

# ABERDEEN CITY REGION DEAL:

Powering Tomorrow's World



<b>Report Name</b>	<b>Aberdeen City Region Deal Quarterly Progress Update</b>
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<b>Date of Report</b>	<b>4th February 2022</b>
<b>Governance</b>	<b>City Region Deal Joint Committee</b>

## 1. Purpose of the Report

### 1.1 To update the Joint Committee on:

- Programme Summary in relation to Milestones, Benefits & Finance
- Risks
- Appendix 1: Projects Update

## 2. Recommendations for Action

### 2.1 Notes the content of the Progress Report and Appendix 1

## 3. Programme Summary

### 3.1 Milestones

**3.1.1** The Aberdeen City Region Deal (ACRD) was signed in 2016 and runs to 2026. All projects are progressing well, but there have been delays due to COVID 19. The timeline remains at amber, to reflect the possibility of further COVID19 related restrictions.

**3.1.2** Both the Digital programme and the Transport Links to Aberdeen South Harbour require additional Business Case approvals; completion dates for these are recorded and monitored as a risk.

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- 3.1.3** In respect of the Transport Links to Aberdeen South Harbour, the Council's Chief Officer and team continue to expedite work in relation to procurement, land searches and the recruitment of a project manager, with funding being released from Scottish Government to support this. The Strategic Business Case previously approved at Joint Committee is expected to be approved by Scottish Government in the coming weeks.
- 3.1.4** Information from the Scottish Government (SG) on the R100 premise level data as relevant to the Aberdeen and Aberdeenshire area is now available. The outline Business Case approved at Joint Committee 5<sup>th</sup> February 2021, approved option 3 to drive demand stimulation and take up of the SG schemes and vouchers available. Aberdeenshire Council have since employed 3FTEs who have supported 52 cases in utilising R100 funding and have successfully targeted community work for voucher aggregation. Further options regarding infrastructure will be explored. A full report will be brought to Joint Committee in May 2022, outlining proposals on how CRD funding can be utilised to build on the infrastructure and coverage we now have in place.
- 3.1.5** In November 2021, the City Network Extension project completed the last milestone and connected 57 public sector sites including schools, libraries and other public buildings in the city utilising Aberdeen City Region Deal funding. This funding has attracted a £59million investment to the City by CityFibre making Aberdeen a Gigabit City. A project close paper is included in the agenda. The Digital Programme will continue to develop opportunities and manage benefits from this project.
- 3.1.6** In December 2021, Regional Partners met with the United Kingdom (UK) and Scottish Governments (SG) for the Aberdeen City Region Deal Annual Conversation. The UK/SG noted the progress of the projects and working relationships that have been established.

## **3.2 Benefits**

- 3.2.1** At the Heads of Terms, the Aberdeen City Region Deal estimated GVA and jobs created based on modelled assumptions. The Net Zero Technology Centre is the first Deal project to have an agreed modelled GVA and the other projects are being agreed in line with what was set out in each Business Case.
- 3.2.2** Projects will continue to update on Benefits agreed at Business Case and Community Benefits at Procurement Stage through the Annual Report. The Communications group will continue to work with projects to highlight major milestones and benefits through coverage in the media.

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- 3.2.3** The Aberdeen City Region Deal website was refreshed in December 2021 [www.abzdeal.com](http://www.abzdeal.com). The website highlights the progress of the Deal including Cllrs and public quotations. Key projects are listed with refreshed images and links to the individual project websites.
- 3.2.4** Work continues with both UK & SG on developing new Benefit Measures. Project Leads participated in a Carbon workshop with the Sustainable Development Manager at Scottish Government and each project has completed a Carbon Categorisation Form, outlining how carbon will be managed and the expected Carbon savings.
- 3.2.5** Projects are developing as part of the ask from UK Governments Cities and Local Growth Unit, a breakdown of Jobs Created by sector.
- 3.2.6** Projects have been invited to attend a workshop with SG Inclusive Economic Growth led to see if any additional Inclusive Economic Growth Benefits can be measured.
- 3.2.7** The above new measures will be captured in the Benefits Realisation Plan, which is submitted to UK/SG annually in August.
- 3.2.8** Media coverage can be viewed at [www.abzdeal.com](http://www.abzdeal.com) and includes:
- The Bio Hub had their first board meeting on site
  - The Full Fibre project is a finalist for the Social Value Award. The results will be announced in March
  - The Regional Transport Strategy was approved and noted the support and evidence provided by the work of the Strategic Transport Appraisal.
  - City Fibre announced the continued investment to roll out fibre to the premises, now totalling £59M
  - The Net Zero Technology Centre (NZTC) announced a partnership deal with Abu Dhabi National Oil company (ADNOC) as an additional strategic associate for the Aberdeen body's TechX programme.

