

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report Name	Aberdeen City Region Deal Quarterly Programme Update
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Date of Report	10th June 2022
Governance	City Region Deal Joint Committee

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

2.2 Agrees an additional Joint Committee will be scheduled in July/August to approve the Change Request for the updated SeedPod Business Case.

3. Programme Summary

3.1 Milestones

3.1.1 The Aberdeen City Region Deal (ACRD) was signed in 2016 and runs to 2026. All projects are progressing well, but there have been delays due to COVID 19, supply chain and construction cost challenges. The risk profile remains at amber where construction costs are being closely monitored by projects.

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.

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- 3.1.3** The Strategic Business Case for the Transport Links to Aberdeen South Harbour previously approved at Joint Committee has now been approved by Transport Scotland and Scottish Government. Progression to Design Manual for Roads and Bridges (DMRB) Stages 2 and 3 has started and procurement is now underway. An outline Business Case is expected at Joint Committee Q1 2023.
- 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 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. An updated Business Case will be presented in Summer 2022 for approval by Bio-Board, Joint Committee and UK/SG.
- 3.1.5** Information from the Scottish Government (SG) on the R100 premise level data as relevant to the Aberdeen and Aberdeenshire area is now available. The outline Business Case approved at Joint Committee 5th February 2021, approved the recommended option 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 in utilising R100 funding and have successfully targeted community work for voucher aggregation.
- 3.1.6** Further options regarding infrastructure will be explored. A Business Case will be brought to Joint Committee in September 2022, with a recommended option on how CRD funding can be utilised to build on the infrastructure and coverage we now have in place. Options include introducing financial measures such as loans to rural operators to drive inward investment into rural areas. Loans would be repayable at market rates over an agreed period. This removes barriers to new or smaller operators that may not have access to capital. This option has been used in other rural areas, where the appetite of private sector financiers to invest is lower. Work is underway to establish the benefits to residents across rural Aberdeenshire with regards to digital connectivity. Other options being explored relate to deploying 5G technology with a view to progress with a proposal for Aberdeen and Peterhead Harbours and an Agri-tec investment possibly in Huntly.
- 3.1.7** Substantial progress has been made in the Full Fibre Infrastructure project with the final segment connected. One additional site in Countesswells School will be connected in summer 2023 when the construction of the school is complete. The GO Awards Scotland recognised this project achievement and excellence in procurement. At a ceremony held on 19 April 2022, the Aberdeen City Region Deal funded Full Fibre Project was

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announced as the outright winner of the prestigious Social Value Award. The award specifically recognised innovative and ambitious approaches to community benefits/social value in the Gigabit Framework which was key to the success of the project.

- 3.1.8** The Net Zero Technology Centre continues to work on leveraging innovative technology to ensure a net zero energy future. This year they celebrated a significant milestone, their fifth anniversary. A short film exploring the last five years can be viewed here: <https://www.youtube.com/watch?v=Gh8hclDVT2M&t=2s>
- 3.1.9** Building of the £20M BioHub is on track and main construction phase will complete in late 2022. The project has received a £2 million funding boost from Scottish Enterprise to support the final fit-out of the building and the incubator space for spinout and start-up businesses. Cabinet Secretary for Finance and the Economy, Kate Forbes MSP, visited the site in March.
- 3.1.10** The PMO received the annual Grant Offer Letter for 2022-23 totalling £34,810,000. As part of the reporting requirements an Annual Report for 2021-22, A Benefits Realisation Plan and Implementation Plan will be submitted to the United Kingdom & Scottish Governments (UK/SG) later this quarter.

