

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	26 March 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen City Region Deal – Transport Theme
REPORT NUMBER	CR&E/25/067
EXECUTIVE DIRECTOR	Gale Beattie
CHIEF OFFICER	Julie Richards-Wood
REPORT AUTHOR	Stuart Bews
TERMS OF REFERENCE	1.1.3

1. PURPOSE OF REPORT

- 1.1 To seek approval from Committee to reallocate £575,000 of Aberdeen City Council (the Council) funding from the Aberdeen City Region Deal (ACRD) project 'Strategic Transport Appraisal' to 'External Transportation Links to Aberdeen South Harbour' which is being delivered by Aberdeen City Council as Roads Authority.

2. RECOMMENDATION

That the Committee:-

- 2.1 Approve the virement of £575,000 of committed Council funding against the ACRD Strategic Transport Appraisal (STA) project to External Transportation Links to Aberdeen South Harbour (ETLASH) project; and
- 2.2 Delegate the authority to the Chief Officer - City Development and Regeneration, in consultation with the Chief Officer Capital, to reallocate any uncommitted Aberdeen City Council Contribution to the ACRD to the ETLASH project where the Aberdeen City Region Deal Joint Committee agree to do so through the existing ACRD change control process.

3. CURRENT SITUATION

- 3.1 The Strategic Transport Appraisal (STA) is a project under the ACRD and has a funding allocation of £7million against it, this is made up of £2.5 million each from the UK and Scottish Governments, as well as £1million each from both the Council and Aberdeenshire Council. The STA project is a long-term strategic view of the transport implications unlocked by the ACRD investment across different modes of transport. This work is based on Scottish Transport Appraisal Guidance (STAG) and recognises the priorities of local, regional and national transport plans and programmes. The STA Business Case was approved by the ACRD Joint Committee in November 2017.

- 3.2 The External Transport Links Aberdeen South Harbour (ETLASH) has committed ACRD funding of £25million in order to maximise the impact of the Aberdeen South Harbour expansion on the wider regional and national economy. This is made up of £12.5million from both the UK and Scottish Governments for supporting infrastructure.
- 3.3. ETLASH is an important project to the regional economy; with the increased capacity and anticipated demand for Aberdeen South Harbour, there is a desire to maximise the impact of the harbour expansion on the wider regional and national economy. The ETLASH project will enhance the capacity of the South Harbour to help meet existing and future demands from industry. The project will deliver improvements to the existing, and develop new, road and active travel infrastructure. The release of the current constraint imposed by the existing access arrangements enables larger equipment to be shipped through the facility, which is particularly important for onshore renewable projects, located across both Aberdeen City and Aberdeenshire areas.
- 3.4 On 9th February 2024 the ACRD Joint Committee had before it a report (item 09 Strategic Transport Appraisal) which sought approval for updated proposals for the future business case development and associated funding allocations for the remaining three years of the Aberdeen City Region Deal. The report noted that the current programme had been reviewed reflecting on outcomes of Hydrogen Refueller study with indicated a reduced scope and funding requirement, alongside other pressures and opportunities. The table below shows the updated STA Financial profile agreed by the Joint Committee, which included an addition of £1.15m for funding from STA to ETLASH.

Table 1 (As presented to ACRD Joint Committee in February 2024)

STA Project	Funding Allocations for Financial Years 24/25, 25/26 and 26/27 £K	Change from Previous Assumption £K
A90/A952 (Ellon/Peterhead/Fraserburgh)	650	+470
A956 Wellington Road Junctions	650	+650
Rail Freight Terminals	50	0
ASAM 19 Testing	55	+55
Regional H2 Refuellers	500	-2,800
Mobility Hubs	250	-1,500
Project Management	14	-115
Aberdeen Rapid Transit/ Bus Corridors	1,740	+1740
External Links to Aberdeen South Harbour (ETLASH)	1,150	+1,150
Total	5,060	0

3.5 The updated Outline Business Case (OBC) for ETLASH was also included in a report to the ACRD Joint Committee of 9th February 2024. The report indicated a risk element that exceeded the £25million funding envelope to cover potential cost increases or unforeseen future costs. Both the report and the updated OBC identified that they were prepared on the basis that the shortfall of funding could be met by funds within the Aberdeen City Region Deal, specifically from funds reallocated from the Strategic Transport Appraisal element. Subsequently the Joint Committee agreed to:

“(2) subject to the recommendations within item 09 being approved by the Joint Committee, approve the updated Outline Business Case (Appendix [C]);”

3.6 In November 2024 the ACRD Joint Committee noted that the Joint Committee previously indicated support for the reallocation of £1.15m of funding from STA, from the two Local Authority contributions, however requested that a further report should be submitted to the next ACRD Joint Committee which would:

- Provide detail of the impact of the use of these funds for External Links to Aberdeen South Harbour Road on the projects within the original STA business case they were originally intended for;
- Provide detail of the process by which approval is to be sought from both councils and the Scottish Government (for the virement of £1.15m from STA to ETLASH) and;
- Seek approval for this process to be followed.

3.7 In February 2025 a report was presented to ACRD Joint Committee as requested. The ACRD Joint Committee agreed to:

- note the process to be followed (for the virement of £1.15m from STA to ETLASH);
- Instructs the Chief Officer, City Development and Regeneration, Aberdeen City Council, and the Head of Service, Planning and Economy, Aberdeenshire Council, to submit reports to Aberdeen City Council and Aberdeenshire Councils respectively seeking approval from each for the virement of £575,000 from the Strategic Transport Appraisal project to the Aberdeen City Region Deal External Transportation Links to Aberdeen South Harbour project and;
- Agree to reconvene a special one-item Aberdeen City Region Deal Joint Committee meeting at the earliest available opportunity following the 26 March Aberdeen City Council Finance and Resources Committee to approve a material change request.

