The two Councils contribution of £11m towards Aberdeen Harbour was drawn down and applied in prior years. The Harbour continues to report on spend for private and other investment, which continues to see an increased investment compared to the forecast at Heads of Terms. Q1 £11.199m of expenditure has been incurred in 2022/23.



Photo Caption: The £400 million development at Aberdeen South Harbour has been designed to accommodate larger, wider, and deeper vessels.



## Appendix 1: Project Update

- 1.10.5 Consultants are currently reviewing the work done to date, preparing an inception report for the commission, including a wider project programme to project delivery.
- 1.10.6 **Finance:** With a £25m investment from UK/SG this project's main period of expenditure will be towards the end of the Deal period. Forecast expenditure is anticipated to be £0.164m higher than budget this year. Table 2 provides further information. Actual expenditure at Q1 amounts to £0.016m.

**End**

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

<b>Report Name</b>	External Transportation Links to Aberdeen South Harbour – Progress Update
<b>Lead Officer</b>	John Wilson
<b>Report Author</b>	Ross Stevenson
<b>Date of Report</b>	9 September 2022
<b>Governance</b>	City Region Deal Joint Committee

<b>1:</b>	<b>Purpose of the Report</b>
i.	At its meeting on 10 June 2022, the Joint Committee asked for an update report to the External Transportation Links to Aberdeen South Harbour project with details of a timeline/ programme of works to be submitted to the meeting on 9 September 2022”
ii.	This report seeks to update the Joint Committee on the current progress and programme scenarios for the External Transportation Links to Aberdeen South Harbour.

<b>2:</b>	<b>Recommendations for Action</b>
i.	Instruct the Chief Officer Capital, Aberdeen City Council, to progress the South Harbour Link Road in line with the “best-case” programme which delivers road opening within Q2 2026 by starting all processes at the earliest available opportunity.
ii.	Note the risk for the wider project programme to extend beyond the timescales of the Aberdeen City Region Deal and instruct the Chief Officer Capital, Aberdeen City Council, to maintain dialogue on this matter with Transport Scotland/ Scottish Government and UK Government as a standing item on the Transportation Working Group.
iii.	Instruct the Chief Officer Capital, Aberdeen City Council, to review project milestones and spend profile on this basis and submit a Change Request as necessary.

### 3: Summary of Key Information

- i. As advised in the verbal update to the Joint Committee of 27 May 2022, the updated Strategic Business Case was accepted by both Governments on 31 March 2022. Subsequently the procurement exercise for the appointment of technical advisers, to progress the Design Manual for Roads and Bridges (DMRB) Stages 2 & 3 and the Outline Business Case has been undertaken and is now complete.
- ii. The Aberdeen City Region agreement sets out a commitment by the UK and Scottish Governments to investing up to £25 million, over ten years from its signing, in supporting state-aid compliant roads infrastructure to maximise the impact of the Aberdeen South Harbour project, at Nigg Bay, on the wider regional economy, subject to a satisfactory business case.
- iii. The External Transportation Links to Aberdeen South Harbour project is being progressed by Aberdeen City Council, as Local Roads Authority. In accordance with Transport Scotland's Guidance on the development of Business Cases, the project has progressed through the Scottish Transport Appraisal Guidance (STAG) Stages 1 and 2, and a preferred corridor option was agreed by Aberdeen City Council at the City Growth and Resources Committee in February 2021.
- iv. An updated Strategic Business Case (SBC) was subsequently produced for the preferred option and approved by both Aberdeen City Council's City Growth and Resources Committee and Aberdeen City Region Deal Joint Committee in August 2021 before being submitted to the UK and Scottish Government for approval to proceed. Following feedback and further refinement of the updated SBC, the Governments accepted the SBC on 31 March 2022. This permitted the drawing down of the £1.2m of funding for progression of the next phase.
- v. The next phase of the project is the Route Option Assessment (DMRB Stage 2), followed by Scheme Assessment (DMRB Stage 3) where the preferred corridor will be taken through the preliminary and more detailed design process considering likely environmental, economic, traffic and engineering aspects. In line with government guidance, an Outline Business Case, OBC, for the project is also required, and this will be developed in tandem with DMRB Stage 2 & 3 work.
- vi. Immediately following the funding approval for this next stage, tender documents for the appointment of technical advisers were finalised, with a mini-competition via the Scotland Excel Framework for Engineering and Technical Consultancy, Lot 1, run during May. Tender submissions were reviewed and evaluated during June.

