

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report Name	Aberdeen City Region Deal Quarterly Progress Update
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Date of Report	3rd February 2023
Governance	City Region Deal Joint Committee

1. Purpose of the Report

1.1 To update the Joint Committee on:

- Programme Summary in relation to Governance, Milestones, Benefits, Finance & Risk
- Appendix A: Projects Update
- Appendix B: Integrated Impact Assessment

2. Recommendations for Action

2.1 It is recommended that the Aberdeen City Region Deal Joint Committee:

- Notes the content of the Programme Update and Projects Update at Appendix A
- Notes the updated Integrated Impact Assessment 3.1.4 and Appendix B

3. Programme Update

3.1 Governance

- 3.1.1** In December 2022, Regional Partners met with the United Kingdom (UK) and Scottish Governments (SG) for the Aberdeen City Region Deal (ACRD) Annual Conversation. The UK/SG noted the good progress on the deal to date.
- 3.1.2** Audit Scotland have conducted a review of the impact of their 2020 audit on City and Growth deals. ACRD returned an update with evidence on their work to date under the listed headings: governance and accountability, partnership working, financial management, measuring success, risks and opportunities, and lessons learnt.

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3.1.3 The ACRD Programme Board completed their annual review of the Terms of Reference in January 2023 to reflect relevant updates in reporting arrangements and membership.

3.1.4 The ACRD Integrated Impact Assessment (IIA) is a statutory requirement that is published and should be refreshed for the Deal regularly. Each project also has an IIA. The IIA provides an update on the Deal's impact on groups with protected characteristics, shows consideration and contribution to socio-economic inequalities, public sector equality duties and council's equality outcomes, it also reflects the Benefits Realisation Plan and is presented in Appendix B.

3.2 Major Milestones Achieved

3.2.1 The National Subsea Centre (NSC) has been officially opened on 11 January 2023 in Dyce, Aberdeen by Michael Matheson, Scottish Government Cabinet Secretary for Net Zero, Energy and Transport and Lord Offord of Garvel, UK Government Parliamentary Under Secretary of State. The National Subsea Centre is a multi-million-pound Centre of Excellence for subsea research and technology development, delivered through a partnership between Robert Gordon University (RGU) and Net Zero Technology Centre (NZTC) as part of the Aberdeen City Region Deal. The Centre is at the forefront of innovative, inclusive, and adventurous marine research, with the purpose of accelerating the energy transition through smart technologies applied to industrial and environmental challenges in subsea and related marine sectors. The NSC is focused on realising the full potential of our oceans which complements and contributes to key government strategic commitments, including the Scottish Government's National Strategy for Economic Transformation, the forthcoming Energy Strategy and the UK Government's Net Zero Research and Innovation Framework.

3.3 Benefits

3.3.1 The Benefits Realisation Plan is a requirement from UK/SG laid out in the Grant Offer Letter. It provides:

- Deal overview, including key inputs, outputs, outcomes, and impacts.
- Target audiences.
- Programme-level theory of change (logic model), demonstrating the expected causal relationship between inputs, outputs, outcomes, and impacts.
- Approach to measurement, evaluation, and baselining.
- Governance and oversight arrangements.

Projects will continue to report on the plan through the Annual Report and the annual Benefits update. The Communications group will continue to work with projects to highlight major milestones and benefits through coverage in the media.

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3.3.2 Media coverage can be viewed at www.abzdeal.com and includes the following coverage from the last quarter:

- NZTC – The Offshore Renewable Energy (ORE) Catapult announcing the WINTOG programme to examine pathways for integrated floating offshore wind technology
- NZTC - Project launched to create Hydrogen Highway from Scotland to Rotterdam
- Net Zero Technology Centre launches offshore energy data sharing project with Palantir Technologies and IndHu
- NZTC Open Innovation Programme 2023 - NZTC offering up to £500K per technology project in latest funding competition
- National Subsea Centre Officially Open in Aberdeen

3.4 Finances

3.4.1 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).