3.8 This decision of the ACRD Joint Committee instructs officers to follow the process of seeking approval for the virement of £575,000. This process is used

because the funding is sourced from the Council’s contribution rather than from the two Governments.

- 3.9 It is important to note that there is no impact on the STA work as the STA business case projects continue to progress within the overall financial allocations set for this phase of work. The work programme delivers the STA key objectives as originally intended within the original STA business case and can accommodate this virement to ETLASH.
- 3.10 Aberdeenshire Council officers recommended approval for the virement of £575,000 from the STA project to ETLASH on the 20th February 2025 to Aberdeenshire Full Council. A motion was presented by Aberdeenshire Council Leader which was supported. The decision of Aberdeenshire Council was to “reject the reallocation of £575,000 of capital funding already allocated to Aberdeen City Region Deal, Strategic Transport Appraisal, to the Aberdeen City Region Deal External Transportation Links to Aberdeen South Harbour project and offer to work with Aberdeen City council colleagues to seek alternative funding sources”.
- 3.11 The proposed virement of funding to the ETLASH project will help to provide the financial confidence to enable the approval of the updated OBC at a future Joint Committee meeting. This will trigger the agreement of funding for the next stage of the project and ensure the timely completion of this crucial harbour road which also meets the ACRD objectives.
- 3.12 Aberdeen City Council committed £10m to the Aberdeen City Region Deal.

Theme	ACC Commitment	ACC Commitment Allocated to project(s)	ACC Commitment currently unallocated
Innovation	£5,500,000	£5,500,000	£0
Digital	£3,500,000	£2,573,013	£926,987
Transport	£1,000,000	£425,000	£575,000
TOTAL	£10,000,000	£8,498,013	£1,501,987

The table above shows the split of Council funding across the ACRD themes of Innovation, Digital and Transport. Of the £10,000,000 committed by the Council £8,498,013 has been committed to projects following approval. There is £1,501,987 of the Council contribution that is currently uncommitted to projects, noting that this report recommends the allocation of £575,000 in transport be vired from STA to ETLASH in line with the decision of the ACRD Joint Committee in February 2024.

4. FINANCIAL IMPLICATIONS

- 4.1 Aberdeenshire Council rejected the recommendation to vire £575,000 of their STA contribution to ETLASH at their meeting of Full Council on 20th February 2025. If Aberdeen City council agrees to vire £575,000 to ETLASH from STA,

there will still be a shortfall of £575,000 to cover the full extent of the risk element as identified.

- 4.2 Following the decision of Aberdeenshire Council not to support the virement of funding, officers will explore options to reprofile Aberdeen City Council funding from other themes of the Aberdeen City Region Deal.

5. LEGAL IMPLICATIONS

- 5.1 No legal implications, this request is a virement of underspend from one ACRD project to another and the Council funding is already committed to ACRD. A special ACRD Joint Committee will be arranged to approve this material change request in line with agreed ACRD governance.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications from the approval request of this report and the individual projects have an outline business case, or full business case attached to them which will detail this information.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	If not approved ETLASH may not be able to meet strategic objectives under the ACRD	Approve reallocation of ACRD funding	L	Yes
Compliance	None, the relevant approvals are being requested and reported as necessary	None	L	Yes

Operational	If reallocation not approved this could delay procurement of construction works	Approve reallocation of funding and risk will be substantially lowered	L	Yes
Financial	Project costs could further increase	Close project monitoring	L	Yes
Reputational	Could be reputation damage is funding not spent accordingly	Close project monitoring and structures are already set-up to monitor expenditure	L	Yes
Environment / Climate	No risks identified	None	L	Yes

8. OUTCOMES

Council Delivery Plan 2024	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	Council Officers have undertaken business cases to get approval for these projects to get funding, as well as to proceed. Through these business cases Officers ensure the projects met Council priorities and strategies.
<u>Local Outcome Improvement Plan 2016-2026</u>	
Prosperous Economy Stretch Outcomes	No impact on LOIP
Prosperous Place Stretch Outcomes	No impact on LOIP
Regional and City Strategies	Aberdeen South Harbour is the principal commercial port serving the North East of Scotland and one of Europe's leading marine support centres for offshore energy. With the increased capacity and anticipated demand for Aberdeen Harbour South, there is a desire to maximise the impact of the harbour expansion on the wider regional and national

	economy. It will support both the Regional Transport Strategy and Regional Economic Strategy.
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9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Previous Integrated Impact Assessment relating to ACRD has been reviewed and no changes required
Data Protection Impact Assessment	Not Required
Other	Not Required

10. BACKGROUND PAPERS

- 10.1 [Aberdeen City Region Deal Joint Committee papers 9th February 2024](#)
- 10.2 [Minutes of 9th February 2024 Aberdeen City Region Deal Joint Committee](#)
- 10.3 [Aberdeen City Region Deal Joint Committee 14th February 2025](#)
- 10.4 [Aberdeenshire Council Committee Paper 'Reallocation of Aberdeenshire Council Funding for City Region Deal Strategic Transport Appraisal Workstream to the External Links to Aberdeen South Harbour project, 20th February 2025](#)
- 10.5 [Aberdeen City Council Paper – CR&E/24/018 Aberdeen South Harbour Link Road – Compulsory Purchase Order, 17th April 2024](#)

12. REPORT AUTHOR CONTACT DETAILS

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