3.2 Benefits

- 3.2.1** In the Heads of Terms, the Aberdeen City Region Deal estimated GVA and jobs created based on modelled assumptions. Working with EKOS, each project will propose a model for capturing measurements, this will include a breakdown of Jobs Created by Sector and development of further Inclusive Economic Growth measurements.
- 3.2.2** Projects will continue to update on Benefits agreed at Business Case and Community Benefits at Procurement Stage and through the Annual Report. The Communications group will continue to work with projects to highlight major milestones and benefits through coverage in the media.
- 3.2.3** Media coverage can be viewed at www.abzdeal.com and includes the following coverage from the last quarter:
- TechX Cohort 4 selected - Net Zero Technology Centre TechX announces new clean energy start-ups
 - An opinion piece focusing on horizon scanning – Scotland can be the energy revolution's guiding light

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- Net Zero Technology Centre 5th Birthday - Media interview with P&J and The Herald
- Net Zero Technology Centre Wind 2 hydrogen report
- Ballylumford press release - Ballylumford Power-to-X Project to accelerate the commercialisation of first-of-a-kind longer duration energy storage
- Floating wind powered hydrogen, an investment opportunity
- Breaking bias and barriers; helping woman soar in the workplace - Opinion piece focusing on STEM & Diversity and Inclusion
- Robert Gordon University and University of Strathclyde announce five-year collaboration at the National Subsea Centre
- GO AWARDS SCOTLAND – Social Value Award for City region Deal Gigabit Connectivity
- Opportunity North East and BioHub have partnered with The Times and Sunday Times Scotland and the University of Aberdeen to deliver the second Life Sciences Summit in Aberdeen
- Aberdeen's transformational BioHub secures £2 million Scottish Enterprise investment
- Net Zero Technology Centre approves more than three hundred projects that powers a net zero energy industry
- Net Zero Technology Centre: 5 Years of Strong Delivery
- BioHub build delivering community and economic benefits in Aberdeen
- BioHub website launch
- Aberdeen Harbour in rebrand as £400m expansion takes shape

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 Joint Committee 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 The draft outturn reported to Scottish Government for 2021/22 amounts to £167.605m, a decrease of £20.789m for the year compared to budget of £188.385m. This is due mainly to NZTC reprofiling as result of expected cash outlays on commitments being re-phased from 2021/22 to 2022/23; the reprofiling of projects associated with the Duct Network

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Extension programme covered in a change request to utilise underspends from Phases 1 and 2; the final contract pricing being confirmed for the Harbour Expansion; SeedPod programme reprofiled to respond to challenges and opportunities presented through Covid, Brexit and significant impacts on the construction market including cost volatility and inflation; Bio Therapeutic Hub programme impacted by supply chain lead times and labour as a result of Covid and alternative funding being utilised in the year.

3.3.3 Digital Theme Finance Summary: Outturn spend of £12.102m in 2021/22 (£3.606m funded from UKG/SG, £8.496m funded from partners) compared to budget of £14.636m (£5.590m government funded, £9.046m partner funded). Revised Duct Network spend profile accounts for the majority of the £2.534m variance together with one Full Fibre site due to complete in 2022/23.

Table 1 shows a summary of the Digital Theme financial position at Q4 by individual project.

Table 1: ACRD - Q4 2021/22 - DIGITAL THEME FINANCE BY PROGRAMME

Digital Programme	Funding Source	Budget 2021/22 £,000	Draft Outturn 21/22 £,000	Variance £,000	Variance Notes
Duct Network	UKG/SG	3,471	1,374	(2,097)	Underspends accounted for in Phases 1 & 2 due to the cost per meter being lower than anticipated, together with ACC internal Roads Team delivering Phase 2 at a lower cost means new siteworks through Phase 3 can be undertaken in 2022/23 and 2023/24. See above.
	Partners	466	0	(466)	
Full Fibre	UKG/SG	2,119	2,232	113	The progress of the award winning project, which saw 194 sites drastically improve connectivity meant all the remaining government grant could be drawn down in the financial year. Site at Countesswells anticipated to complete Summer 2023.
	Partners	2,500	2,113	(387)	
City Network Ext.	Partners	6,008	6,249	241	Increase in Private Sector contribution allowed for increased investment.
Others	Councils	72	134	62	Reflects the updated budget for 'Improving Access to Digital Infrastructure' posts approved in 2021/22.
Total		14,636	12,102	(2,534)	
Summary					
	UKG/SG	5,590	3,606	(1,984)	
	Partners	9,046	8,496	(550)	
	Total	14,636	12,102	(2,534)	

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3.3.4 Table 2: Outturn expenditure at Q4 2021/22 amounts to £167.596m

