

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Net Zero, Environment and Transport Committee
<b>DATE</b>	10 June 2025
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Den Burn Restoration Project – Funding Update
<b>REPORT NUMBER</b>	CR&E/25/061
<b>EXECUTIVE DIRECTOR</b>	Gale Beattie
<b>CHIEF OFFICER</b>	David Dunne
<b>REPORT AUTHOR</b>	Sue Cumming
<b>TERMS OF REFERENCE</b>	1 and 6

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Members on the funding situation and project status for the Den Burn Restoration Project.

### 2. RECOMMENDATIONS

That the Committee:-

- 2.1 Note the content of this Report regarding the current challenging external funding climate alongside the various project options explored; and
- 2.2 Instruct the Chief Officer - Strategic Place Planning to pause the Den Burn Restoration Project indefinitely, while maintaining a watching brief on potential future funding opportunities, and to report back to Committee should any external funding options become viable.

### 3. CURRENT SITUATION

- 3.1 The Net Zero, Environment and Transport (NZET) Committee, dated the 20<sup>th</sup> June 2023 (COM/23/175), recommended that Aberdeen City Council (the Council) and the Scottish Environmental Protection Agency (SEPA) enter into a Memorandum of Understanding to work together to develop the Den Burn Restoration Project, continue to seek additional funding; evolve the project in line with available funding, and report back once funding has been secured.
- 3.2 Concept Design for the Den Burn was completed in April 2024. Following this stage, the project was directed to investigate and apply to external sources to fully fund the project. The National Lottery Heritage Fund (NLHF) was identified as the best match and an Expression of Interest was submitted in September 2024. After this we received an invitation to submit a full application with feedback that the National Lottery were actively encouraging applications which target natural heritage from Aberdeen and Dundee. In November 2024, the Council applied for National Lottery Heritage Funding (NLHF) of £1.5 million. On the 4<sup>th</sup> March 2025 the NLHF confirmed that the Council had been

unsuccessful with its application. Feedback from the NLHF confirmed the Council had met the Investment Principles of the fund. The primary reason funding was not secured was regarding competition from other projects. Two additional points were highlighted: NLHF considered the level of resource and staff time for community engagement was a risk to project delivery; and NLHF also stated the project would have benefitted from a higher level of financial support from Aberdeen City Council.

- 3.3 Funding for the Detailed Design stage using internal sources to compliment secured SEPA funding has been explored. Using funding from internal sources would increase the Council's funding and demonstrate a strong commitment to the Project. See Option 2 for further information.
- 3.4 Since receiving the news from the NLHF, Council officers convened a workshop with the Den Burn Restoration Steering Group and Project Board to explore project options and subsequent efforts was then undertaken to work these through. The options and outcomes which arose through these processes are set out below:

**Option 1: Close the project entirely.**

Considered unnecessary and undesirable while there remains merit in the project, even if not immediately deliverable.

**Option 2: Undertake Detailed Design while seeking additional funding.**

No current viable routes for the required additional external funding can be identified. Therefore, this option is considered imprudent, and unlikely to be supported by SEPA - to continue spending public funds on a project with no immediate prospect for full delivery.

**Option 3: Value engineer the project scope for cost savings.**

A scope review was undertaken by competent and experienced professionals. No changes were identified which could both result in meaningful savings while meeting the project's and SEPA's objectives.

**Option 4: Pause the project indefinitely – until funding is available.**

Considered the only viable option in light of no immediately evident external funding.

- 3.5 It is therefore recommended that the Den Burn Restoration Project be paused indefinitely, including not proceeding with Detailed Design at this time, until such a time as suitable funding for the Project may become available. The Chief Officer – Strategic Place Planning will retain a watching brief for suitable capital funds for full delivery.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 Based on Concept Design outputs the Project is estimated to cost ~£3M to deliver in total. SEPA have agreed in principle to be a significant funder, in the region of £750-950K, and have prioritised funding for the project through the Water Environment Fund. This funding is time limited. NESTRANS and Bus

Lane Enforcement have also approved funding in principle towards the path works associated with the project.

- 4.2 The Council secured £250K from SEPA for Detailed Design in 2025/26. This funding can only be used towards Detailed Design for Den Burn Restoration and, as stated in the grant offer letter's terms and conditions, it cannot be transferred to another project. If a suitable match funder cannot be found by September 2025, the funding is required to be returned to SEPA.

## 5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications other than those related to funding covered in the section above.

## 6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There is no direct environmental implications arising from this report.

## 7. RISK

- 7.1 The Den Burn Restoration Project is an active project with SEPA and is prioritised for funding with them. Pausing the project indefinitely will very significantly raise the risk of losing this existing external funding. However, there appear no other choices in the absence of match funding.

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?
<b>Strategic Risk</b>	No significant risk	Approve contents of this report	Low	<b>Yes</b>
<b>Compliance</b>	No significant risk	Approve contents of this report	Low	<b>Yes</b>
<b>Operational</b>	No significant risk	Approve content of this report	Low	<b>Yes</b>
<b>Financial</b>	No significant risk but SEPA funding may need to be returned, however, this funding can only be used towards Detailed Design for Den Burn Restoration, therefore no further	Approve contents of this report.	Low	<b>Yes</b>

	financial implications.			
<b>Reputational</b>	No significant risk. Pausing the project may raise some reputational risk. Proceeding through Detailed Design with public funds whilst not having a credible plan to deliver construction would raise more risk.	Approve contents of this report.	Low	<b>Yes</b>
<b>Environment / Climate</b>	No significant risk however, the Den Burn will remain in poor ecological condition.	Approve contents of this report. Maintain a watching brief for any potential future funding for delivery.	Low	<b>Yes</b>

## 8. OUTCOMES

<b><u>Council Delivery Plan 2024</u></b>	
<b>Aberdeen City Council Policy Statement</b>	<b>Impact of Report</b>
<b><u>Working in Partnership for Aberdeen</u></b>	No impact due to pausing the project.
<b><u>Local Outcome Improvement Plan 2016-2026</u></b>	
Prosperous Place Stretch Outcomes	No impact due to pausing the project.
Prosperous People Stretch Outcomes (Children & Young people)	No impact due to pausing the project.
<b>Regional and City Strategies</b> <i>Regional Strategies: (i.e. Regional Economic Strategy, Regional Transport Strategy; Regional Skills Strategy)</i> <i>City Strategies and Strategic Plans (i.e. Local Development Plan; Local Housing Strategy; Children's Services Plan; Net Zero Routemap for the City)</i>  <i>Council Strategies (i.e. Medium Term Financial Strategy; Estates and Assets Strategy)</i>	No impact due to pausing the project.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	New Integrated Impact Assessment has been completed.
<b>Data Protection Impact Assessment</b>	Not required.
<b>Other</b>	Not required

## 10. BACKGROUND PAPERS

NZET Committee Service Update – 10/06/24  
Den Burn Restoration

<https://committees.aberdeencity.gov.uk/documents/s158627/DenBurnRestorationJune24.pdf>

NZET Committee Report (COM/23/175) – 20/06/2023  
Den Burn Restoration – Funding Update. Ref: Item 7

<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=685&MId=8507&Ver=4>

NZET Committee Report (COM/23/024) – 10/01/2023  
Den Burn Restoration – Project Continuation. Ref: Item 5

<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=685&MId=8504>

## 11. APPENDICES

None

## 12. REPORT AUTHOR CONTACT DETAILS

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