

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report Name	Aberdeen City Region Deal Quarterly Progress Update
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Date of Report	9th September 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

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 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	
Total		14,681	169	14,072	(609)	

UKG/SG	609	125	609	0
Partners	14,072	44	13,463	(609)
Total	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
Total		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.

Table 3: ACRD

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
Total		20,883	73,790	144,180	134,853	136,265	167,596	142,309	85,828	49,319	46,503	1,009,439

Summary 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	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
Summary Total	20,883	73,790	144,180	134,853	136,265	167,596	142,309	93,741	49,319	46,503	1,009,439

Original Deal 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	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."

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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, 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

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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- 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.

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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

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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.

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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: 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 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 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.

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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 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.

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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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- 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.

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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:** 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 External Links to Aberdeen South Harbour

- 1.10.1 **Key Milestones achieved:** In July 2017, a Strategic Business Case received approval to undertake the STAG Pre-Appraisal and Preliminary Options Appraisal stages for the project. Outcomes were reported back to Joint Committee, and Aberdeen City Council's (ACC's) City Growth and Resources Committee in November 2018. In October 2018, a Strategic Business Case received approval 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. Following the selection of the preferred road option the Strategic Business Case was updated and approved by both Joint Committee and ACC's City Growth and Resources Committee during August 2021. The Updated Strategic Business Case was submitted to UK/SG for approval and following feedback from the Governments the revised Strategic Business Case was resubmitted in February 2022, and subsequently approved on 31 March 2022.
- 1.10.2 **Previous Milestone:** Appointment of consultants and approval of Change Request – Design Manual for Roads and Bridges (DMRB) 2 & 3 Outline Business Case & Planning
Next Milestone: Develop Preferred Route
- 1.10.3 The preferred option (Option A4 & C4) 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.



- 1.10.4 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 UK and Scottish Government (UK/SG) agreed an additional £164,000 to be moved into 2022/23 budget. The overall budget has not been impacted.

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- 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