PROGRAMME	FUNDING	2021/22 Budget	2021/22 Draft Outturn	2021/22 Variance	
	SOURCE	£,000	£,000	£,000	Budget v Outturn Note
Net Zero Technology Centre	UKG/SG	25,900	22,900	(3,000)	Cash outlays on commitments re-phased from 21/22 year to 22/23 year due mainly to delays in allocation of resources diverted to the organisational pivot from OGTC to NZTC earlier in the financial year.
	Partners	28,108	22,456	(5,652)	Re-profiling of cash commitments that will take place in 2022/23.
Bio Therapeutic Hub	UKG/SG	15,000	9,720	(5,280)	Impact of Covid on lead times for some high value materials and equipment resulted in some spend forecast for 2022/23 into the following year. Covid absences and isolation requirements also latterly affected availability of work teams on site. £2m of capital expenditure was funded from Scottish Enterprise grant.
	Partners	908	2,335	1,427	Scottish Enterprise provided a grant to fund £2m of infrastructure materials, with the funding requiring to be drawn down and spent by 31 March 2022. Other partner contributions were reprofiled to 2022/23.
SeedPod	UKG/SG	3,800	393	(3,407)	Main construction contract has not yet been awarded. 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. Revised business case will also reflect the real construction pricing in 2022.
	Partners	1,350	1,350	0	
Digital	UKG/SG	5,590	3,606	(1,984)	£1.984m underspend for 2021/22 reprofiled to the next two financial years mainly because of the Duct Network Extension changes. Change request asks permission to use the ACC Roads department to deliver Phase 2, for approval to use the underspend from Phase 1 and Phase 2 of the Duct project to undertake a Phase 3 which was approved by Joint Committee on 4th Feb and UK/SG on 25th Feb 2022. 1&2 are approximately 50% underspent as cost per metre was less than expected - for phase 2 ACC internal roads team are delivering with costs lower than anticipated.
	Partners	9,046	8,496	(550)	In addition to reprofile of Duct Network noted above, one Full Fibre site completion is now expecting to be completed in 2022/23; Private Sector Investment has been increased; budget updated to account for staffing for 'Improving Access to Digital Infrastructure'. The net underspend amounts to £0.550m which will take place in later years.
Strategic Transport Appraisal	UKG/SG	457	145	(312)	£312k underspend anticipated and budget reprofiled to later years. Funding received from Bus Fund, STA funding for Aberdeen Rapid transit not needed. When the STAG2 for Wellington Road was reported last Autumn, it was noted that further detailed work would be required to make meaningful progress which delayed progress on the project.
	Partners	-	-	-	
Transport Links	UKG/SG	742	70	(672)	Underspend for the year £672k. In August 2021 a report on the Updated Strategic Outline Business Case for the project was approved by Joint Committee and ACC's City Growth and Resources Committee and submitted to Scottish Government for approval. A revised Strategic Business case was re-submitted in February 9 th 2022, change request for £1.2m was approved on 31 March 2022.
	Partners	-	-	-	
Aberdeen Harbour Expansion	UKG/SG	-	-	-	
	Partners	97,484	96,125	(1,359)	Completion is on target for October 2022, though there is still confidence that some form of phased opening may be possible earlier. Progress from the last quarter includes extensive progress towards completion of quayside, service trenches and drainage for quay surfaces, though some delay from winter weather means quay construction work is not quite complete. West Quay has been added back into the project with successful negotiation of further funds from the Scottish National Investment Bank, with the completion of this final area planned by May 2023.
Total		188,385	167,596	(20,789)	

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 **£1.001bn** from **£826.200m** primarily because of an increase in private sector contributions worth **67%** of the revised Deal forecast. In addition, an **£11.7m** contribution to the Harbour project from Scottish Enterprise (SE) was announced with a further **£2m** contribution from SE to the Bio Hub project in 2022.

