

# ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

<b>Report Name</b>	<b>Aberdeen City Region Deal Quarterly Progress Update</b>
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<b>Date of Report</b>	<b>18<sup>th</sup> November 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 Programme Update and Appendix 1

**2.2** Approves the Committee Dates for 2023/2024 as 12<sup>th</sup> May; 8<sup>th</sup> September; 17<sup>th</sup> November and 9<sup>th</sup> February 2024

## 3. Programme Update

### 3.1 Check-Point Reviews

**3.1.1** In October Government officials from UK and Scottish Government visited several ACRD projects as part of their scheduled eighteen-month Checkpoint Review. The discussion at the NZTC Review focussed on the success of exceeding targets, the launch of the Technology Services Group as well as plans for sustainability post Deal. On BioHub and SeedPod, the discussion focussed on sharing best practice including the Community benefits being delivered during the BioHub construction and the planned activities in the updated SeedPod Business Case. Government officials were interested in the alignment of both projects to wider sectoral activity and how challenges for two major construction projects were overcome. The Digital Checkpoint

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acknowledged the achievements to date, the Digital Gap Analysis Report, and the proposed recommendations within the draft Business Case.

## 3.2 Just Transition Fund

**3.2.1** The Net Zero Technology Centre (NZTC) received £2.12million from Scottish Government's Just Transition Fund (JTF) to support delivery of its Hydrogen Offshore Production Project (HOP2). The HOP2 project will be delivered over four years to accelerate Scotland's decarbonisation goals and contribute towards hydrogen production, distribution, and export.

**3.2.2** SeedPod welcomed an announcement of £3.1 million of capital funding over two years from Scottish Government investment via the Just Transition Fund. This investment will accelerate economic diversification in the region and supports the sector's ambition to create green jobs.

## 3.3 Governance

**3.3.1** The Programme Management Office circulated to regional partners the proposed above dates for Joint Committee in-line with the reporting process outlined in the Grant Offer Letter. The preferred dates are 12<sup>th</sup> May; 8<sup>th</sup> September; 17<sup>th</sup> November and 9<sup>th</sup> February 2024.

**3.3.2** The Annual Conversation between the UK/SG and Regional Partners is planned for 12 December 2022. In line with Grant Offer Letter, the purpose of the Annual Conversation to present an opportunity to celebrate success and progress on the deal to date, to reflect on and work through any challenges, and to discuss short-, medium- and long-term ambitions for the deal going forward.

## 3.4 Benefits

**3.4.1** Deal partners have been working with EKOS to produce an ACRD Benefits Realisation Plan which is currently with partners for a final review. The Benefits Realisation Plan will be aligned to the new Regional Economic Strategy and presented to both governments and Joint Committee.

**3.4.2** 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.

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

- NZTC – Technology Leadership Board - North Sea Transition report
- Net Zero Technology Centre has awarded £8 million to net zero technologies with an additional estimate of £12m Industry Contribution, as part of its 2022 open innovation programme
- Neos Networks enables Aberdeen's smart city ambitions
- NZTC awarded £2.12million from Just Transition Fund to demonstrate feasibility

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- The SeedPod centre of excellence for food and drink manufacturing will receive £3.1 million from Just Transition Fund repurposing existing assets to produce green hydrogen
- NZTC launched its Technology Services announcement press release
- Aberdeen's £400 million port expansion nears completion. The article highlights the handover from construction to operations for Dunnottar, Crathes and Castlegate (East) Quays.
- A report to be published by the Net Zero Technology Centre identifies global innovation priorities across traditional hydrocarbon basins, including blue and green hydrogen, offshore wind, oil and gas electrification, carbon capture and storage, and digital transformation technologies to achieve the Paris Agreement emissions targets and create integrated net zero energy systems.
- In October, NZTC were joined by Chris Stark, CEO of the UK Climate Change Committee (CCC) in their latest *Transition Talks Podcast* to discuss the actions required to deliver net zero.