**3: Summary of Key Information**

- vii. In June 2022 Sweco UK Ltd were appointed to the project team as technical advisers, to progress the Design Manual for Roads and Bridges (DMRB) Stages 2 & 3 and the Outline Business Case for Aberdeen South Harbour Link Road.
- viii. In July 2022 a Change Request “Additional Drawdown Request – Budget Adjustment DMRB 2/ 3, OBC & Planning” outlining the increase in costs for the initial commission and to facilitate the procurement of associated ancillary works and services was approved by Programme Board and officials in the UK/ Scottish Governments.
- ix. A key initial work package included within the commission relates to the preparation of an Inception Report. As part of this work package the technical advisers are tasked with developing a programme for their commission and also reviewing the overall project programme and identifying the best and worst case scenarios, identifying risks, highlighting opportunities to accelerate the project, and measures to mitigate risks where possible.
- x. In parallel with the project programme the project team have been developing an initial outline procurement strategy for the project with a key aim of delivering the project within the ACRD funding timescales.

**DMRB Stage 2/3 and OBC**

- xi. Having initially reviewed the commission programme it has been identified that there is potential for the next stages, DMRB 2/3 and OBC, to delivered within 17 months. This is 10 months quicker than identified within the Strategic Business Case, SBC, however this is a best-case scenario assuming no delays caused by any of the statutory and governance processes. These timescales reflect the best case as detailed further in this report.

Milestone	Updated SBC	Revised
Appointment of Consultants	29/04/2022	27/06/2022
Handover of Stage 2 Report and OBC	09/12/2022	20/01/2023
Stage 3 Complete	29/03/2024	16/10/2023
Submission of Planning Application	13/09/2024	20/11/2023

**Best- and Worst-Case Project Programme**

- xii. On 4 February 2022 the Joint Committee sought assurances from officers that acceleration of project timescales was being actively

### 3: Summary of Key Information

considered, with members expressing desire that the project be delivered at the earliest available opportunity. Having been set this objective, a programme optioneering exercise has been undertaken whereby iterations of project timelines have been considered.

- xiii. To address this, aid understanding of the projects current position and possible outcome, an initial exercise to produce 3 potential programmes, a “traditional” programme, whereby the scheme progresses sequentially through each required process, an accelerated “best-case” programme where processes are undertaken at the earliest reasonable opportunity, and a “worst-case” programme, where some key risks are realised with their subsequent impact on project programme. (See appendix A)
- xiv. The traditional project programme assumes the need to Compulsory Purchase 3<sup>rd</sup> party land but does not include the need for a Public Inquiry. This programme indicates that the primary objective of road opening is within the timescales for the Aberdeen City Region Deal, by February 2027.
- xv. The best-case accelerated project programme removes the hold point/ approvals after each stage, allowing subsequent stages to proceed whilst approvals are sought. This programme optimistically assumes that the preferred solution can be developed without the need to Compulsory Purchase 3<sup>rd</sup> party land, that there is no requirement for an Environmental Statement, and requires that the detailed design and procurement of contractors can commence prior to the determination of the planning process. This optimised and optimistic programme suggests that without any adverse event road opening could be achieved by Q2 2026,
- xvi. The worst-case programme includes for an objection to the Compulsory Purchase Order resulting in a Public Inquiry, this delays project delivery until Q4 2027.
- xvii. It is likely, in all instances including scenarios where road opening is within the timescales of the ACRD, that project costs will be incurred: contractual settlement/ defects correction, monitoring and evaluation, beyond the timescales for the ACRD. The Aberdeen City Region Deal funding is agreed up to March 2027 therefore options for post Deal costs are being discussed with partners and UK/SG.