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Aberdeen City Region Deal - 2016-2026 - Current Profile at May 2022												
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	UKG/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
Bio Therapeutic Hub	UKG/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	UKG/SG	0	0	0	111	376	393	2,611	6,509	0	0	10,000
	Partners	13	21	53	469	424	1,350	1,772	1,624	1,624	1,626	8,976
Digital Theme	UKG/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	14,072	6,618	0	2,058	66,230
Strategic Transport Appraisal	UKG/SG	0	195	177	394	185	145	0	0	1,604	2,300	5,000
	Partners	180	0	0	0	0	0	560	950	310	0	2,000
Transport Links to Aberdeen South Harbour	UKG/SG	0	28	128	139	106	70	596	500	8,000	15,433	25,000
	Partners	0	0	0	0	0	0	0	0	0	0	0
Aberdeen Harbour Expansion	UKG/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	41,620	0	0	0	412,373
	Total	20,883	73,790	144,180	134,853	136,265	167,596	141,825	85,020	49,387	47,057	1,000,856
Summary Current Profile	Funding Summary	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Total
	UKG/SG	4,100	12,423	18,268	26,824	33,194	36,834	34,770	31,150	24,504	27,933	250,000
	Partners	16,783	61,367	125,912	108,029	103,071	130,762	107,055	53,870	24,883	19,124	750,856
	Summary Total	20,883	73,790	144,180	134,853	136,265	167,596	141,825	85,020	49,387	47,057	1,000,856
Original Deal Profile	Original Deal (£'000s)	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Total
	UKG/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
	Total	56,570	116,195	210,435	156,350	75,450	61,800	49,400	42,500	34,200	23,300	826,200
Original Deal Profile Compared to Current Profile	Profile Compared to Original Deal	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Total
	UKG/SG	(400)	(10,827)	(17,682)	(15,926)	(4,756)	1,934	10,470	10,850	9,104	17,233	0
	Partners	(35,287)	(31,578)	(48,573)	(5,571)	65,571	103,862	81,955	31,670	6,083	6,524	174,656
	Total	(35,687)	(42,405)	(66,255)	(21,497)	60,815	105,796	92,425	42,520	15,187	23,757	174,656

4. Finance and Risk

- 4.1 The Deal funding is from 2016-2027 and until the remaining Business Cases are finalised and agreed there is a risk to the timeline.
- 4.2 Capital projects costs 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."

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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, new 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
- 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 292 to 331.
- 1.1.5 The focus this quarter has been on: the finalisation of 2022 Goals, commencing Cohort 4 for TechX, launch of the Solution Centre 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 completion of TechX Cohort 4.
- 1.1.6 **COVID-19 Update:** Staff continue to support both Solution Centre Memberships and Directed projects with hybrid working – whereby the office is now open every day and staff can choose to work from home or the office depending on requirements.
- 1.1.7 **Finance:** NZTC draft outturn 2021/22 of £45.356m (£22.9m funded by governments, £22.456m funded from partners), £8.652m lower than budget of £54.008m. Table 2 provides further information.



Net Zero Technology Centre, formerly OGTC

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Appendix 1: Project Update

1.2 Bio Hub

- 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:** £2m of funding secured from Scottish Enterprise. Website now live www.biohubaberdeen.com, with promotional video launched at Times/Sunday Times Life Sciences summit and available on the website.
Next Milestone: Completion of the brickwork plinth on lower level, curtain walling and glazing in the ground floor foyer space over next few weeks will make the building wind and watertight.
- 1.2.3 The Bio-therapeutics Hub for Innovation (Bio Hub) 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.
- 1.2.4 Life Science company engagement has continued during the year, with high attendance at online life sciences forums and network events with face to face when possible. Participants in the accelerator programme continue to receive expert support.
- 1.2.5 Work continues at pace with the Interior works progressing and the construction of partitions and plasterboard taping underway on all floors, along with work on service installations at higher levels and the central core ductwork. The main electrical switch gear is scheduled to be installed on the ground floor and the main plant kit dropped onto the roof level will take place in the next quarter. The Internal design concept is agreed, and IT&AV requirements are being scoped and instructed.
- 1.2.6 **COVID-19 Update:** COVID-19 impact introduced significant cost and programme uncertainty to the project which continues to be proactively managed as the project build continues. In the last period, the impact has been on the lead times throughout the supply chain and the availability of staff and contractors on site due to covid cases and isolation requirements. This has delayed the delivery of key mechanical and electrical equipment to site and pushed some high value activity into early 2022/23. The team is working to reduce the impact of long lead times on overall programme by instructing early ordering where possible.
- 1.2.7 **Finance:** Bio Hub draft outturn of £12.055m in 2021/22 (£9.720m funded from governments, £2.335m funded by partners). As a result of the challenges highlighted above expenditure is £3.853m lower than the budget of £15.908m. Table 2 provides further information.

