

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report Name	Aberdeen City Region Deal Quarterly Progress Update
Lead Officers	Julie Wood, Interim Chief Officer City Growth, Aberdeen City Council Mary Beattie, Section 95 Officer, Aberdeenshire Council
Report Authors	Stuart Bews, ACRD Programme Manager, Aberdeen City Council Aigul Gray, Project Support, Aberdeen City Council John Lovie, Finance Accountant, Aberdeenshire Council
Date of Report	10th May 2024
Governance	City Region Deal Joint Committee

1. Purpose of the Report

1.1 To update the Joint Committee on:

- a) The progress of the last quarter of the Aberdeen City Region Deal Programme under the headings Governance, Milestones, Benefits and Finance. This report includes a visual Summary Dashboard in Programme Update.
- b) Each projects progress - Appendix A.
- c) MoU 5G projects progress – Appendix B

2. Recommendations for Action

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

- a) Notes the content of the Programme and Projects Update at Appendix A.
- b) Notes the update of 5G projects funded by the additional investment from Scottish Government Memorandum of Understanding in relation to Digital Programme for the Aberdeen City Region.

3. Programme Update

3.1 Summary Dashboard

- The Red Amber Green (RAG) status is over the agreed timeline for the 10-year Deal. Benefits realisation will continue post 2026/7.

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RAG Status: Green on track, Amber – items are being monitored and managed, Red - items are being escalated.

THEME	TIME	BUDGET	BENEFITS
Innovation			
Transport		<p>External Transportation Links to Aberdeen South Harbour If the Scheme Costs estimate exceeds the current available funding, it may not be possible to deliver the project in its entirety which may reduce the benefits of the scheme. The scheme estimate has been revised as part of the updated Outline Business Case. The risk allocation within the Quantified Risk Assessment includes a range of costs with the most probable risk outcome pushing the scheme estimate over the current available budget. Options for additional funding routes or potential phasing of delivery are being considered and include consideration of use of part of budget allocated to the Strategic Transport Appraisal.</p>	
		<p>Strategic Transport Appraisal The current programme has been reviewed reflecting on outcomes of Hydrogen Refueller study which indicated a reduced scope and funding requirement, alongside other pressures and opportunities. Updated proposals for business case development and associated funding allocations for the remaining three years of the Deal approved by Joint Committee on 9 February 2024.</p>	
Digital		<p>MoU funded 5G Projects Ministerial approval from Scottish Government Memorandum of Understanding was resolved including confirmation of 2025/26 funding.</p>	
		<p>There is remaining Digital funding to be committed. Partners have been awaiting confirmation of how Project Gigabit will be delivered within the region. Recent updates from Scottish and UK Governments indicate that Lot 5 (Aberdeen City & Aberdeenshire) is expected to be opened for procurement before Summer 2024. The Digital Engagement Team is monitoring Project Gigabit procurement process and supporting the development of build plans for the Aberdeen City Region.</p>	

3.2 Governance

3.2.1 As part of the Grant Offer Letter:

- Project Management Office submitted a bi-annual report to Scottish Government including forecast for the remainder of the term for the overall Programme and by individual Project in February 2024.
- An Annual Report and an Annual Benefits Realisation Report for 2023/24 is to be submitted to United Kingdom Government and Scottish Government

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(UK/SG) in summer 2024. These reports will be presented at September's Joint Committee incorporating any feedback from governments.

3.2.2 The Digital Programme is supported by a Digital Working Group made up of expertise and representation from wider networks. The Group meets regularly to collaborate and explore new project ideas qualifying criteria for the remaining Digital infrastructure funding.

3.2.3 UK Government (UKG) have been gathering research on regional economic growth initiatives as part of the Scotland Office's review into Local Economic Growth in Scotland. In order to gain a wide array and fuller understanding of views and to offer an additional opportunity to provide detailed reflections in relation to UK Government local growth interventions in Scotland. The Deal's Project Management Office (PMO) had an action to complete questionnaire by 23rd February 2024 as the first part of the dialogue, with a follow up engagement at Chief Executive and at political level once wider working level and stakeholder views linked to this Deal have been collated. Following the submission of the questionnaire, City & Growth Deals Team, Scotland Office have scheduled a follow-up in-person session with Deal's PMO on 8 May 2024. The outcome of this session will be circulated with the Aberdeen City Region Deal Programme Board and Joint Committee, and Chief Executive of both local authorities offline.