3.4.2 Actual expenditure for Q3 2022-23 is £100.958m. Forecast expenditure for the financial year is £135.953m, compared to the budget £142.029m a variance of £6.076m outlined in 3.4.4 - Table 2.

3.4.3 Digital Theme Finance Summary:

Table 1 shows a summary of the Digital Theme financial position at Q3 2022-23 by individual project.

Table 1: ACRD – Q3 2022/23 – DIGITAL THEME FINANCE BY PROGRAMME						
Digital Programme	Funding Source	Budget	Q3 Actual Expenditure	Forecast for year	Variance	Variance Notes/ Additional Comments
		£,000	£,000	£,000	£,000	
Duct Network	UKG/SG	609	212	609	0	
	Partners	1,000	0	327	(673)	Restrictions on the roads network means it is prudent to commence works later in Q3 reducing the forecast for the year and rescheduling costs to 2023/24.

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Full Fibre	UKG/SG	0	0	0	0	
	Partners	250	182	316	66	Milestone Payment Winter 2022 for additional site.
City Network Ext.	Partners	12,667	9,501	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. £12,667m this financial year.
Others	Councils	155	128	155	0	Staff resource costs to support the Digital programme.
Total		14,681	10,023	14,074	(607)	

Summary				
Funding Source	Budget	Q3 Actual Expenditure	Forecast for year	Variance
UKG/SG	609	212	609	0
Partners	14,072	9,811	13,465	(607)
Total	14,681	10,023	14,074	(607)

3.4.4 Table 2: Actual expenditure at Q3 2022/23 amounts to £100.958m.

Table 2: ACRD						
Programme	Funding Source	Budget	Q3 Actual Expenditure	Forecast for Year	Variance	Variance Notes
		£,000	£,000	£,000	£,000	
Net Zero Technology Centre	UKG/SG	23,400	10,600	19,100	(4,300)	Revised Drawdown schedule with £4.3m re-phased to 2023/24 - note funds committed however due to timing of payments, items will be paid in the following year.
	Partners	45,732	27,576	41,796	(3,936)	Revised profile of cash between financial years, activity re-phased to 2023/24.
BioHub	UKG/SG	7,554	6,691	7,251	(303)	Although construction expected to complete, some fit-out costs such as comm switches with long lead times forecasting to fall into Q1 2023/24.
	Partners	3,299	390	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	151	(2,500)	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.

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	Partners	1,772	1,194	2,305	533	This increase reflects the additional Just Transition funding which will be required in the year and partly offsets the reduction in ACRD funding.
Digital	UKG/SG	609	212	609	0	
	Partners	14,072	9,811	13,465	(607)	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	62	159	(401)	Resourcing issues have delayed the start of a number of projects including A90(N)/A952 project. These have now been addressed, although with the consequential delay to spend. Revised forecast prepared for Q3 and Q4, with spending re-profiled into FY2023/24, and FY2024/25.
Transport Links	UKG/SG	760	83	540	(220)	A change to the activity schedule with the technical consultants has been agreed which offsets a delay to the start of the ground investigation works which will now substantially take place in 2023/24.
	Partners	0	0	0	0	
Aberdeen Harbour Expansion	UKG/SG	0	0	0	0	
	Partners	41,620	44,288	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
Total		142,029	100,958	135,953	(6,076)	

Summary				
Funding Source	Budget	Q3 Actual Expenditure	Forecast for year	Variance
UKG/SG	34,974	17,637	27,651	(7,323)
Partners	107,055	83,321	108,302	1,247
Total	142,029	100,958	135,953	(6,076)

3.4.5 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

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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	19,100	27,100	14,900	10,200	180,000
	Partners	500	7,440	30,334	36,181	28,401	24,710	41,796	42,228	21,694	12,954	246,238
BioHub	UK/SG	0	0	318	723	1,685	9,720	7,251	303	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	151	8,969	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	13,465	6,659	504	2,120	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	159	610	600	451	2,000
Transport Links to Aberdeen South Harbour	UK/SG	0	28	128	139	106	70	540	875	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	49,120	0	0	0	419,873
Total		20,883	73,790	144,180	134,852	136,265	169,889	135,953	99,299	52,146	47,265	1,014,522