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Caption: January 2022. Progress on Aberdeen's £40 million Bio Hub project with all external works expected to be substantially completed in the coming weeks and by using enviro-wrap the upper-level internal works are progressing as planned.

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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:** Planning Permission Granted in May 2021
Next Milestone: Revised Business Case June 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://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, approved in 2019 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 will also reflect the real construction pricing in 2022. Construction is planned to commence in late 2022.

1.3.5 **COVID- 19 Update:** There is an ongoing impact on availability and cost of material and resources due to Covid, post Brexit and global supply chain issues which is under constant review.

1.3.6 **Finance:** SeedPod draft outturn of £1.743m in 2021/22 (£0.393m funded from governments, £1.35m funded from partners) £3.407m lower than budget of £5.15m. Table 2 provides further information.



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 March 2022 for Segment 6
Next Milestone: Additional site in Countesswells School will be connected, when the construction of the school is complete - Summer 2023
- 1.4.3 Substantial progress has been made on the project; the final segment of the project is now connected. One additional site is to be connected in summer 2023 when the construction of the new school is completed.
- 1.4.4 This project has provided significant community benefits to date. 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 working 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 announcement that the Full Fibre project won the Go Awards Social Value Category has been very well welcomed. Project success in the procurement demonstrates robust and progressive approaches to fair work practices.
- 1.4.6 **Finance:** Full Fibre draft outturn of £4.345m in 2021/22 (£2.232m funded from governments, £2.113m funded from partners) £0.274m lower than budget of £4.619m. Table 1 provides further information.



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 approval in December 2020. In February 2022, Joint Committee and UK/SG approved Change Request for Phase 3.
- 1.5.2 **Previous Milestone:** Phase 1 and Phase 2 **90%** Complete April 2022
Next Milestone: Phase 1 and Phase 2 **100%** Complete May 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 utilise the expanded network to enhance their fibre offering in Aberdeen City, consequently stimulating the market. This project will also provide the enabling infrastructure for 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 now making good progress with completion due by the end of May 2022.
- 1.5.5 The network design for Phase 3 is now underway with works due to start in September 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:** Duct Network draft outturn of £1.374m in 2021/22 funded from governments, £2.563m lower than budget of £3.937m. Table 1 provides further information.

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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: A Business case to be submitted September 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 5th 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 utilise the voucher scheme.
- 1.6.5 The remaining options regarding infrastructure will be explored further. Discussions are ongoing to explore potential project with the support of the Scottish government. Research with operators and industry are underway and currently exploring financial models.
- 1.6.6 A Business Case will be brought to Joint Committee in September 2022, outlining recommendations on how Aberdeen City Region Deal funding can be utilised to build on the infrastructure and coverage we now have in place.

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1.7 Digital City Network Extension Project – Project Completed

1.7.1 **Key Milestones achieved:** In November 2017 Joint Committee approved this project and 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).

In November 2021, 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 85 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 new 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 and Benefits Realisation Plan

Appendix 1: Project Update

1.8 Strategic Transport Appraisal

1.8.1 **Key Milestones achieved:** The Strategic Transport Appraisal Business Case Approval by Aberdeen City Region Deal Joint Committee, Aberdeenshire Committee and UK/SG in November 2017. Checkpoint Reviews with UK/SG Nov 2019 and March 2021.