3.2.4 The Deal's regional partners have been aware of a [Call for Evidence - Committees - UK Parliament](#) from the Scottish Affairs Committee within the UK Parliament to provide response with the deadline for submission on 21 April 2024. The response was submitted by Chief Officer – City Growth of Aberdeen City Council, who is also Chair of the ACRD Programme Board following consultation with the City Region Deal Programme Board using the delegated authority from the Aberdeen City Region Deal Joint Committee granted in February 2024.

3.3 Project Gigabit

3.3.1 Project Gigabit is the UK Government's UK wide programme aiming to increase the availability of gigabit capable broadband infrastructure, with a target of reaching 85% of all premises by 2025, with the rest of the UK (or 99%) by 2030. In Scotland, delivery of Project Gigabit will be facilitated with the launch of 6 procurement lots, into which telecoms operators will bid for public subsidy to connect premises to gigabit capable broadband, which cannot currently access this, and are not in scope for any commercial or publicly funded plans to be upgraded to such.

3.3.2 Aberdeen City, along with the majority of Aberdeenshire, has been confirmed as being included in the Lot 5 procurement for Project Gigabit in Scotland, along with the Moray Coast, parts of Angus and Dundee City. The size and scope of this procurement lot has been determined with input from telecoms operators and the telecoms industry through a rolling Open Market review process.

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- 3.3.3 Updates from Scottish and UK Governments indicate that Lot 5 is expected to be opened for procurement before Summer 2024, with the procurement process likely to take a minimum of 12 months. After a successful bidder is announced, it is expected that a premise list showing deployment plans and scope will be developed and provided to stakeholders, including Local Authorities and the Aberdeen City Region Deal.
- 3.3.4 The Digital Engagement Team is committed to continue dialogue with all levels of Government, as well as with telecoms industry stakeholders, to monitor progress of Project Gigabit procurement and to support the development of build plans for the Aberdeen City Region.

3.4 Benefits

- 3.4.1 Projects will continue to report on the plan through the annual benefits update. The Communications group will continue to work with projects to highlight major milestones and benefits through coverage in the media.
- 3.4.2 Media update of individual projects can be viewed at www.abzdeal.com and include the following coverage from the last quarter:
- [National Subsea Centre Launches Centre for Doctoral Training in Net Zero Technologies](#)
 - [NZTC - Horizon Scanning Launch event](#)
 - [NZTC announces 2024 clean energy accelerator start-up cohort](#)
 - [NZTC - Corrosion Under Insulation Testing call for tech winners announcement](#)
 - [North-east food and drink hub One SeedPod 'on track' to open next year](#)
 - [Aberdeen South Harbour Link Road Public Exhibition](#)
 - [ONE Seedpod food manufacturing innovation hub marks construction milestone](#)

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 United Kingdom Government and Scottish Government 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 The Deal is growing from £826.2m to £1.013bn primarily because of additional investment from the private sector for the Net Zero Technology Centre, Digital, ONE BioHub and ONE SeedPod, and Aberdeen South Harbour. The Financial Summary is set out in Table 1, Table 2, and Table 3.
- 3.5.3 Table 3 includes a revised forecast of External Transportation Links to Aberdeen South Harbour in FY26/27 & 27/28 following the letter from the Chairs of the Scottish City Region and Growth Deals Delivery Board confirming that this project will be permitted to utilise the £25 million Government allocation until the end of financial year 2028/29.

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Additional anticipated private sector funding for ONE BioHub and ONE SeedPod projects are also recorded for this period.

Table 1: Digital Theme Finance Summary shows a summary of the Digital Theme outturn position at Q4 2023/24 by individual project.

Table 1: ACRD – DIGITAL THEME FINANCE SUMMARY					
Digital Programme	Funding Source	Budget	Q4 Draft Outturn	Variance	Variance Notes/ Additional Comments
		£,000	£,000	£,000	
Duct Network	UKG/SG	1,361	375	(986)	Phase 3 design and programme works that are progressing are delayed because of weather conditions; resources continue to be a risk going forward for completion of the phase. Partners are working on a non-material change request to revise spend profiles and project milestones, noting that the delivery of Phase3 remains within the Deal timeline.
	Partners	0	0	0	
Others/City Network Extension	Partners	7,722	4,721	(3,001)	Staff resource costs to support the Digital programme and Private Sector contribution to City Network Extension. Works originally programmed by Private Sector for 2023/24 now being undertaken in 2024/25.
Total		9,083	5,096	(3,987)	

Summary			
Funding Source	Budget £,000	Q4 Draft Outturn £,000	Variance £,000
UKG/SG	1,361	375	(986)
Partners	7,722	4,721	(3,001)
Total	9,083	5,096	(3,987)

Table 2: Outline the Deal Draft Outturn for Q4 2023/24 including forecast expenditure for the financial year compared to the allocated budget and variance notes.

