

BUSINESS CASE	
Project name	Transportation Links to Bay of Nigg Harbour
Theme	Transportation
Lead	Cameron Baillie/Mark Wilkie
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## THE STRATEGIC CASE

### Introduction

The Regional Economic Strategy recognises the importance of investment in the region's ports and harbours. This contributes the "internationalisation" theme of the strategy, with accompanying objectives to:

- Improve attractiveness for international trade and investment;
- Support companies in the oil and gas supply chain to internationalise in key global markets.

The principal action in the regional economic strategy is to "support the development of our ports and harbours (Aberdeen, Peterhead, Fraserburgh, and MacDuff), and the Aberdeen Harbour expansion."

The Aberdeen City Region Deal recognises the importance of the harbour expansion project to accommodate existing and future demands, noting that the project has national and regional significance. The City Region Deal commits to contributing to the Harbour Expansion Project through a commitment of up to £25m from both the UK Government and Scottish Government (£12.5m each) towards off-site, non-operational road infrastructure improvements. An additional £11m is also committed to the harbour project from Aberdeen City Council (£5.5m) and Aberdeenshire Council (£5.5m) to be spent on other supporting infrastructure.

This initial business case seeks funding support for the initial phase of option appraisal, to determine the most appropriate external road improvement options for further detailed study.

### Progress on Harbour Expansion Project

The Harbour Revision Order and Marine Licenses for Harbour Extension at the Bay of Nigg was granted by the Scottish Government in December 2016 and the supporting infrastructure had planning permission in principle approved on 11th of May 2016.

Construction of the Harbour Extension is estimated to be complete by 2020.

## THE STRATEGIC CASE (continued)

The development framework for the Bay of Nigg Harbour Development was approved by Aberdeen City Council in January 2016. It identifies a series of key infrastructure interventions or gateways, where investment is required to realise the potential of each of the masterplan areas. These are set against future development plan reviews and stage by stage will unlock the key phases of development. These gateways have been identified as the following:

1. A new harbour at Bay of Nigg
2. Upgrading the road network in and around Altens
3. Providing a direct link from Bay of Nigg to East Tullos

The development framework identifies that external road upgrades are required in order to realise the wider economic development. Gateway 2 aligns with a medium term option to upgrade the coast road and the road link via Altens. Gateway 3 is described in the development framework as the most significant infrastructure requirement over and above the new harbour itself, and is offered as a solution to provide direct access from the harbour into East Tullos and onwards to Wellington Road. An option appraisal is required to determine the most appropriate response to the development framework, and the needs identified in the City Region Deal.

The proposal is to commence with the pre-appraisal and first stage of an option appraisal for in relation to external transportation links to the Bay Of Nigg Harbour Development. This will follow established guidance (Transport Scotland's Scottish Transport Appraisal Guidance). The pre-appraisal stage includes gaining an evidence based analysis of problems and opportunities; the setting of SMART objectives; the generation and sifting of a long list of options; and an initial appraisal against objectives, appraisal criteria including economy, environment, safety, accessibility and integration; and implementability issues including key risks.

### Risks

The proposal to commence an initial appraisal is considered to be low risk. Any risks are mitigated by:

- Management of commission by council officials experienced in STAG appraisal;
- Appointment of consultants experienced in STAG appraisal from established frameworks;
- Inclusion of range of stakeholders including Aberdeen Harbour Board.

Early engagement with the Harbour Board on the proposal has been completed, and has usefully identified key elements for consideration in the project brief.

## THE ECONOMIC CASE

The proposal is to commence with initial option appraisal and testing for external transportation links between the Harbour Development at Bay Of Nigg and East Tullos/Wellington Road.

By utilising the STAG Methodology, the most suitable options for upgraded external road link between the Bay of Nigg Harbour Development and East Tullos/Wellington Road shall be identified.

The initial appraisal will provide an indication of costs, benefits and risks, with respect to:

- Environmental impact
- Economic impacts
- Safety impacts
- Accessibility impacts;
- Integration impacts;
- Consideration of technical, operational, affordability, and public support risks.

The subsequent STAG 2 appraisal would provide detailed and quantified appraisal assessment of the most promising options to emerge from the initial appraisal.

Biggar Economics on behalf of Scottish Enterprise produced a report on the Economic impact of the Aberdeen Harbour Bay of Nigg Development in 2013. This report predicts that the expansion of Aberdeen Harbour into Bay of Nigg as a baseline scenario will enhance the economic contribution the Harbour makes to the region.