#### **Key Risks to Project Timeline**

- xviii. The key risks which would prevent the delivery of the “best case” project programme largely relate to the successful conclusion of the statutory processes, such as planning approval, land acquisition, promotion of Road/ Traffic Orders, and also the interactions with third party apparatus such as utilities, and Network Rail.



### 3: Summary of Key Information

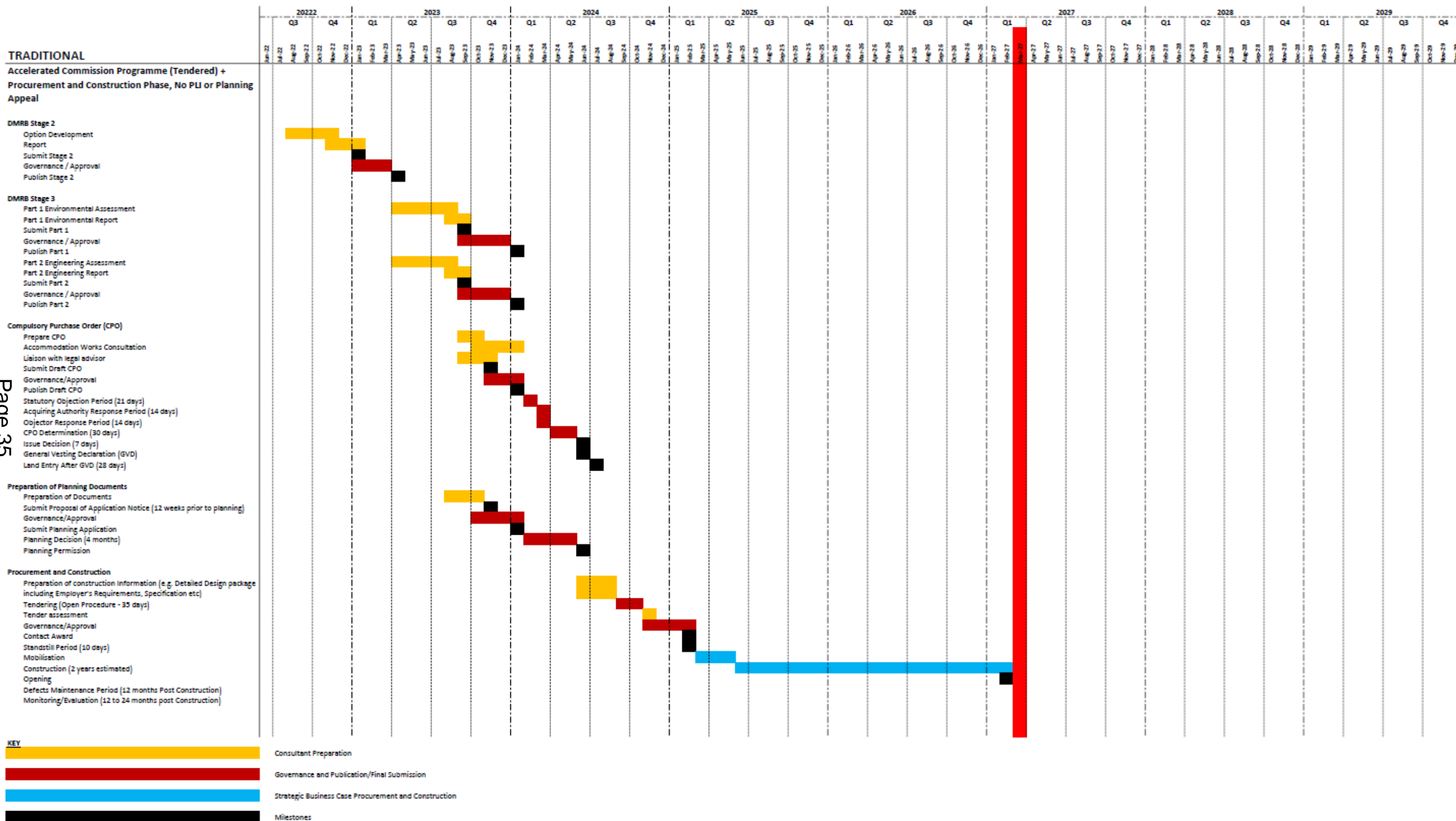
- xix. Any solution developed will primarily involve the upgrade of existing road alignments and as such risks associated with the planning process over large parts of the route are considered low. Due to the nature and environment of this existing route and the scale of proposal the requirement for an Environmental Statement is considered low. These risks will be further mitigated by early engagement with the planning and environmental authorities. Additionally, any likely solution will predominantly be within the bounds of the public road, or within land owned by Aberdeen City Council, the risk of delay associated with the acquisition of land is also considered relatively low. These risks will remain during the assessment process however as the scheme develops the extents can be refined.
- xx. Objections to Road and Traffic Orders are likely, depending on the nature and grounds for objection this process could potentially introduce delays to the scheme, in a worst-case scenario certain objection may result in a requirement for determination by Scottish Ministers. In these instances, consideration will need to be made whether the scheme progresses whilst any objections are considered, with the possibility that any adverse decision requires any progress to be reverted. High quality stakeholder and public engagement at an early stage can offset some of these risks or allow issues to become known at an early stage.
- xxi. Notices under the New Roads and Streetworks Act 1991 have been issued to all of the statutory undertakers likely to be impacted by the scheme. This is the initial enquiry stage to identify the presence of any apparatus, and the potential requirements to relocate or replace. Given the nature and environment of the land through which this scheme passes it is considered unlikely that any significant apparatus will result in unpredicted delays to the scheme.
- xxii. Any developed solution will require the construction of a new bridge over the Aberdeen to Edinburgh Waverley railway line. Discussions with Network Rail have commenced however there is a risk that approvals and track possessions will have a significant impact on project timelines.
- Further Work**
- xxiii. The procurement and construction phase of the project has been reviewed and each of the project programmes has an estimated 33 months to road opening. This is based on the standard “Build Only” form of construction contract which is traditionally used by Aberdeen City Council for road construction. Further work is underway on the development of a procurement strategy to identify the opportunities and risks associate with alternative procurement routes, this may result in further refinement of this stage in the project programme.