Table 2: ACRD – ACTUAL EXPENDITURE COMPARED TO FORECAST					
Programme	Funding Source	Budget	Q4 Draft Outturn	Variance	Variance Notes
		£,000	£,000	£,000	

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Net Zero Technology Centre	UKG/SG	27,100	17,161	(9,939)	In light of NZTC moving from funding quarterly in advance to monthly in arrears, as well maintaining a 2-month cash float, NZTC's cashflow outturn of £9.9m not drawn down in 2023/24 and is instead deferred to 2024/25. A revision to the cashflow forecast also reprofiles an element to 2025/26.
	Partners	40,786	31,193	(9,593)	The level of matched funding activity has been updated to reflect current expectations.
ONE BioHub	UKG/SG	577	577	0	
	Partners	3,417	896	(2,521)	With ONE BioHub opening later than planned, partner spend in 2023/24 relating to tenant fit was lower than budgeted.
ONE SeedPod	UKG/SG	5,535	1,197	(4,338)	Construction programme extended to accommodate finalisation of steel design, with action being undertaken by the contractor to reduce the impact over the remainder of the period. This delayed the commencement of the mechanical and electrical installation, with costs moving into early 2024/25. In addition, funding from another party, which was time limited, was used ahead of ACRD funding.
	Partners	5,898	5,788	(110)	Reflects slightly lower contributions from private sector than originally anticipated.
Digital	UKG/SG	1,361	375	(986)	Notes per Table 1
	Partners	7,722	4,721	(3,001)	Notes per Table 1
Strategic Transport Appraisal	UKG/SG	614	517	(97)	Less draw down on during FY23/24 on hydrogen refuellers and mobility hubs projects. Projects re-profiled following CRD Joint Committee decision in Feb 24.
	Partners	0	0	0	
External Transportation Links to Aberdeen Harbour Expansion	UKG/SG	986	956	(30)	An anticipated overspend for the financial year reported at Q3 did not materialise and spend ultimately aligned closely with original budget. Ground investigation costs were less than previously estimated.
	Partners	0	0	0	
Aberdeen Harbour Expansion	UKG/SG	0	0	0	
	Partners	2,200	2,234	34	Reflects slightly higher contributions from private sector than originally anticipated.
Total		96,196	65,615	(30,581)	

Summary

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Funding Source	Budget £,000	Q4 Draft Outturn £,000	Variance £,000
UKG/SG	36,173	20,783	(15,390)
Partners	60,023	44,832	(15,191)
Total	96,196	65,615	(30,581)

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Table 3: Outline the financial profile for the remainder of the Deal and prior year spend for each of the projects.

Table 3: ACRD Profile														
PROGRAMME		Actual	Actual	Actual	Actual	Actual	Actual	Actual	Draft Outturn	Forecast	Forecast	Forecast	Forecast	Grand Total
Project	Funding Source	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	£,000
		£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	
Net Zero Technology Centre	UK/SG	4,100	12,200	17,600	25,200	26,700	22,900	19,100	17,161	15,693	15,881	3,465	0	180,000
	Partners	500	7,440	30,334	36,181	28,401	24,710	46,274	31,193	22,359	10,953	0	0	238,345
ONE BioHub	UK/SG	0	0	318	723	1,685	9,720	6,977	577	0	0	0	0	20,000
	Partners	101	157	532	460	281	2,374	550	896	3,810	3,634	3,600	3,600	19,995
ONE Seedpod	UK/SG	0	0	0	111	376	393	245	1,197	7,678	0	0	0	10,000
	Partners	13	21	53	469	424	1,350	2,751	5,788	1,471	1,476	1,409	1,401	16,626
Digital Theme	UK/SG	0	0	45	257	4,142	3,606	589	375	986	0	0	0	10,000
	Partners	0	0	8,842	16,305	9,839	8,496	11,711	4,721	3,084	3,002	0	0	66,000
Strategic Transport Appraisal	UK/SG	0	195	177	394	185	145	136	517	1,000	1,970	281	0	5,000
	Partners	180	0	0	0	0	0	0	0	0	0	1,820	0	2,000
External Transportation Links to Aberdeen South Harbour	UK/SG	0	28	128	139	106	70	419	956	3,162	11,000	8,000	992	25,000
	Partners	0	0	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	0	0
	Partners	15,989	53,749	86,151	54,613	64,126	96,125	47,120	2,234	0	0	0	0	420,107