## 3.5 Finances

- 3.5.1** The funding mechanisms of the Aberdeen City Region Deal are centrally managed by Aberdeenshire Council Finance Service, with support from the PMO and oversight by the Programme Board. The membership of the Programme Board includes Aberdeenshire Council's 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 Aberdeen City Council Section 95 Officer).
- 3.5.2** Actual expenditure for Q2 2022-23 is £57.595m. Estimated actuals have been included for BioHub and SeedPod and these will be updated when reporting Q2 to Joint Committee. Forecast expenditure for the financial year is £141.376m, compared to the budget £142.029m a variance of £0.653m outlined in 3.3.4 - Table 2.

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## 3.5.3 Digital Theme Finance Summary:

Table 1 shows a summary of the Digital Theme financial position at Q2 2022-23 by individual project.

Table 1: ACRD – Q2 2022/23 – DIGITAL THEME FINANCE BY PROGRAMME						
Digital Programme	Funding Source	Budget	Q2 Actual Expenditure	Forecast for year	Variance	Variance Notes/ Additional Comments
		£,000	£,000	£,000	£,000	
Duct Network	UKG/SG	609	148	609	0	
	Partners	1,000	0	391	(609)	Restrictions on the roads network means it is prudent to commence works later in Q3 reducing the forecast for the year.
Full Fibre	UKG/SG	0	0	0	0	
	Partners	250	179	317	67	Milestone Payment Winter 2022 for additional site.
City Network Ext.	Partners	12,667	7,000	12,667	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. £7m has been invested this quarter.
Others	Councils	155	87	155	0	Staff resource costs to support the Digital programme.
<b>Total</b>		14,681	7,414	14,139	(542)	

Summary				
UKG/SG	609	148	609	0
Partners	14,072	7,266	13,530	(542)
<b>Total</b>	14,681	7,414	14,139	(542)

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3.5.4 Table 2: Actual expenditure at Q2 2022/23 amounts to £57.595m

Table 2: ACRD						
Programme	Funding Source	Budget	Q2 Actual Expenditure	Forecast for Year	Variance	Variance Notes
		£,000	£,000	£,000	£,000	
Net Zero Technology Centre	UKG/SG	23,400	8,600	23,400	0	
	Partners	45,732	17,470	42,398	(3,334)	Timing of R&D project activity has been reprofiled between 2022/23 and 2023/24.
BioHub	UKG/SG	7,554	4,784	7,554	0	
	Partners	3,299	325	1,457	(1,842)	Reflects the later handover of BioHub. Partner spend includes significant fit out by new tenants on the upper floors in BioHub which will not now get underway until 2023/24; start up support from ONE and others also moves into next year, ONE's contribution towards initial operating costs which is now required for a shorter time period in 2022/23. The expenditure budgeted for an investment fund and for specialist equipment will also not be secured until BioHub is open.
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 fundings scheduled for receipt in 2022/23.
	Partners	1,772	720	2,305	533	This increase reflects the additional Just Transition funding which will be required in the year.
Digital	UKG/SG	609	148	609	0	
	Partners	14,072	7,266	13,530	(542)	Restrictions on the roads network means it is prudent to commence Duct Network works later in Q3 reducing the forecast for the year. A milestone payment also forecast for an additional Full Fibre site in Winter 2022.
Strategic Transport Appraisal	UKG/SG	0	0	0	0	
	Partners	560	32	400	(160)	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 and 2024-25.
Transport Links	UKG/SG	760	48	552	(208)	Budget was enhanced to reflect Change Request requirement. However, variance reflected due to delay in receipt of Inception Report/Approved Programme.
	Partners	0	0	0	0	
Aberdeen Harbour Expansion	UKG/SG	0	0	0	0	
	Partners	41,620	18,151	49,120	7,500	West Quay has been added back into the project with successful negotiation of further funds from the Scottish National Investment Bank
<b>Total</b>		142,029	57,595	141,376	(653)	