#### 4: Finance and Risk

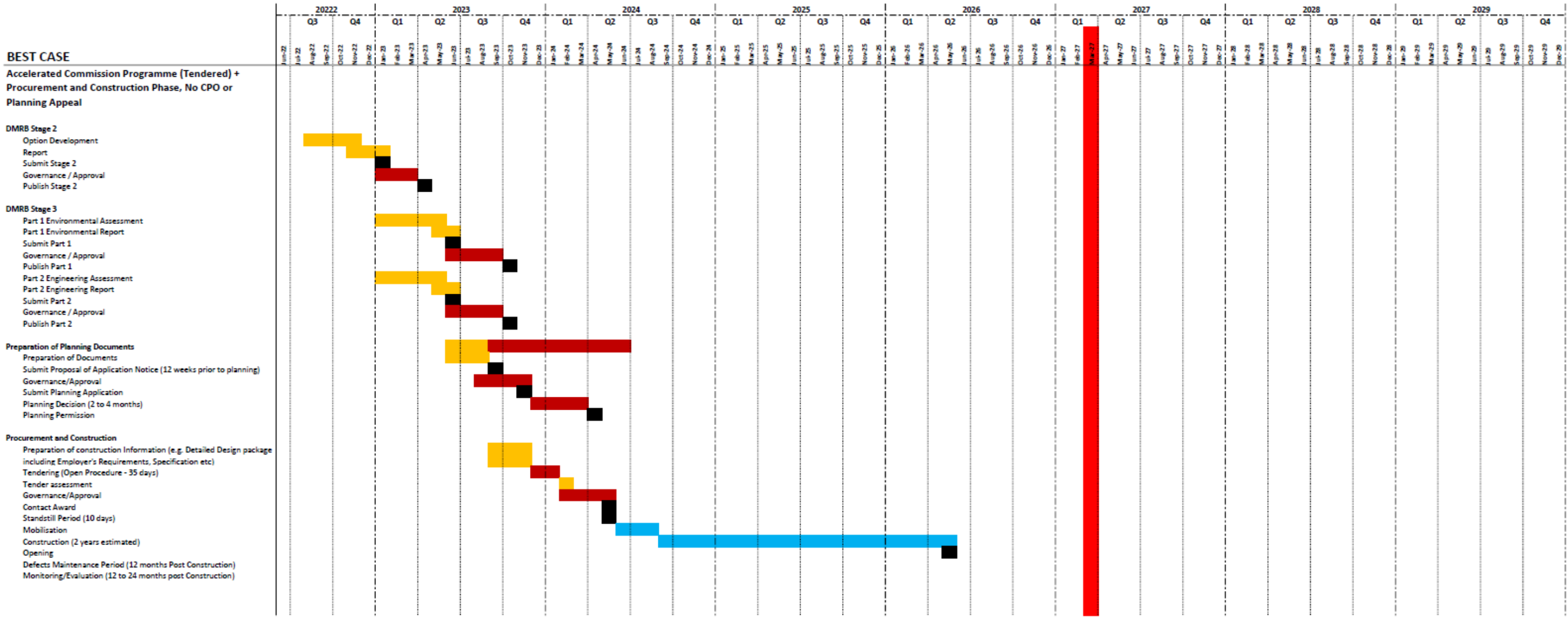
- i. Following the award of the contract for technical advisors, to undertake the DMRB Stage 2/3 and OBC, a Change Request “Additional Drawdown Request – Budget Adjustment DMRB 2/ 3, OBC & Planning” was submitted outlining the increase in cost for the commission and also the likely increase to supplementary works and surveys. The Change Request detailed an increase in drawdown from £1.2million to £1.7 million was approved.
- ii. On agreement to progress with the best-case scenario, an updated financial profile will be developed as part of a detailed project programme and submitted to the Programme Board and UK/ Scottish Government as a change request.
- iii. Adopting the best-case programme, progressing with DMRB Stage 3, prior to the approval of Stage 2, may result in elements of Stage 3 work being amended, repeated or aborted, should approvals / feedback require an alternative design solution. There is a risk that this may result in an increase to design cost and time, early and regular dialogue with key stakeholders should reduce this risk.
- iv. There is a risk that an accelerated project programme may require additional resource/ increased scope, over and above that provided within the approved SBC, possibly requiring additional funding over the £1.7million already agreed from the £25million allocation and this would require a further change request. The overall project estimate remains within the current ACRD budget allocation of £25million.
- v. Ongoing global factors are having a significant impact on the supply of construction materials with associated impact on overall scheme costs, as such the Project Team will regularly review the scheme cost estimate.
- vi. The project will require subsequent approvals through future Business Cases, so completion dates are being recorded and monitored as a risk. The Programme Team will look at accelerating the work and managing grant funding within the ACRD envelope in discussion with the UK and Scottish Governments.
- vii. Any land acquisition not able to be acquired via voluntary means would require a Compulsory Purchase Order process which would introduce both a programme and financial risk. Other significant risks identified are Traffic Regulation Orders, Planning and other approvals required and the detail of this will be developed as part of the design process. There will also be significant interface with Network Rail as part of the design development for the road-over-rail bridge.