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Total	20,883	73,790	144,180	134,852	136,265	169,889	135,872	65,615	59,243	47,916	18,575	5,993	1,013,073
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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	26/27	27/28	Total
UK/SG	4,100	12,423	18,268	26,824	33,194	36,834	27,466	20,783	28,520	28,519	11,746	992	250,000
Partners	16,783	61,367	125,912	108,028	103,071	133,055	108,406	44,832	27,705	30,724	6,829	5,001	763,073
Total	20,883	73,790	144,180	134,852	136,265	169,889	135,872	65,615	59,243	47,916	18,575	5,993	1,013,073

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	26/27	27/28	Total
UK/SG	4,500	23,250	35,950	42,750	37,950	34,900	24,300	20,300	15,400	10,700	0	0	250,000
Partners	52,070	92,945	174,485	113,600	37,500	26,900	25,100	22,200	18,800	12,600	0	0	576,200
Summary Total	56,570	116,195	210,435	156,350	75,450	61,800	49,400	42,500	34,200	23,300	0	0	826,200

Original Deal v Current Profile													
Funding Source	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	Total
UK/SG	(400)	(10,827)	(17,682)	(15,926)	(4,756)	1,934	3,166	483	13,119	18,151	11,746	992	0
Partners	(35,287)	(31,578)	(48,573)	(5,572)	65,571	106,155	83,306	22,632	11,924	6,465	6,829	5,001	186,673
Summary Total	(35,687)	(42,405)	(66,255)	(21,498)	60,815	108,089	86,472	23,115	25,043	24,616	18,575	5,993	186,873

4. Finance and Risk

- 4.1** 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.”

Appendix A: Project Update

1.1 Innovation Theme - 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 United Kingdom Government and Scottish Government (UK/SG) in March 2018, December 2020 and October 2022 – targets were met or exceeded. June 2021, Net Zero Technology Centre (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:** Kick off TechX Cohort 6; Commencement of Open Innovation Projects (OIP2) Projects; NZTC Parliamentary Reception - to engage with MPs and raise awareness of NZTC ahead of submitting the new business case; Horizon Scanning Launch event – to position and promote NZTC's Horizon Scanning Service with industry to generate demand and leads in Q4 2023/24.

Next Milestone: TechX Cohort 6 delivery progressing with graduation planned for June 2024; In Q1 2024/25 OIP2 projects progress to completion and plan to launch Geothermal Centre; NZTC is working on delivering Phase 3 of the business case relating to NZTC post ACRD funding.

1.1.3 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).

1.1.4 The focus in this quarter was on the delivery of Technology Services Projects, along with commencement of the Open Innovation Projects and kick off of TechX Cohort 6. Preparation work on Geothermal Centre Launch is estimated for June 2024.

1.1.5 **Finance:** Draft Outturn expenditure for 2023/24, including matched funding, amounts to £48.34m, of which £17.161m is funded by UKG/SG and £31.193m is funded from Partners. Table 2 provides further information.



Caption: Net Zero Technology Centre

Appendix A: Project Update

1.2 Innovation Theme – ONE 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. Successful Checkpoint review with United Kingdom Government and Scottish Government (UK/SG) took place in January 2020 and October 2022. ONE BioHub opened officially to users on 31 August 2023.
- 1.2.2 **Previous Milestone:** The first ONE BioHub tenant was signed up in September 2023
Next Milestone: Commercial discussions are advancing with several potential tenants for bespoke fit-out space within the hub
- 1.2.3 ONE BioHub (Bio-therapeutics Hub for Innovation) is a ten year £40million investment project to accelerate growth and build on the strengths of the Life Sciences cluster in the North-East of Scotland, which includes the company base, University of Aberdeen, Robert Gordon University and NHS Grampian. The ONE BioHub website can be viewed at www.biohubaberdeen.com
- 1.2.4 Since opening, ONE BioHub has hosted national industry trade bodies, international investors, and sector programmes to inspire the next generation of entrepreneurs and founders from within the region's universities and support startup and scaling businesses with best-in-class entrepreneurial education and mentoring. Over 2,000 members of the region's commercial, research, academic, and clinical life sciences community have used the hub.
- 1.2.5 ONE will continue to support ONE BioHub to work with partners to identify and secure further funding to fit out future growth spaces within the building for identified tenants.
- 1.2.6 ONE Life Sciences continues to deliver support to Life Sciences Companies through the delivery of activities, programmes and networking events.
- 1.2.7 **Finance:** Draft Outturn expenditure for 2023/24, including matched funding, amounts to £1.473m, of which £0.577m is funded by UKG/SG and £0.896m is funded from Partners. Table 2 provides further information.