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**3.5.5** 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 £1.014bn 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	Actual	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	24,710	42,398	41,625	21,694	12,954	246,238
BioHub	UK/SG	0	0	318	723	1,685	9,720	7,554	0	0	0	20,000
	Partners	101	157	532	460	281	2,374	1,457	4,237	3,288	2,735	15,622
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	13,530	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	400	870	550	0	2,000
Transport Links to Aberdeen South Harbour	UK/SG	0	28	128	139	106	70	552	655	8,293	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	49,120	0	0	0	419,873
<b>Total</b>		<b>20,883</b>	<b>73,790</b>	<b>144,180</b>	<b>134,852</b>	<b>136,265</b>	<b>169,889</b>	<b>141,376</b>	<b>94,672</b>	<b>51,800</b>	<b>46,815</b>	<b>1,014,522</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	32,166	33,865	24,797	27,529	250,000
Partners	16,783	61,367	125,912	108,028	103,071	133,055	109,210	60,807	27,003	19,286	764,522
<b>Summary Total</b>	<b>20,883</b>	<b>73,790</b>	<b>144,180</b>	<b>134,852</b>	<b>136,265</b>	<b>169,889</b>	<b>141,376</b>	<b>94,672</b>	<b>51,800</b>	<b>46,815</b>	<b>1,014,522</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	7,866	13,565	9,397	16,829	0
Partners	(35,287)	(31,578)	(48,573)	(5,572)	65,571	106,155	84,110	38,607	8,203	6,686	188,322
Summary Total	(35,687)	(42,405)	(66,255)	(21,498)	60,815	108,089	91,976	52,172	17,600	23,515	188,322

## 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 can be mitigated.
- 4.2 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.
- 4.3 Increased costs, reflecting the current economic position are being monitored and discussed with Regional Partners, UK, and Scottish Governments.
- 4.4 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

- 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 and October 2022 – targets were met or exceeded. June 2021, NZTC name change and pivot endorsed by Joint Committee and UK/SG.
- 1.1.2 **Previous Milestone:** NZTC Check point Review October 2022  
**Next Milestone:** Launch of National Subsea Centre 11th January 2023
- 1.1.3 NetZero 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.
- 1.1.4 The Open Innovation Programme has announced 20 winners and awarded £8 million funding across 20 game changing net zero technologies. The funding competition this year focused on developing and deploying technologies that will reduce offshore emissions, accelerate clean energy production, and enable delivery of the UK's net zero ambitions.
- 1.1.5 In October 2022, NZTC announced the launch of the Technology Services group. Technology Services will offer consultancy services utilising the Solution Centre technical experts and will develop a portfolio of solutions / tools to deliver differentiating high value services to industry in transition, capitalising on NZTC knowledge and relationships. The overall objective of Technology Services is to support high carbon emitting industries to accelerate to net zero by better understanding the potential routes and solutions available to them and the associated costs.
- 1.1.6 **Finance:** Actual expenditure for Q2, including matched funding, amounts to £26.070m, of which £8.6m is funded by UKG/SG and £17.47m is funded from Partners. Partner funded R&D projects estimated at £3.334m have been reprofiled across 2022/23 and 2023/24.



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. Checkpoint review with UK/SG in January 2020 and October 2022.
- 1.2.2 **Previous Milestone:** Water connection completed in September 2022  
**Next Milestone:** Handover of building – Q4 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:
- Final cladding elements to be completed this month
  - Scottish water connection completed and results of water testing imminent
  - M&E commissioning commenced mid-October
  - Building finishes underway (inc. doors, glazed screens, decoration, ceiling and floor installation)
  - Entrance atrium and toilet fitout underway
  - Building services final fix ongoing
  - Road entrance setting out complete; car park setting and site level preparation underway.
- 1.2.6 Scottish Water completed the connection to BioHub in September, a two-month delay, resulting in the handover date moving to early 2023.
- 1.2.7 The next phase is the completion of the building services, hard landscaping and the sample lab fitout, and commencement of the commissioning.
- 1.2.8 **Finance:** £5.109m of actual expenditure at Q2, £4.784m funded from UKG/SG and £0.325m funded from Partners. Table 2 provides detail on the slippage of £1.824m of Partner funded expenditure compared to original budget of £3.299m.

