

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report	Aberdeen Harbour Expansion
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Date of Report	20 th January 2017
Governance	City Region Deal Joint Committee

1: Purpose of the Report

- i. To update the Joint Committee on the progress of the Aberdeen Harbour Expansion project.

2: Recommendations for Action

- i. It is recommended that the Joint Committee notes the content of the report.

3: Summary of Key Information

- i. Aberdeen Harbour is the principal commercial port serving the North East of Scotland and one of Europe's leading marine support centres for offshore energy. In order to accommodate existing and future demands for harbour services in the area including support for decommissioning, offshore renewables, large cruise liners and a larger Northern Isles ferry, Aberdeen Harbour Board (AHB) is expanding the Harbour into Nigg Bay, south of the existing harbour. Support for this initiative is included in the Aberdeen City Region Deal.
- ii. The Scottish Government approved the Marine Licenses and Harbour Revision Order (HRO) during the final quarter of 2016 and the project was officially sanctioned by Aberdeen Harbour Board on 19th December. The construction contract with its preferred bidder, Dragados UK Ltd, was signed on 20th December.
- iii. Land-based construction and road strengthening work is due to begin in February 2017, with breakwater construction starting in May 2017. The

3: Summary of Key Information

project's target completion date is June 2020.

- iv. The Nigg Bay Development Framework was agreed by Aberdeen City Council in January 2016, which considers the opportunities presented by the potential investment in the new harbour for the wider Nigg, East Tullos and Altens area. This is being taken forward alongside the emerging Aberdeen Local Development Plan.
- v. Planning Permission in Principle was obtained from Aberdeen City Full Council on 11th May 2016 for construction of the inland infrastructure components required to facilitate the creation and provision of the harbour:
 - Road Realignment - Coast Road, Greyhope Road & St Fitticks junction.
 - Potential Temporary Construction/Site Establishment Areas.
 - Off-road Cycle Path Improvements.
- vi. During its consultation of the HRO, AHB in discussion with Aberdeen City Council, identified a number of environmental and community issues related to the development of the new harbour. A programme of mitigations is being concluded by AHB and Aberdeen City Council to address these issues and these will be delivered during the life of the project.
- vii. The overall cost of the core harbour project (excluding any major road improvements) is expected to be around £350m. This will mostly be privately funded but there are two funding streams being provided through the City Region Deal:
 - External Roads - £25m government funding (£12.5m Scottish Government; £12.5m UK Government) for off-site non-operational road infrastructure. This is not included in the £350m budget for the core harbour project.
 - Other Infrastructure - £11m for supporting infrastructure (£5.5m Aberdeen City Council; £5.5m Aberdeenshire Council). This is included in the £350m budget for the core harbour project.
- viii. The External Roads project is in its early stages. A short business case will be developed to secure initial government funding for the initial scoping and options appraisal work. Discussions are currently taking place on the planning of these early stages.
- ix. The Other Infrastructure project is wholly dependent on the AHB work programme and also must adhere to State Aid rules. The revised work programme is expected to be provided in the next few weeks. AHB have identified a number of potential areas considered to be State Aid

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	<p>compliant. Scottish Futures Trust has also been consulted on this and agree there are areas which could be State Aid compliant. Aberdeen Harbour Board obtained legal opinion from Pinsent Masons confirming that the assets listed below comply with EU State Aid legislation.</p> <p>x. The areas identified by AHB as potentially State Aid compliant are:</p> <ul style="list-style-type: none"> • Roads, paths, cycle paths, slope stabilisation - £5.6m • Water outflow diversions - £1.3m • Public assets (landscaping, play area, viewing points, signage, car parking etc.) - £6.3m • Enabling Utilities (water and electricity) - £7.3m <p>xi. These are potential areas and are yet to be agreed. Total funding would not exceed £11m in total. The City Region Deal will carry out legal consultation to ensure State Aid compliance before any firm commitment is made on the scope.</p>

4:	Finance and Risk
	<p>i. The £25m government funding for external roads is a set amount and will not be increased under the current City Region Deal. Costs for the project won't be known until scoping, options appraisal and costing have been carried out. If the costs are higher than £25m, scope may need to be reduced or further funding secured by Aberdeen City Council and Aberdeenshire Council.</p> <p>ii. Agreement needs to be reached on the scheduling of the construction work for the External Roads project. AHB have concerns regarding any road works on the only permitted access route to Nigg Bay during construction negatively impacting upon the deliverability and costs of the project, whereas the Joint Committee has conflicting concerns over the risk of a prolonged period of disruption to the public as a result of harbour construction works immediately followed by extensive roadworks.</p> <p>iii. For the £11m Other Infrastructure funding, a funding agreement and associated financial process will need to be agreed between AHB and Aberdeenshire Council (as the City Region Deal financial lead).</p>