Caption: ONE BioHub

Appendix A: Project Update

1.3 Innovation Theme – ONE SeedPod

1.3.1 **Key Milestones achieved:** The Food Hub Business Case approval by Joint Committee in August 2018; an updated Business Case was approved by the United Kingdom Government and Scottish Government (UK/SG) in January 2019. Successful Checkpoint review took place in January 2020 and October 2022. SeedPod change request highlighting key changes since the approved 2019 Business Case was approved by UK/SG Deals Board in July 2022 and at ACRD Joint Committee in September 2022.

1.3.2 **Previous Milestone:** Building wind & watertight; Internal fit out commenced in Q4 2023/24
Next Milestone: Completion of build project H2 2024/25

1.3.3 ONE SeedPod (The Food Hub) is a £27 million investment in the food and drink industry to create an innovation hub for manufacturing and production in North East Scotland that will deliver regional and national growth ambitions A link to the project can be viewed at [SeedPod | ONE \(opportunitynortheast.com\)](https://www.seedpodone.com)

1.3.4 The focus in this quarter was on:

- Roof cladding, external brickwork and internal partitions: The construction of these elements started in February and continued in March despite the wet and cold weather.
- Feature staircase and glass curtain walling: These components were installed in the atrium in March, adding to the aesthetic appeal of the building.
- Construction value work package commissions: As of mid-March, 96% of these commissions have been placed, indicating a high level of progress and efficiency.
- Internal fit out work: This work began in March with the Mechanical & Electrical installation and a significant increase in contractor activity on site.
- SRUC utility provision commitments: These commitments have been delivered in terms of the SSEN HV link and substation, and the Scottish Water new water supply connection to the west of the site.
- Roof topping comms event on 25 March 2024 involving funding partners was well covered in local media and social media, raising the profile of ONE SeedPod.

Operational planning underway in preparation for handover.

1.3.5 **Finance:** Draft Outturn expenditure for 2023/24, including matched funding, amounts to £6.985m, of which £1.197m is funded by UKG/SG and £5.788m is funded from Partners. Table 2 provides further information.



Caption: ONE SeedPod

Appendix A: Project Update

1.4 Innovation Theme - Aberdeen South Harbour – Project Completed

- 1.4.1 **Key Milestones achieved:** The Aberdeen Harbour Extension Business Case approved in August 2017. The Aberdeen City Region Deal investment in the project ran to £11 million, made up of Aberdeen City Council and Aberdeenshire funding. Construction of this transformational project started in 2017, with a phased handover of the quaysides from construction teams to marine operations since July 2022 and was fully completed in August 2023.
- 1.4.2 Aberdeen South Harbour officially opened in September 2023 and the expanded port now offers its customers and port users 7.6km of quayside, making it Scotland's largest berthage port. South Harbour adds an additional 1.5km of deepwater berths (up to a maximum of 15m depth) to the port estate and can accommodate ships up to 300m in length, a significant increase to the port's previous capability of 165m. It also has extensive heavy-lift zones, and 125,000m² of flexible laydown space with expansive project areas.
- 1.4.3 Her Royal Highness the Princess Royal officially opened South Harbour on Friday 22 September 2023 marking the completion of the UK's largest marine infrastructure project. During the event, The Princes Royal engaged with a wide range of people who helped take Aberdeen South Harbour from concept to completion, as well as representatives from the private, public and third sectors.
- 1.4.4 The Aberdeen City Region Deal Joint Committee has marked an important milestone, with the official project closure being signed off for Port of Aberdeen's Aberdeen South Harbour expansion in February 2024.
- 1.4.5 The expanded port is a national strategic asset and supports the economy of the North East and contributing to national and international connectivity, vital freight connections, the drive to net zero and Scotland's Just Transition. The Port will continue to share information in terms of the Benefits of the Aberdeen South Harbour project. All benefits will be captured in the Aberdeen City Region Deal Benefits Realisation Plan annually.