1.8.2 **Previous Milestone:** Report to Aberdeen City Region Deal Joint Committee on Updated Strategic Business Case May 2021

Next Milestone: Commence detailed appraisal and Business Case work on specific schemes

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 Aberdeen City Region Deal 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 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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- 1.8.6 Progress continues the finalisation of the ASAM modelling tool (base year modelling completed), and receipt of proposals for transport “live labs”. This includes a proposal for deployment of hydrogen fuelling facilities, mobility hubs and Aberdeen City’s GoABZ app.
- 1.8.7 Outlook for the next month is on running the future year forecasts for ASAM and agreeing which of the specific live lab proposals should be taken forward for further development and implementation.
- 1.8.8 **Covid-19 Impact:** The amber time status for the project reflects the delayed milestone and the ongoing uncertainty around COVID impacts, and the impact this may have on future milestones.
- 1.8.9 **Finance:** Draft outturn for the year, funded by governments, is £0.145m compared to budget of £0.457m, a variance of £0.312m. Table 2 provides further information.

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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:** Crown Wall and South Breakwater complete December 2021
Next Milestone: Completion of Quay construction May 2022

1.9.3 Port of Aberdeen's expansion project at "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 The Port is gearing up for operations at Aberdeen South Harbour, with the first commercial vessels expected this summer as a 'soft start' prior to operations fully commencing in October. On completion it will be a unique facility due to its distinctive blend of scale, location, and connectivity. Along with the North Harbour, it will represent an exceptional opportunity for commercial growth and diversification. The Aberdeen South Harbour expansion project is important not only to the local economy but also regionally and nationally to allow for economic recovery and prosperity.

1.9.5 Progress from the last quarter includes extensive progress towards completion of quayside, service trenches and drainage for quay surfaces, though some delay from winter weather means quay construction work is not quite complete. West Quay has been added back into the project with successful negotiation of further funds from the Scottish National Investment Bank, with the completion of this final area planned by May – June 2023.

Activity for the next quarter will include contract awards for commencement of final filling and surfacing works, fendering and welfare and customs posts.

1.9.6 **Covid-19 Impact:** The timeline has been revised to Green as work is proceeding at pace and significant progress has been made in the last quarter despite the continued effects of the global pandemic and challenging supply chain due to global issues.

1.9.7 **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. £96.125m of expenditure has been incurred in 2021/22, £1.359m lower than budget of £97.484m.

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

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1.10 External Links to Aberdeen South Harbour

1.10.1 Key Milestones achieved: In July 2017, a Strategic Business Case received approval for £100k (extended to £150k in January 2018) to undertake the STAG Pre-Appraisal and Preliminary Options Appraisal stages for the project. Outcomes were reported back to Joint Committee, and ACC's City Growth and Resources Committee in November 2018.

In October 2018, a Strategic Business Case received approval for £250k to undertake the STAG Detailed Options Appraisal stage. The preferred option was reported back to Joint Committee and ACC's City Growth and Resources Committee in February 2021.

1.10.2 Previous Milestone: In August 2021, a report on the Updated Strategic Business Case for the project was approved by Joint Committee and ACC's City Growth and Resources Committee and submitted to Scottish Government for approval. This identified the funding requirement of £1.2m for project management resource and costs to complete the design works to Design Manual for Roads and Bridges (DMRB) Stage 2 & 3.

The preferred option, which is illustrated below, improves the existing Coast Road, replaces the existing traffic signal-controlled road-over-rail bridge, linking into Wellington Road at Hareness Roundabout via Hareness Road. Active travel improvements, and options for public transport have also been identified.



The Business Case to draw down funding for Design work has been approved by ACRD Joint Committee, and Aberdeen City Council, City Growth & Resources Committee. Following feedback from UK/SG a revised Strategic Business Case was approved by UK/SG on 31 March 2022.

Next Milestone: Appointment of consultants

The tender document for the procurement and commissioning of external consultants has been issued, with submissions due back at the beginning of June. The consultant's will be responsible for progressing the scheme through the Design Manual for Roads and Bridges Stage 2 Route Option Assessment and Stage 3 Scheme Assessment in parallel with an Outline Business Case.

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The progress for next quarter will include an appointment of consultants, commission Design Manual for Roads and Bridges (DMRB) Stage 2/3 Design Process and development of project programme.

- 1.10.3 **Finance:** With a £25m investment from UK/SG this project's main period of expenditure will be towards the end of the Deal period. The expenditure profile will be updated once design consultants are appointed to progress the design phase. Draft Outturn for 2021/22 is £0.070m, a variance of £0.672m compared to budget of £0.742m. Table 2 provides further information.

End