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	27,651	38,558	24,589	27,529	250,000
Partners	16,783	61,367	125,912	108,028	103,071	133,055	108,302	60,711	27,577	19,736	764,522
Summary Total	20,883	73,790	144,180	134,852	136,265	169,889	135,953	99,803	51,642	47,265	1,014,522

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
Summary 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

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	3,351	18,288	9,189	16,829	0
Partners	(35,287)	(31,578)	(48,573)	(5,572)	65,571	106,155	83,202	38,511	8,757	7,139	188,322
Summary Total	(35,687)	(42,405)	(66,255)	(21,498)	60,815	108,089	86,553	57,303	17,442	23,965	188,322

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4. Finance and Risk

- 4.1 The Tripartite financial agreement offers grant funding between 2016-2027. Until the remaining Business Cases (Digital and Transport Links to Aberdeen South Harbour) and associated timelines are finalised and agreed there is a risk that funding will be required post Deal. Partners have started exploring options with government on how this risk can be mitigated.
- 4.2 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 A: 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. In October 2022, NZTC announced the launch of the Technology Services group.

1.1.2 **Previous Milestone:** Launch of National Subsea Centre 11th January 2023

Next Milestone: Launch of Open Innovation Program 2 in Quarter 4 2022/ 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 342.

1.1.4 The focus this quarter has been on: completing Cohort 4 for TechX, commencement of TechX Cohort 5 program, award of the Open Innovation Program which will source technology to fill the technology gaps. The launch of National Subsea Centre on the 11th of January. Activity for the next quarter will include the launch of Open Innovation Program 2 which will be focussed on Digital Technology Developments.

1.1.5 **Finance:** Actual expenditure for Q3, including matched funding, amounts to £38.176m, of which £10.6m is funded by UKG/SG and £27.576m is funded from Partners. Partner funded R&D projects estimated at £3.936m have been reprofiled across 2022/23 and 2023/24.



Net Zero Technology Centre

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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

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 Construction progress from the last quarter includes:

- Externals
 - Main cladding works complete to all elevations
 - Kerbing and paving complete to west and south elevation
 - Louvre plant screens nearing completion.
 - Bridge foundations complete with bridge on site
 - Curtain walling complete
 - Basecourse applied to all tarmac areas
 - External doors are completed
 - Entrance cladding soffit works are now complete
 - Plant room roof complete with all flashings.
 - External brickwork complete to all elevations
- Internals
 - Lift no3 installation complete with lift 1&2 ongoing
 - Incubation labs and offices nearing completion with snagging ongoing
 - Vinyl to corridors nearing completion on level1
 - Sanitary ware complete to level 1,2 and 3
 - Doors and frames complete to level 1,2,3 and Mezz
 - Bulk heads and blind boxes complete to all level
 - Decoration ongoing to all levels.
 - Glazed screens complete to all levels
 - Handrails complete in stair 1

1.2.6 Stakeholder engagement planning is underway with a programme being developed for community, Foresterhill community, key partners, stakeholders and industry in the lead up to official opening late Spring 2023.

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- 1.2.7 **Finance:** £7.081m of actual expenditure at Q3, £6.691m funded from UKG/SG and £0.390m funded from Partners. Table 2 provides detail on the slippage of £0.303m of UKG/SG funding compared to original budget of £7.554m and slippage of £1.842m of Partner funded expenditure compared to original budget of £3.299m.