Caption: Aberdeen South Harbour

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Appendix A: Project Update

1.5 Digital Theme - Duct Network

- 1.5.1 **Key Milestones achieved:** In January 2017, Joint Committee approved the Duct Network Extension Business Case. United Kingdom Government and Scottish Government (UK/SG) approved in January 2019. A Phase 2 approved in December 2020 and Phase 3 in February 2022. Successful checkpoint reviews with UK/SG took place in 2019, 2020 and October 2022.
- 1.5.2 **Previous Milestone:** Phase 2 100% completed
Next Milestone: Phase 3 programme ongoing design planning to be continued in Q1 2024/25
- 1.5.3 Aberdeen City Council already operates a duct network in the city, and this will be expanded to cover key strategic transport 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 started for Phase 1 - West Route (A944) and Phase 2 - South route (A956). Phase 1 completed in September 2022 and Phase 2 completed in September 2023.
- 1.5.5 Phase 3 design and programme works is progressing with delay as a result of weather conditions. The resources continue to be a risk going forward for completion of Phase 3. Therefore, partners are working on change request to revise project financial spend and project milestones completion, noting that the delivery of Phase 3 remains within the Deal timeline.
- 1.5.6 This quarter the Squad relocated from Anderson Drive to Holburn street to improve the traffic management and reduce the disruption caused by the resurfacing work.
- 1.5.7 **Finance:** Draft Outturn expenditure for 2023/24, amounts to £0.375m and is funded by UKG/SG. Table 1 provides further information.

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Appendix A: Project Update

1.6 Digital Theme - City Network Extension– Project Completed

1.6.1 **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 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 United Kingdom Government and Scottish Government (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.'

1.6.2 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.

1.6.3 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.

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Appendix A: Project Update

1.7 Digital Theme - Full Fibre Infrastructure – Project Completed

1.7.1 **Key Milestones achieved:** In February 2018, Joint Committee approved a revised (January 2017) Digital Infrastructure Project Business Case which approved by United Kingdom Government and Scottish Government (UK/SG) in January 2019. Network build started in June 2020. Original contract network build completed in March 2022. Successful Checkpoint reviews with UK/SG took place in 2019, 2020 and October 2022.

1.7.2 The Full Fibre project was designed as a public sector anchor tenancy model, meaning that by connecting public sector through an approved framework it could stimulate a commercial investment into the city and region, to rollout fibre to the premises (FTTP) to homes and businesses. It was delivered in partnership between Neos, Aberdeenshire Council, Aberdeen City Council and NHS Grampian under the Aberdeen City Region Deal (ACRD).

1.7.3 The project represented a major investment and commitment to bring full-fibre connectivity to the region to boost economic activity and quality of life as well as improve the delivery of public services. All sites within the original contract have been connected and transitioned to the corporate network. A saving in the resources budget allowed additional sites to be added. In March 2023, the last milestone was completed – a new school was connected and final payments made.

1.7.4 To date the following benefits have been met and realised:

- Increased availability of fibre to the premises in Aberdeen City Region - the dark fibre network stretches for some 275km and links six major locations - Aberdeen, Westhill, Stonehaven, Banchory, Inverurie and Ellon as well as the smaller communities in between. This network connects 192 public sector buildings is within reach of 44,000 homes and 1,700 business premises. Unused capacity within the network can be offered commercially to residents and businesses across the region.
- Employment opportunities delivered via Community Benefits clauses.
- Full Fibre project announced as the outright winner of the prestigious Social Value Award.

1.7.5 Benefits still to be fully realised include:

- Neos are building an upgraded Ciena Optical network connecting Aberdeen diversely to Inverness, Perth, and Dundee and from there Edinburgh, Glasgow and the rest of the UK. This build will enable NEOS to offer higher capacity resilient services to be offered to and from the Aberdeenshire area. The network is well underway and is expected to be ready for service later this calendar year. There is already interest from a number of Altnets in buying high-capacity services on this build upgrading their backhaul from the region.

1.7.6 The Digital Programme will continue to work with NEOS and report on the Benefits of the Full Fibre infrastructure project. All benefits will be captured in the ACRD Benefits Realisation Plan annually.