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## Appendix 1: Project Update



Caption: October 2022. BioHub external



Caption: October 2022. BioHub internal

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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; the UK/SG January 2019 an updated Business Case was approved by JC and UK/SG last quarter. Successful Checkpoint review took place in January 2020 and October 2022.
- 1.3.2 **Previous Milestone:** Updated Business Case approved last quarter.  
**Next Milestone:** Finalise grant offers from new funders; receive and review contracts.
- 1.3.3 The Food Hub (SeedPod) is a £25 million investment project over ten years to accelerate the 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 at [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 updated Business case outlines the additional opportunities around high value manufacturing, automation and decarbonisation given the demands on industry in current economic climate and environment. The final construction contract will be awarded towards the end of Q4 2022/23.
- 1.3.5 **Finance:** £0.771m of actual expenditure at Q2, £0.051m funded from UKG/SG and £0.72m funded from Partners. Table 2 provides detail on the slippage of £2.6m of UKG/SG funded expenditure and the increased forecast in Partner funded spend of £0.533m.



Caption: SeedPod is a £25 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. Original contract network build completed March 2022. Successful Checkpoint reviews with UK/SG took place in 2019, 2020 and October 2022.
- 1.4.2 **Previous Milestone:** Milestone Payment May 2022 for final site from contract  
**Next Milestone:** Milestone Payment Winter 2022 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. Construction works to be completed in November ahead of schedule and school handover is now scheduled for early 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 been 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:** Table 1 provides a note on the forecast increase of £0.067m on Partners original budget of £0.25m for the year. Actual expenditure at Q2 amounts to £0.179m.



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 Duct Network Extension Business Case with UK/SG approval following in January 2019. A Phase 2 was approved in December 2020 and Phase 3 approved in February 2022. Successful checkpoint reviews with UK/SG took place in 2019, 2020 and October 2022.
- 1.5.2 **Previous Milestone:** Phase 1 **100%** Complete September 2022  
**Next Milestone:** Phase 2 **100%** Complete February 2023; Phase 3 construction starts end of 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 have made significant progress, Phase 1 completed in September 2022 and Phase 2 is due to complete in February 2023 once works on the Queen Elizabeth bridge are completed. This is delayed due to roadworks on Bridge of Dee/ King George bridge works.
- 1.5.5 Phase 3 construction commenced late October 2022 at the Holburn Street/Holburn Road junction.
- 1.5.6 **Finance:** Actual expenditure at Q2 amounts to £0.148m, funded by UKG/SG. Table 1 provides further information on underspend forecast of £0.609m compared to original Partners budget.



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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 Nov 2020. Checkpoint review with UK/SG in October 2022.
- 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 Since establishing in November 2021, the Digital Engagement Team has established itself as a useful resource for residents, businesses and communities, in navigating the processes for better digital connectivity. Successfully promoting and stimulating the Reaching 100% (R100) programme, the Digital Engagement Team has engaged with 1,176 premises (as of 10/11/22), and helped residents utilise available support, such as the Scottish Broadband Voucher Scheme, to gain better broadband solutions. Through this work, the Aberdeen City Region (Aberdeen City & Aberdeenshire) has the highest number of Scottish Broadband Vouchers used in Scotland, with 690 vouchers utilised to date which is over 30% of all the vouchers used in Scotland. Equally, Voucher uptake is at 9.6% in Aberdeenshire, massively above the national average of 3.2%.
- 1.6.4 Through pro-active community engagement, social media usage, and close working with local and national telecoms operators, the Digital Engagement Team has generated awareness and understanding of the different support mechanisms available. Additionally, as a public-facing team, the Digital Engagement Team are actively supporting residents, businesses and communities on both individual and wider community levels, to ensure the best support is given to everyone, in improving digital connectivity in the region.”
- 1.6.5 The Digital Business Case proposal to be presented to ACRD Joint Committee has four recommendations on how Deal and MOU funding can be used to build on the infrastructure and coverage we now have in place. The first option is to maximise fibre opportunities at pace in the areas in the region identified with very low/ or no coverage. Work is on-going to agree with governments a suitable model within the financial agreements and could include the provision of loans to telecommunications operators to stimulate investment in full fibre infrastructure in the Region. This will leverage additional commercial investment and accelerate and increase the availability of full fibre over and above that provided by existing planned commercial investments and public sector interventions such as R100. It is recommended that officers continue to work on an agreement with governments to accelerate coverage to these areas and report back to committee.
- 1.6.6 The second option is the provision of investment to Port of Aberdeen to procure a private 5G infrastructure in the new Aberdeen South Port to increase productivity and reduce operational costs, making Aberdeen comparable with leading ports across the world. Initial discussions with Peterhead Port on their ambitions for 5G are in progress, with the opportunity to explore 5G provision in the future learning from the roll out of 5G at the Port of Aberdeen.