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:** Grant offers from Just Transition and Scottish Enterprise signed
Next Milestone: Receive and review construction contract cost and award construction contract
- 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 An updated Business case outlining additional opportunities around high value manufacturing, automation and decarbonisation given the demands on industry in current economic climate and environment secured offers for additional grant funding from Scottish Enterprise and the Just Transition Fund. Grant offers were signed in November and December 2022.
- 1.3.5 Following the challenges presented by cost volatility and inflation in the construction market, revised Stage 4 designs have been completed and sub-contractor work packages are being tendered by the preferred main contractor with a proposed contract sum to be delivered early Q4 2022/23. The final construction contract will be awarded towards the end of Q4 2022/23.
- 1.3.6 **Finance:** £1.245m of actual expenditure at Q3, £0.051m funded from UKG/SG and £1.194m funded from Partners. Table 2 provides detail on the slippage of £2.5m 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 A: 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 Business Case which was then 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 Winter 2022 for new additional site
Next Milestone: Additional site connected in Spring 2023 with Project close thereafter.
- 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 **Finance:** Table 1 provides a note on the forecast increase of £0.066m on Partners original budget of £0.25m for the year. Actual expenditure at Q3 amounts to £0.182m.



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

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Appendix A: 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 3 construction commenced in October 2022
Next Milestone: Phase 2 **100%** Complete February 2023
- 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 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. Works have stopped until February due to the roadworks Christmas restrictions. Phase 3 due to be completed at the end of December 2024.
- 1.5.6 **Finance:** Actual expenditure at Q3 amounts to £0.212m, funded by UKG/SG. Table 1 provides further information on underspend forecast of £0.673m compared to original Partners budget.

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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 approved recommendations 2, 3 & 4 in the Business case in November 2022
Next Milestone: Recommendation 1 to be explored further and to be reported back to Joint Committee in Feb 2023
- 1.6.3 In February 2021, a Digital Engagement Team (up to 2.5FTE) was approved and to date has supported residents, and businesses, in navigating the processes for better digital connectivity. Successfully promoting the Reaching 100% (R100) programme, they have engaged with 1,308 premises, 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 700 vouchers utilised to date which is over 30% of all the vouchers used in Scotland. Voucher uptake is at 12% in Aberdeenshire, is above the national average of 3.2%.
- 1.6.4 In November 2022, Port of Aberdeen 5G was approved at ACRD Joint Committee – this project will provide investment to the 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. Completing formal subsidy control process and drafting Legal agreement.
- 1.6.5 In November 2022, Huntly 5G was approved at ACRD Joint Committee - this project will provide investment in 5G infrastructure to ScotEID/Scottish Agricultural Organisation Society (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. Completing formal subsidy control process and drafting Legal agreement.
- 1.6.6 In November 2022, ONE 5G Pop Up Network was approved at ACRD Joint Committee – this project will 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, food and drink, tourism, ports and logistics. Completing formal subsidy control process and drafting Legal agreement.

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1.6.7 The November Business Case also outlined the urgent requirement to maximise fibre opportunities at pace in the areas in the region identified with very low/or no coverage. Officers have been meeting with Building Digital UK's Project Gigabit Team and the Scottish Government to discuss how Project Gigabit will be rolled out within the region. Project Gigabit is a £5bn UK Government initiative which aims to extend the reach of Gigabit Broadband into hard-to-reach communities. Project Gigabit will target premises currently unable to access gigabit speeds and that are not currently included in broadband suppliers' delivery plans.

In England, a number of Project Gigabit procurements have already been launched, with contracts awarded for delivery in Cumbria, North Northumberland and Teesdale in recent months. Procurements in England have been led by Broadband Delivery UK. It is anticipated that Project Gigabit procurements in Scotland will be developed jointly by the UK Government and Scottish Government through a collaborative approach, in which it is expected that the Scottish Government will be the lead partner on implementation management. Such procurements will be ADDITIONAL and complementary to any coverage provided by the R100 contracts and would not require City Deal funding. Further detail is expected to be available in the coming months. Therefore, to avoid duplication it is prudent to wait until then before any further progress investigating financial models for connecting up the region are made.