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Appendix A: Project Update

1.8 Transport Theme - Strategic Transport Appraisal

- 1.8.1 **Key Milestones achieved:** The Strategic Transport Appraisal Business Case approval by Joint Committee, Aberdeenshire Committee and United Kingdom Government and Scottish Government (UK/SG) in November 2017. Successful Checkpoint Reviews with UK/SG took place in November 2019, March 2021 and November 2023. Proposals for the next years of work on the Strategic Transport Appraisal were considered by the Aberdeen City Region Deal (ACRD) Joint Committee in May 2021 and were updated in June 2022 to reflect progression of work. ACRD Joint Committee in February 2024 to reflect progression of work and changes in external funding environment.
- 1.8.2 **Previous Milestone:** Strategic Transport Appraisal Budget Proposals Q4 2023/24
Next Milestone: Business Case development 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.
- 1.8.4 Work on the Strategic Transport Appraisal to date has successfully informed the Regional Transport Strategy, which has been approved by the Transport Minister. Local authorities are basing their Local Transport Strategies on this work.
- 1.8.5 In February 2024, the ACRD Joint Committee approved updated proposals for business case development and associated funding allocations for the remaining three years of the Deal. The current programme has been reviewed reflecting on outcomes of Hydrogen Refueller study which indicated a reduced scope and funding requirement, alongside other pressures and opportunities. Updated Strategic Transport Appraisal proposals include:
- **ASAM Transport Model** – now completed and being used for range of projects across the region to assist with future year forecasts for appraisals. Being used as an input to “evidence reports” for each local authority’s Development Plan.
 - **A90/A952 Appraisal** – Continuing scheme development beyond Scottish Transport Appraisal Guidance (STAG) options appraisal to Design Manual for Roads and Bridges (DMRB)/Business Case responds to need and opportunity to deliver an infrastructure improvement at pace.
 - **A956 Wellington Road** – Extend scope through to DMRB Stage 3 (detailed design), ensuring coverage between Craigshaw Drive and Charleston Road North.
 - **Rail Freight Terminals Review** – Current stage of work completed in November 2023, no immediate requirement for further options development, pending outcome of other workstreams.
 - **Regional Hydrogen Refuellers** – Reduce scope to consider business case for solution such as a portable fuelling facility, linked to initial H2 HGV / fleet trials in regional locations.
 - **Mobility Hubs** – Strategic business case work ongoing, anticipating reporting in FY 2024/25.

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Appendix A: Project Update

- **Aberdeen Rapid Transit (ART) Development** - Progression of business case development for Aberdeen Rapid Transit proposals, building on STAG and Strategic Business Case work already underway.

1.8.6 **Finance:** Draft Outturn expenditure for 2023/24, amounts to £0.517m which is funded by UKG/SG.

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Appendix A: Project Update

1.9 Transport Theme - External Transportation Links to Aberdeen South Harbour

1.9.1 **Key Milestones achieved:** The project has undergone various stages of appraisal and assessment, such as the Strategic Business Case, the Scottish Transport Appraisal Guidance (STAG) Pre-Appraisal, the STAG Detailed Options Appraisal, and the Outlined Business Case.

1.9.2 **Previous Milestone:** Updated Outlined Business Case update; DMRB Stage 3 – Engineering and Environmental Assessment Reports in Q4 2023/24

Next Milestone: Submission of Planning Application in Q1 2024/25

1.9.3 The project External Transportation Links to Aberdeen South Harbour is focussed on delivering the most appropriate road, public transport and active travel measures to improve wider linkages to the Aberdeen South Harbour Development at Bay of Nigg and support the Energy Transition Zone.

1.9.4 The External Transportation Links to Aberdeen South Harbour project is being progressed by Aberdeen City Council, as Local Roads Authority. Following the early Scottish Transport Appraisal Guidance (STAG) assessment stages the project has progressed through the Department for Transport (DfT), Design Manual for Roads and Bridges (DMRB), Scheme Assessment Reporting processes.

- The DMRB Stage 2 Route Option Assessment process identified a preferred route option within the STAG preferred corridor in September 2023.
- The DMRB Stage 2 preferred route option was refined and subject to DMRB Stage 3 Scheme Assessment.
- The Stage 3 design includes segregated uni-directional cycle facilities on both sides of Hareness Road.
- A revised right/left stagger at the Hareness Road/Hareness Place/Coast Road priority junction is provided.
- The new bridge over the Aberdeen to Dundee Railway line removes the current shuttle working and constrained horizontal alignment.
- An Outline Business Case (OBC) has been developed to present the case for the intervention.
- Detailed Design for the project has commenced and pre-planning application engagement has concluded.

