

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

COMMITTEE	Aberdeen City Region Deal Joint Committee
DATE	22 April 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	ACRD Risk Virement for External Transportation Links to Aberdeen South Harbour
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REPORT DATE	10/04/2025

1: Purpose of the Report

- i. To inform and seek approval from the Aberdeen City Region Deal (ACRD) Joint Committee for External Transportation Links to Aberdeen South Harbour (ETLASH) project material change request in line with agreed ACRD governance.

2: Recommendations for Action

It is recommended that the Joint Committee:

- i. Approve the material change request (Appendix A) to finalise the virement of £575,000 from the Aberdeen City Council Strategic Transport Appraisal contribution and a further £575,000 from Aberdeen City Council unallocated Digital contribution to support the ETLASH project.
- ii. Note that the Governments have conditionally approved the updated Outline Business Case for the ETLASH project.
- iii. Note that Aberdeen City Council has agreed to the funding in i) above and accepts responsibility for managing that funding and any associated risk.
- iv. Note that if any funding shortfall is identified during the development of the Full Business Case, Aberdeen City Council will present options to address it to the Aberdeen City Region Deal Joint Committee through the existing monitoring process.

3:	Summary of Key Information
<p>Material Change Request</p> <ul style="list-style-type: none"> i. ETLASH is an important project for 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. ii. The recommendation of the material change request (Appendix A) is to proceed with Option 2 to increase the ETLASH project budget, to cover the medium to high-risk provision associated with the project. The project will deliver improvements to existing and develop new road and active travel infrastructure. <p>Updated Outline Business Case</p> <ul style="list-style-type: none"> i. 26 February 2025, both Governments confirmed conditional approval for the updated Outline Business Case (OBC) of the External Transportation links to Aberdeen South Harbour project. This approval is contingent upon the submission of a Full Business Case (FBC) that addresses specific points. These points include clarifications on sunk costs, management of whole life costs, rationale for phasing expenditure, acceptance of funding shortfall responsibilities by regional partners, and updated assessments. Additionally, they emphasised the urgency of reporting any risks related to funding slippage by 2025-26 and requested written confirmation of details by March 31, 2025. <p>Governance</p> <ul style="list-style-type: none"> i. On 9 February 2024, the ACRD Joint Committee agreed that the updated Strategic Transport Appraisal (STA) Financial profile included an addition of £1.150 million from STA to ETLASH to cover the medium to high-risk provision associated with the project. ii. On 15 November 2024, the ACRD Joint Committee agreed to receive a report (1) detailing the impact of the STA £1,150 million allocated funds from Local Authorities for the External Transportation links to Aberdeen South Harbour project; (2) outlining the process by which approval would be sought from both the Councils and the Scottish Government; (3) seeking approval for this process to be followed. iii. On 14 February 2025, this report was presented to the ACRD Joint Committee and agreed to (1) note the process to be followed; (2) instruct officers to seek approval from Aberdeen City Council and Aberdeenshire Councils for the virement of £575,000 each; (3) agree to reconvene a special one-item ACRD Joint Committee meeting at the earliest available 	

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	<p>opportunity following the 26 March Aberdeen City Council Finance and Resources Committee to approve a material change request.</p> <p>iv. On 20 February 2025, Aberdeenshire Council officers recommended approval for the virement to the Aberdeenshire Full Council. The decision of Aberdeenshire Council was to reject the recommendation and offer to work with Aberdeen City council colleagues to seek alternative funding sources.</p> <p>v. On 26 March 2025, the Aberdeen City Council Finance and Resources Committee (1) approved reallocation of £575,000 of Aberdeen City Council funding from the STA to ETLASH which is being delivered by Aberdeen City Council as Roads Authority; (2) delegate the authority to the Chief Officer - City Development and Regeneration in consultation with Chief Officer Capital to reallocate any uncommitted Aberdeen City Council Contribution to the Aberdeen City Region Deal to the ETLASH project where the ACRD Joint Committee agree to do so through the existing ACRD change control process.</p>

4:	Finance and Risk
	<p>i. If this material change request is not approved, ETLASH project may not be able to deliver the project in its entirety and meet strategic objectives under the ACRD.</p> <p>ii. The Scottish Government has confirmed that the digital MOU funds will be available post-deal to allow for them to be fully utilised. Aberdeenshire Council's capital contribution towards the digital workstream remains fully available for commitment. As such, Officers believe that the proposed change will not impact on the delivery of the ACRD Digital Workstream with sufficient funding available to deliver the remaining pipeline of projects within the programme. Further, the Governments are now rolling out Project Gigabit across the UK as well as finalising delivery of the R100 scheme. In this context there is a commitment from both Governments to enhance digital connectivity across the region and close the gaps that currently exist.</p>