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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. 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 768Km 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 December 2022 continued with receipt of draft final Aberdeen Sub-Area Model (ASAM) model reports enabling commencement of audit. Inception completed for evidence

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review commission for A90(N)/A952. Progression of commission for Rail Freight Terminals study, ongoing support to progress the two “live labs” projects. Scoping discussions for A952 Wellington Road, and procurement strategy agreed.

- 1.8.7 Outlook for the next month is audit for ASAM; continued progression of work on rail terminals and A90(N)/A952 commissions; progression of work on the two “live-labs” studies, and commissioning of design work on Wellington Road.
- 1.8.8 **Finance:** Actual expenditure at Q3 amounts to £0.062m. Forecast for the year shows an underspend of £0.401m 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:** More than 60% of Port of Aberdeen's South Harbour development is operational
Next Milestone: Castlegate (West) is scheduled to open in January 2023 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
- 1.9.4 More than 40 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. Q3 £44.288m 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 A: 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

Next Milestone: Completion of Design Manual for Roads and Bridges (DMRB) Stage 2 on 30/04/2023

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 Consultants have reviewed the work done to date, have submitted an initial draft of the Inception Report, Quality Plan and Quality Statement for the commission, including project programme to project delivery. A Groundsure report has been produced/ Ground Investigation walkover undertaken; procurement documentation being prepared. Initial Ecological site surveys undertaken. Initial development of horizontal alignments and bridge options have been progressed.

1.10.5 Outlook for the next quarter will include Topographical Survey to be completed, preferred corridor to be development further and commence Procurement of Ground Investigation.

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1.10.6 **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 £0.220m lower than budget this year. Table 2 provides further information. Actual expenditure at Q3 amounts to £0.062m.

1.10.7 A summary of the key risks for the External Links project and mitigations is provided below

Description	Mitigation (Counter Measures)
Project programme extends beyond the agreed funding window of the City Region Deal (2026).	On-going monitoring of the project programme and early dialogue with City Region Deal funders if programme likely to go beyond City Region Deal window (2026)
Quality of Service –The developed solution does not meet the long-term expectations of key stakeholders such as ETZ, Port of Aberdeen, Community Groups and other Road Users	Regular liaison with Key Stakeholders at an early stage to confirm design requirements from the outset.
Reaching agreement with Network Rail on construction of new railway bridge. Network Rail seeking to control design process. Could result in project delays and cost over runs.	1. Establish points of contact with Network Rail.2. Request and obtain asset information and Bridge Asset Protection Agreement (BAPA).3. Review and agree BAPA.4. Consult NR throughout the assessment work.
If Utility Companies do not perform in accordance with the programme, then delays and extra costs could arise resulting in delay in completion of the Scheme.	Close and regular liaison with utilities throughout -contact established with Utilities providers -Key clashes to be identified and regular consultation undertaken to minimise impact during development of preferred option.
Necessary statutory approvals for development cannot be gained or are delayed resulting in overall project delays and cost increases	Early and continual engagement with ACC planning department, roads department and external statutory consultees.
Unable to acquire third party land required.	If land acquisition required, early engagement and discussion with relevant landowners to take place. Compulsory purchase process would be progressed in parallel to voluntary acquisition discussions
Landowners may not permit access for surveys/ ground investigation	Prepare Road Scotland Act S140 Notices in advance of any surveys or investigations
Ineffective internal communication	Hold regular senior management meetings. Prepare matrix of key personnel and note what information personnel should be kept up to date with.
Act of God/ Force Majeure/ Covid	To be guided by national strategies
Adverse reactions from public and businesses due to changes in traffic management and impacts of construction works on traffic flow in and around A1 tens.	Need careful communications and stakeholder engagement to ensure support for the scheme. Public consultation on all proposed route options has taken place with selected route corridor being preferred option. Detailed design of the preferred alignment to follow similar process.
Political support not achieved resulting in significant delays.	Preferred route corridor option already agreed by Elected Members on the City Resources and Growth Committee. Further stakeholder engagement and regular briefings of project delivery team, senior management team Elected Members and Cabinet.