Appendix A – Simplified Project Programmes

Traditional Programme



# Best Case Programme

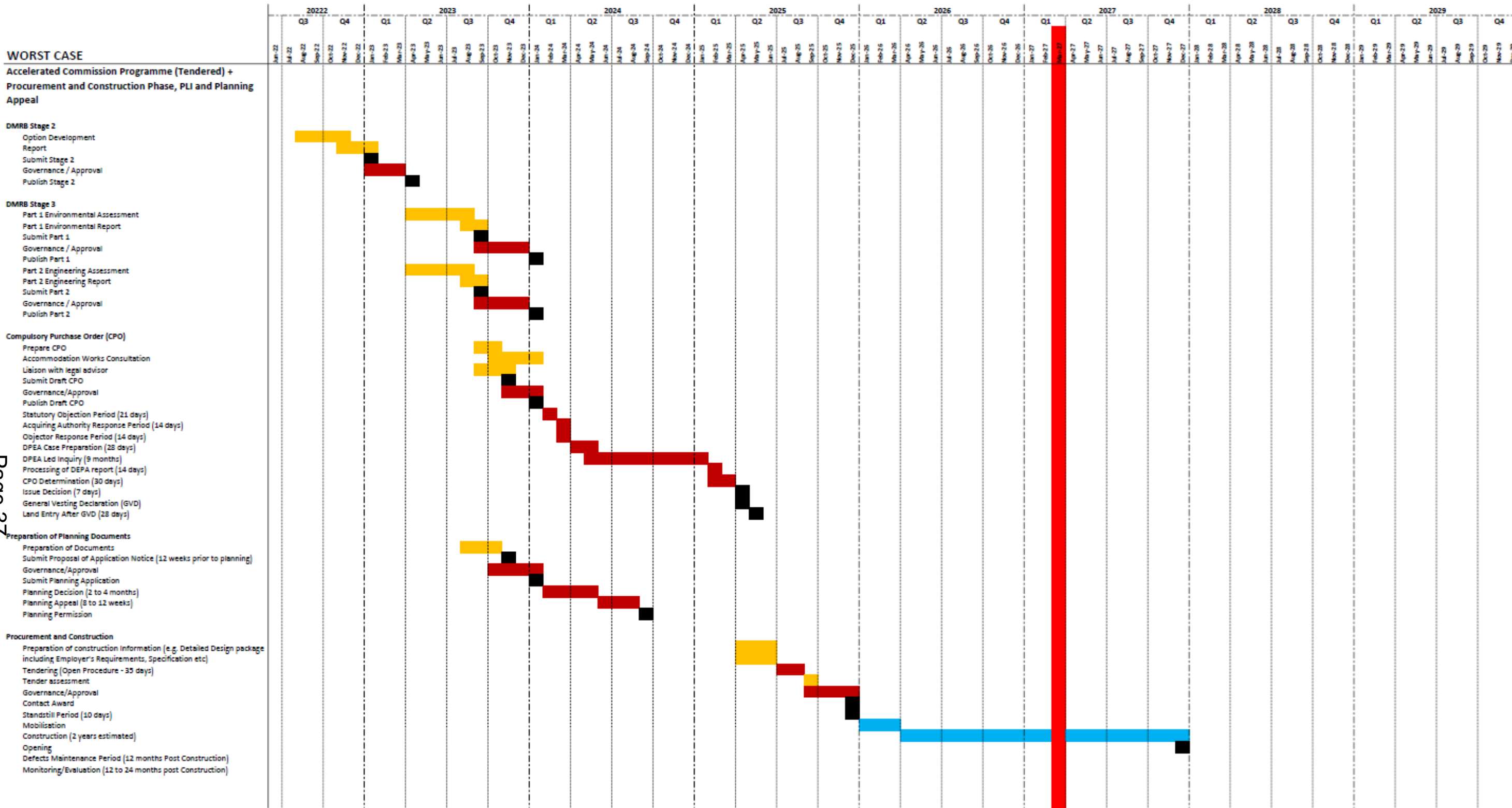


**KEY**

	Consultant Preparation
	Governance and Publication/Final Submission
	Strategic Business Case Procurement and Construction
	Milestones

