

ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World

Report Name	City Region Deal – 2017/18 Financial Update
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Date of Report	4 May 2018
Governance	City Region Deal Joint Committee

1: Purpose of the Report

- i. To update the Joint Committee on the finances of the Aberdeen City Region Deal for financial year 2017/18.

2: Recommendations for Action

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

3: Summary of Key Information

- i. The funding mechanisms of the Aberdeen City Region Deal are centrally managed and monitored by the City Region Deal Programme Manager with support from Aberdeenshire Council Finance Service, and with oversight provided by the Programme Board as part of its normal activities. The membership of the Programme Board includes a Section 95 Officer to provide financial assurance of the programme finances, ensure the financial requirements of both the UK and Scottish Governments are met, and ensure alignment with the financial strategy and procedures of both Councils (through liaison with the Section 95 Officer of the Council not represented directly).
- ii. The Aberdeen City Region Deal budget for 2017/18, including funding from the Scottish Government under the Memo of Understanding (MOU) during 2017/18 was as follows:

3: Summary of Key Information

Aberdeen City Region Deal Budget 2017/18

(£'s)	CRD	MOU	Total
Oil & Gas Technology Centre	12,200,000	0	12,200,000
Bio-Therapeutic Hub for Innovation	4,000,000	0	4,000,000
Agri-Food & Nutrition Hub for Innovation	700,000	0	700,000
Digital Infrastructure	8,500,000	2,000,000	10,500,000
Strategic Transport Appraisal	1,445,000	0	1,445,000
Aberdeen Harbour Expansion	3,100,000	0	3,100,000
Total (£'s)	29,945,000	2,000,000	31,945,000

iii. Total draw down in financial year 2017/18 against all central and local government budgets covered by the City Region Deal Agreement and the Memo of Understanding (MOU) was **£17,438,961**. This is broken down as follows:

- Scottish Government / UK Government CRD Grant £12,438,961
- Aberdeen City Council / Aberdeenshire Capital £3,000,000
- Scottish Government MOU Grant £2,000,000

iv. The breakdown of draw down 2017/18 (CRD Agreement and MOU, all Central and Local Government budgets) is shown below:

Aberdeen City Region Deal - Draw Down 2017/18

(£'s)	Draw down
Oil & Gas Technology Centre	12,200,000
Bio-Therapeutic Hub for Innovation	0
Agri-Food & Nutrition Hub for Innovation	0
Digital Infrastructure	2,000,000
Strategic Transport Appraisal	211,219
Aberdeen Harbour Expansion	3,027,742
Total (£'s)	17,438,961

v. The total underspend against all budgets was **£14,506,039**. The breakdown is shown below:

Underspend 2017/18

(£'s)	Underspend
Oil & Gas Technology Centre	0
Bio-Therapeutic Hub for Innovation	4,000,000
Agri-Food & Nutrition Hub for Innovation	700,000

3: Summary of Key Information

Digital Infrastructure	8,500,000
Strategic Transport Appraisal	1,233,781
Aberdeen Harbour Expansion	72,258
Total (£'s)	14,506,039

vi. The element of this underspend against Aberdeen City Council and Aberdeenshire Council budgets was £3,695,000. The breakdown is shown below.

Underspend (Aberdeen City & Aberdeenshire Councils Budgets)		
(£'s)	Budget	Underspend
Oil & Gas Technology Centre	0	0
Bio-Therapeutic Hub for Innovation	0	0
Agri-Food & Nutrition Hub for Innovation	0	0
Digital Infrastructure	3,500,000	3,500,000
Strategic Transport Appraisal	195,000	195,000
Aberdeen Harbour Expansion	3,000,000	0
Total (£'s)	6,695,000	3,695,000

vii. The underspend for the Bio-Therapeutic Hub for Innovation project was caused by slippage primarily as a result of a protracted business case approval phase involving the two governments which has severely impacted the original plan.

viii. The underspend in the Digital Infrastructure was caused by slippage as a result of a number of factors. The impact of the national R100 Digital Infrastructure Programme, delayed the development of the key infrastructure business cases while discussions with the Scottish Government took place over a protracted period. The loss of the Digital Lead for the Digital Infrastructure Workstream, who was also the chair of the Digital Workstream Group, and the difficulty in replacing him has also had a serious impact on progress during 2018. There was also delay awaiting the DCMS grant award decision on the Local Full Fibre Network project.

ix. The underspend in the Strategic Transport Appraisal was as a result of an agreement not to fund existing studies from the CRD budget, as had been assumed in the original plan. These studies have been taken forward using other funding sources.

x. On 4th April 2018, the Finance and Governance representative in the Scottish City Region Deals team confirmed that “any underspend from the 2017-18 grant allocation will be available to draw down as part of

3: Summary of Key Information

the 2018-19 grant allocation”. The Scottish Government have also confirmed this will involve the review of the budget requirements for 2018/19 based on new forecasts provide by Aberdeen City Region Deal, rather than simply rolling forward all underspend into the following year.

- xi. The forecast for 2018/19 is shown below. The required UK Government and Scottish Government funding will be communicated to the Scottish Government and will form the basis of the grant letter for 2018/19.

Aberdeen City Region Deal - Forecast 2018/19			
(£'s)	UKG / SG	AC / ACC	Total
Oil & Gas Technology Centre	17,600,000	0	17,600,000
Bio-Therapeutic Hub for Innovation	4,000,000	0	4,000,000
Agri-Food & Nutrition Hub for Innovation	2,000,000	0	2,000,000
Digital Infrastructure	0	500,000	500,000
Strategic Transport Appraisal	430,000	110,000	540,000
Aberdeen Harbour Expansion	123,355	4,000,000	4,123,355
Total (£'s)	24,153,355	4,610,000	28,763,355

4: Finance and Risk

- i. Finance information constitutes the body of the report. There are no corporate risks related to this report.