

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report Name	Grant Offer Letter Reports
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Date of Meeting	21 st August 2020
Governance	City Region Deal Joint Committee

1:	Purpose of the Report
<p>The conditions set out in the Grant Offer Letter for 2020/21 totalling £51,320,000, require the annual return of the attached appendices.</p> <p>Appendix A: Annually in Q1 an updated Implementation Plan. Appendix B: Annually in Q2 an updated Benefits Realisation Plan Appendix C: Bi-annually Q2 and Q4 a Financial Forecast Table for the remainder of the Programme.</p> <p>To provide JC with an update on Benefits Realisation as requested at July's Joint Committee.</p>	

2:	Recommendations for Action
<ul style="list-style-type: none">i. Review and approve the Implementation Planii. Review and approve the Benefits Realisation Planiii. Review and approve the Financial Forecast Table	

3:	Summary of Key Information
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3.1 The conditions set out in the Grant Offer Letter for 2020/21 totalling £51,320,000, require the annual return of the attached documents addressing the criteria noted below. These documents along with the Annual Performance Report (Annual Report) will inform the Annual conversation between the UK/SG and Deal Partners scheduled September 2020.

3.1.i. Appendix A **Annually in Q1 an updated Implementation Plan.**

This includes the targeted milestones/activities and output for individual Projects for the coming year and the work plan for the Programme Board including for Programme governance e.g. dates for reporting, etc.

3.1.ii Appendix B **Annually in Q2 an updated Benefits Realisation Plan**

This details the realisation of Benefits across the Programme and as the projects develop bring focus and alignment to wider regional cohesion and economic development benefits achieved by utilising partner resources.

3.1.iii Appendix C **Bi-annually Q2 and Q4 a Financial Forecast Table for the remainder of the Programme.**

This includes the spending profile for the overall Programme and by individual Project and the annual forecasted expenditure/spending profile over the forthcoming Financial Years.

It will inform financial planning across the deal landscape, identifying how any slippage / acceleration is intended to be managed across the Programme.

3.1.iv Each project lead provides monthly financial update (Appendix D, for information) submitted to UK/SG and reports quarterly through a Progress Status Report (PSR) on Milestones, Benefits and Financial Profile. This is summarised in a Programme Dashboard and Financial Report presented to Programme Board, Joint Committee and SG/UK the following month.

3.2 Benefits Realisation Working Group The Benefits Realisation Working Group is responsible for supporting all projects in fully maximising the Benefits arising from the Aberdeen City Region Deal Investment as well as making recommendations and assurance to Aberdeen City Region Deal Programme Board. Although meetings have been impacted by COVID19 and staffing changes there is still a commitment for representatives from Scottish Enterprise and Aberdeen University to support this work. Further workshops are planned with the Scottish Government, to share examples of best practice and guidance that has been developed with Fraser

3.2 Measuring GVA OGTC have developed a project specific model that can provide GVA. Using this model employment impacts and tax take estimates can be developed. This model relies on assumption-based input data of the potential value generated from OGTC's innovations reaching the market resulting from either:

- A change in volume contribution (mboe) = production increase
- Assumed annual savings to industry in terms of cost reduction.

Further work has started to collect actual input data– around cost reduction and volume contribution. Similar models for the Deal and other CRD projects will be developed as they come on-line and with input from the UK and Scottish Government.

3.3. Inclusive Economic Growth including Equalities and Inequalities In order to capture a shared vision on inclusive growth, the Scottish Government proposes that the following outcomes framework – the 5 Ps – can be used to frame discussions on inclusive growth. The five themes proposed are: Productivity, Population, Participation, People and Place. This is currently being developed in relation to the priorities of the region and the links with the existing Deal projects.

The Fairer Scotland Duty (2018) places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. Training is currently being pursued for the ACRD Joint Committee Members and Programme Board on this.

3: Summary of Key Information

The completion of an EHRIA is a statutory requirement and a refreshed City Region Deal EHRIA was approved by Joint Committee in April 2019 demonstrating thorough consideration of socio-economic disadvantage and narrating mitigation measures that can potentially be applied.

3.4 Impact of COVID19 The implications of Covid-19 coupled with the impact of oil price fluctuations on Aberdeen's economy are yet to be fully comprehended. Aberdeen is facing an even more significant economic shock than previous downturns, and it is anticipated that the economic consequences on businesses, individuals, young people, and the most vulnerable groups in the city will be considerable. Many of the Benefits outlined at Business Case will not be fully realised for five or ten years and these may need to be adjusted to reflect the impact of COVID19 once the scale of the impact is known. The Deal will focus on how through Procurement and Community Benefits we can maximise opportunities.

3.5 Procurement and Community Benefits

By adopting a shared approach to positive procurement, and including community benefit clauses within all contracts, City Region Deal partners can set specific requirements for contractors to deliver on, maximising the impact of benefits generated from investments.

Aberdeen City Council and Aberdeenshire Council have a shared Community Benefits and Sustainable Procurement policy which can be used as a basis to develop a shared approach, however City Region Deal partners that are non-statutory bodies will have more freedom in the content of community benefit clauses. Support has been provided to City Region Deal Project Leads to support positive procurement and a workshop was delivered outlining support in preparing Community Benefits. Bio Hub and Digital both have community benefits within their projects.

3.6 Partnership and Community Planning Benefits continue to be aligned to the Regional Community Planning Partnership and will be mapped against outcomes within the Council's Local Outcome Improvement Plans. This is required to support projects in adhering to The National Standards for Community Engagement, reflecting the main elements of good community engagement - Inclusion, Support, Planning, Working Together, Methods, Communication and Impact where appropriate. Community Engagement shapes the Strategic Transport Appraisals and Aberdeen South Harbour Projects and is reflective in all projects by cross-sector Boards and working groups.

3.7 Communications Working together with the UK/Scottish Government the ACRD Communications Working Group will continue to look for opportunities to promote the realisation of benefits, which includes video content, social media and an online presence through the Aberdeen City Region Deal Website and across partner website platforms to promote the work that is happening in the region. Case Studies of Benefits can be viewed in the Aberdeen City Region Deal Annual Reports at www.abzdeal.com

4:	Finance and Risk
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Appendix C: If funding is not spent as profiled there is a risk that it won't be rolled over to the year of choice. The cashflow of funding to projects would need to be sourced and managed by the Deal.