# Worst Case Programme

Page 37



**KEY**

	Consultant Preparation
	Governance and Publication/Final Submission
	Strategic Business Case Procurement and Construction
	Milestones



Appendix B



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

<b>Report Name</b>	SeedPod Change Request
<b>Lead</b>	Jennifer Craw
<b>Report Author</b>	Lindsay McKenzie
<b>Date of Report</b>	9th September 2022
<b>Governance</b>	Aberdeen City Region Deal Joint Committee
<b>Exempt</b>	Appendix A to this report is exempt under paragraph 6. Information relating to the financial or business affairs of any particular person (other than the authority). Information is not exempt if required to be registered under the Companies Act 1985 or similar legislation.

<b>1:</b>	<b>Purpose of the Report</b>
<p>To inform and seek approval from Joint Committee of the changes between the original SeedPod business case, approved in 2019, and the revised Business Case which incorporates the additional costs identified to deliver the SeedPod construction project under current market conditions and gives detail of additional opportunities and benefits responding to the acceleration of a transition to net Zero.</p>	

<b>2:</b>	<b>Recommendations for Action</b>
<p>That the Aberdeen City Region Deal Joint Committee;</p> <ul style="list-style-type: none"> <li>i. Approves the change request (Appendix A Exempt) subject to the additional funding being realised.</li> </ul>	

<b>3:</b>	<b>Summary of Key Information</b>
<ul style="list-style-type: none"> <li>i. The original Food Hub Business Case approved in 2019 is a £21million investment project over ten years. The purpose of the project is to accelerate growth and innovation of existing businesses and start-ups, to build a hub at Scotland's Rural College (SRUC) campus at Craibstone, on the outskirts of Aberdeen, to support the sector to evolve and embrace new opportunities. Its combination of facilities,</li> </ul>	

<b>3:</b>	<b>Summary of Key Information</b>
	<p>infrastructure, support programmes and connections will make the region a leader in low carbon food production and environmental sustainability, process and product innovation, premium market development and create high-skill green jobs.</p> <p>ii. A refreshed business case has been prepared which incorporates the additional costs identified to deliver the SeedPod construction project under current market conditions. Additional opportunities have also been identified given changes in the Food &amp; Drink sector since original approval.</p> <p>iii. New Activities and Outputs identified and incorporated in the revised business case include:</p> <ul style="list-style-type: none"> <li>➤ Innovation Space - a multi workspace high specification commercial new product development kitchen capable of producing samples as well as innovating new formulations and packaging with the chefs, food technicians and scientists.</li> <li>➤ High Value Manufacturing Pilot Area - demonstration space to display the latest manufacturing equipment from suppliers and space available to lease to trial equipment and produce first-offline samples in a food safe environment.</li> <li>➤ Demonstration &amp; Showcasing - a kitchen and sampling area that enables companies to showcase their products to buyers, consumers as well as enabling high quality photography of their products for e-commerce.</li> <li>➤ Net Zero &amp; Sustainability - lead the development of the route map to net zero for the northeast food and drink industry. Provide and showcase new decarbonisation technology and support companies to develop and deliver their sustainability targets. As well as develop digital technology solutions and digital skills to transform security and transparency in supply chains.</li> <li>➤ Community and Wellbeing - engage with the colleges and schools to inspire the next generation and educate and involve communities in our food supply chains and nutrition.</li> </ul>

<b>4:</b>	<b>Finance and Risk</b>
	<p>i. No additional ACRD funding is requested to deliver the refreshed business case, and the revised business case will be submitted to alternative funders to seek the additional funding for the revised capital cost.</p>



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

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