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- 1.6.7 The third option is an investment in 5G infrastructure to ScotEID/SAOS ([www.scoteid.com](http://www.scoteid.com)) to facilitate the delivery of industry leading Agri-tech applications and services and environmental monitoring in rural Aberdeenshire using Huntly as an initial area.
- 1.6.8 The fourth option is to fund a mobile 'pop up' network in the region to enable companies to test applications in a real-life environment. A test-bed for 5G has been established in Aberdeen to help businesses explore the potential applications of next generation mobile connectivity. Scotland 5G Centre and Opportunity North East (ONE) are collaborating to drive the adoption of 5G in key sectors of the economy – including energy, utilities, ports and logistics.



## 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. Successful checkpoint reviews with UK/SG took place in 2019, 2020 and October 2022.

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 750Km 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 November 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:** 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 Joint Committee in May 2021 and were updated at the June 2022 Committee to reflect progression of work. 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 A90(N) Corridor, building on draft outcomes of Transport Scotland's Strategic Transport Projects Review 2 (STPR2), and on the work previously done for Nestrans which considered junction upgrades to the Ellon by-pass, Toll of Birness junction and other associated safety and reliability measures.
  - 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.
  - Future demand and options study for Rail Freight, linked to facilities adjacent to Aberdeen South Harbour.
  - "Live-Lab" demonstration projects, addressing:
    - Transport Mobility Hubs – City, Suburban and Rural Small Town;
    - Alternative Fuelling Hubs;
- 1.8.6 Progress in this month continues with Aberdeen Sub-Area Model (ASAM) modelling report and application, "live labs" report, rail terminals tender, scoping of work for A90(N)/A952 and A956.

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- 1.8.7 Outlook for the next month is audit for ASAM and commencing work on business cases as presented at June committee, including rail terminals commission.
- 1.8.8 **Finance:** Actual expenditure at Q2 amounts to £0.032m. Forecast for the year shows an underspend of £0.16m compared to Partners budget. 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:** Completion of North, East & South East Quay construction August 2022; More than 60% of Port of Aberdeen's South Harbour development is now operational  
**Next Milestone:** Castlegate (West) is scheduled to open in December 2022 and the remaining Balmoral Quay will be brought into service in Q2 2023
- 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.  
A link to 2022/23 Annual Report can be viewed below  
[https://www.portofaberdeen.co.uk/images/uploads/POA\\_Annual\\_Review\\_2022-23.pdf](https://www.portofaberdeen.co.uk/images/uploads/POA_Annual_Review_2022-23.pdf)
- 1.9.4 More than 25 vessels have berthed at Aberdeen South Harbour during a 'soft start' to operations which began in July. A host of new and existing customers have already benefitted from Aberdeen's safe and efficient port services and generous quayside space. Work on the West Quay has now commenced.
- 1.9.5 Activity for the next quarter will include completion of fendering and customs posts.
- 1.9.6 **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. Q2 £18.151m 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 Progress from the last quarter includes an ongoing engagement with Energy Transition Zone Ltd (ETZ) and the associated Masterplanning process. Initial meeting with Port of Aberdeen has taken place and ground Investigation Scoping is underway. New Roads and Street work Act C2 notices have been issued to the public utilities, the topographical survey is currently being procured through Public Contract Scotland. A draft Basic Asset Protection Agreement (BAPA)

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has been received from Network Rail and has been reviewed by Aberdeen City Council Legal. Land ownership model has been developed.

- 1.10.5 Consultants are currently reviewing the work done to date, preparing Inception Report for the commission, including a wider project programme to project delivery.
- 1.10.6 Outlook for the next quarter will include approval of Inception Report, completion of Topographical Survey, progress preferred corridor development further and commence Procurement of Ground Investigation.
- 1.10.7 **Finance:** With a £25m investment from UKG/SG this project's main period of expenditure will be towards the end of the Deal period. Forecast expenditure is anticipated to be £0.208m lower than budget this year. Table 2 provides further information. Actual expenditure at Q2 amounts to £0.048m.