1.9.5 **Finance:** With a £25m investment from UKG/SG this project's main period of expenditure will be towards the end of the Deal period. Draft Outturn expenditure for 2023/24, amounts to £0.956m which is funded by UKG/SG. Table 2 provides further information.

1.9.6 A summary of the key risks for the project and mitigations is provided below.

Description	Mitigation (Counter Measures)
Quality of Service –The developed solution does not meet the long-term expectations of key stakeholders such as Energy Transition Zone (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.

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Reaching a agreement with Network Rail on construction of new railway bridge. Network Rail (NR) 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 a set 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 Aberdeen City Council (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.
If the Scheme Costs exceeds the current available funding it may not be possible to deliver the project in its entirety, this may reduce the benefits of the scheme.	As the detailed design for the project progresses further design development and value engineering will be conducted to reduce costs. Options for additional funding routes or potential phasing of delivery are being investigated.

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Appendix B: MoU Digital – 5G Project Update

1.1 Digital Theme - 5G projects

1.1.1 **Key Milestones achieved:** Projects 5G Port of Aberdeen, Huntly and ONE Pop Up Network recommended options as part of the Digital Infrastructure Business Case Gap Analysis approved at Aberdeen City Region Deal (ACRD) Joint Committee in November 2022.

1.1.2 **Previous Milestone:** 5G Project initiation & start procurement Q4 2023/24

Next Milestone: Port of Aberdeen 5G project: Commencement of installation work; Huntly 5G project: Completion of the development of technical and systems integration requirements to support identified case studies; ONE 5G Pop Up Network: Launch of the first project.

1.1.3 In November 2022 the outcome of the digital infrastructure gap analysis produced three new projects to deliver 5G networks in the region. 5G Project initiation & start of procurement process commenced following completion of subsidy control and signed 5G Grant Agreements in 2023/24. The focus of this quarter for three 5G projects was:

- **Port of Aberdeen 5G project** - The Public Contracts Scotland tender process was completed and a successful network provider and supporter, North SV Limited, was appointed. In the next period, the key tasks include specifying and ordering key network infrastructure for South Harbour, partially installing it, identifying initial use cases in South Harbour and establishing purchasing requirements. Approved budget amounts to £1m.
- **Huntly 5G project** - The project team has identified and engaged with various stakeholders, including Huntly Development Trust, Opportunity North-East, ScotEID, Mobile Network Operators and the Scotland 5G Centre. The project has identified several use cases, such as town centre WiFi, environmental monitoring, ambient assisted living, livestock methane sensing, biodiversity monitoring, and off-grid 5G. The project has also procured and will test various technologies, such as standalone 5G network, 5G NB-IoT, LoRaWAN sensors, and next generation fixed wireless access. The next phase of the project will include developing the technical and systems integration requirements to support identified case studies. Approved budget amounts to £1.5m.
- **ONE 5G Pop Up Network** - The project has completed the implementation plan, equipment specification, pilot site identification, and a public event in the reporting period. The project plans to receive, test, and commission the equipment, continue the business engagement, launch the first project, open the applications for project funding, and identify the second and third deployment sites in the next reporting period. Approved budget amounts to £0.327m.

1.1.4 **Finance:** 5G Digital projects was approved to be funded from the Scottish Government Memorandum of Understanding (MoU) additional investment announced alongside the City Region Deal in March 2016.

- £10 million for extension of digital infrastructure in the Aberdeen and Aberdeenshire area above and beyond the commitment through the City Deal.

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Appendix B: MoU Digital – 5G Project Update

The Aberdeen City Region Deal Joint Committee will be kept informed of progress with the overall digital project so it can maximise synergies with the rest of the City Region Deal investments.

1.1.5 The Financial Summary of 5G projects is provided in the Table 1 below.

Table 1: MOU - DIGITAL THEME FINANCE SUMMARY				
Digital Programme	Funding Source	2023/24 Budget	Q4 Draft Outturn	Variance
		£,000	£,000	£,000
Port of Aberdeen 5G project	SG (MoU)	0	0	0
Huntly 5G project	SG (MoU)	200	200	0
ONE 5G Pop Up Network	SG (MoU)	100	100	0
Total		300	300	0

Summary			
Funding Source	2023/24 Budget £,000	Q4 Draft Outturn £,000	Variance £,000
SG (MoU)	300	300	0
Total	300	300	0