Also the Biggar Economics report compares the economic benefit of a “Harbour Only” and “Full Development “ scenarios and predicts that the “Full Development” scenario where the Harbour extension is constructed with the accompanying upgrade to transport infrastructure will bring both an additional £500 million GVA and an extra 3,080 jobs into the region by year 20, over and above the “Harbour Only” scenario.

## THE COMMERCIAL CASE

The Harbour Extension at the Bay of Nigg is a critical project for the development and growth of Aberdeen and the North East of Scotland's economy. Within the development framework it is noted that in order to fully harness the economic potential of the Harbour Extension improvements and upgrades to the accompanying infrastructure will be needed.

The Harbour Extension is expected to be a significant trip and destination generator in the area and will have a significant impact on the surrounding transport network. By carrying out option appraisal at this stage ACC and regional partners can identify the appropriate infrastructure upgrades to maximise the wider economic benefits of the Harbour Extension on the surrounding transport network.

A Consultant with expertise and experience in the STAG methodology would be required to complete the pre-appraisal study and STAG Stage 1 Study. It is currently anticipated that this consultant would be procured by utilising the Scotland Excel Framework. The Scotland Excel contract is based on the established NEC Professional Service Contract; familiar to both Council and Consultants.

The Scotland Excel Framework streamlines the whole process of procuring and appointing an appropriate consultant with standardised procurement and contract documentation, this will minimise any risk and challenges that ACC would face relating to this proposal.

Aberdeen Harbour Board have raised concerns about timescales and the impact of major roadworks on new customers of the harbour expansion and on the Torry community. Part of the mitigation of this risk is to include Aberdeen Harbour Board in the peer review of business cases delivering the Aberdeen harbour Expansion Transport Infrastructure. These risks, having been signposted early in the process, would be further studied within the appraisal of options, and consideration given to how they can be mitigated.

## THE FINANCIAL CASE

The current estimate for spend in 2017/18 is £100,000

It is anticipated that this should be adequate to complete a pre-appraisal and STAG Stage 1 study with associated costs for Stakeholder, Councillor and public engagement

This cost estimate is based on previous studies of this nature, although would be revised at the point of tender submissions.

The breakdown of anticipated spend for FY 2017/18 is as follows:

- April - £0
- May - £0
- June - £2,500
- July - £2,500
- August - £5,000
- September - £10,000
- October - £10,000
- November - £15,000
- December - £15,000
- January - £20,000
- February - £15,000
- March - £5,000

**Total - £100,000**

Under Aberdeen City Region Deal, £25m has been allocated from the UK Government (£12.5m) and Scottish Government (£12.5m) for the transport infrastructure to support the harbour expansion. The budget for this project will come from this funding stream.

A State Aid Assessment will be required as part of the assessment of “implementability” of road upgrade options. Although this assessment would not be required for the initial appraisal of options.

## THE MANAGEMENT CASE

### **Management**

The project will be coordinated along with other City Region Deal transport activities by the City Region Deal Transportation Workstream Group, comprising members of Nestrans, ACC, AC, Transport Scotland, SDPA and the City Region Deal Programme Manager.

The Workstream Group will act as the de facto Project Board, reporting to the Aberdeen City Region Deal Programme Board on an operational basis with the Aberdeen City Region Deal Joint Committee providing approvals of key project stages.

### **Exit / Transition Planning**

If outcomes of the initial appraisal indicate no suitable option, or risks / costs in excess of potential benefits, there would be no commitment to continue the appraisal. However, it is more likely that the initial appraisal will recommend specific options for further detailed quantified appraisal.

### **Outline Programme**

- Prepare, Consult upon, and Issue Brief : June 2017
- Procure and appoint consultant: July 2017 – August 2017
- Pre appraisal and STAG Part 1: September 2017 – February 2018
- Report to Committee/Council – March 2018

The STAG Process is set up in a format where decision points are clearly outlined and allows for a greater flexibility in determining the amount of detailed investigation into option scenarios. These decision points allow for a greater flexibility when determining what options should be taken forward for more extensive investigation.

### **Communications**

Extensive stakeholder, Councillor and public engagement is anticipated with this proposal, it is very likely that this will be led by the appointed Consultant. Internal communications will be maintained between the project group, the CRD Transport Workstream Lead, and the CRD Programme Manager, linked where appropriate to the CRD Communications Workstream Group.