## **3.3 Finances**

- 3.3.1** 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 Joint Committee includes a Section 95 Officer to provide financial assurance of the programme finances, ensure the financial requirements of both the UK and SG 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).

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**3.3.2** The forecast expenditure reported to Scottish Government for 2021/22 amounts to £176.849m, an anticipated decrease of £11.536m for the year compared to budget of £188.385m. This is due mainly to NZTC reprofiling as result of expected cash outlays on commitments being re-phased from 2021/22 to 2022/23; the reprofiling of projects associated with the Duct Network Extension programme covered in a change request to utilise underspends from Phases 1 and 2; the final contract pricing being confirmed for the Harbour Expansion; a revised programme profile spend for SeedPod covering the changes to the tender and start of construction; delays encountered on the Bio Therapeutic Hub project as a result of issues around the roofing sub-contractor delaying the installation of roof mounted M&E units.

**3.3.3** Digital Theme Finance Summary: Forecast spend of £12.792m in 2021/22 (£4.032m funded from UKG/SG, £8.760m funded from partners) compared to budget of £14.636m (£5.590m government funded, £9.046m partner funded). Revised Duct Network spend profile accounts for the majority of the £1.844m variance together with one Full Fibre site expected to fall into 2022/23. Total Digital budget remains unchanged

Table 1 shows a summary of the Digital Theme financial position at Q3 by individual programme.

## ACRD - Q3 DIGITAL UPDATE

Digital	Funding	Budget	Actual	Full Year Forecast	Projected	Variance Notes
Programme	Source	2021/22	31-Dec-21	2021/22	Variance	
		£,000	£,000	£,000	£,000	
Duct Network	UKG/SG	3,471	1,159	1,800	(1,671)	Underspends accounted for in Phases 1 & 2 due to the cost per metre being lower than anticipated, together with ACC internal Roads Team delivering Phase 2 at a lower cost means a new route through Phase 3 can be undertaken in 2022/23.
	Partners	466	0	0	(466)	See above.
Full Fibre	UKG/SG	2,119	2,232	2,232	113	Programme of works have utilised 100% of Gov Grant at end of December 2021.
	Partners	2,500	313	2,375	(125)	Site at Countesswells anticipated to complete next financial year.
City Network Ext	Partners	6,008	6,228	6,273	265	Increase in Private Sector contribution allowed for increased investment which resulted an estimated forecast higher than anticipated.
Others	Partners	72	73	112	40	Reflects the updated budget for Aggregation and Demand Stimulation officers posts approved in 2021/22 to support digital infrastructure.
	<b>Total</b>	<b>14,636</b>	<b>10,005</b>	<b>12,792</b>	<b>(1,844)</b>	

### Summary

UKG/SG	5,590	3,391	4,032	(1,558)
Partners	9,046	6,614	8,760	(286)
<b>Total</b>	<b>14,636</b>	<b>10,005</b>	<b>12,792</b>	<b>(1,844)</b>

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3.3.4 Table 2: Actual expenditure for Q3 2021/22 amounts to £141.702m

Aberdeen City Region Deal Q3 2021/22 Finance Update

PROGRAMME	FUNDING SOURCE	2021/22 Budget £,000	Actual Dec'21 £,000	2021/22 Full Year Forecast £,000	2021/22 Projected Variance £,000	Budget v Forecast Note
Net Zero Technology Centre	UKG/SG	25,900	20,425	22,900	(3,000)	Expected cash outlays on commitments of £3m being re-phased from 21/22 to 22/23 year.
	Partners	28,108	15,686	23,690	(4,418)	Re-profiling of cash commitments amounting to £4.418m that will take place in 2022/23.
Bio Therapeutic Hub	UKG/SG	15,000	6,371	13,483	(1,517)	The roofing work has been delayed by issues around the roofing sub-contractor in January with an alternative contractor close to being in place, with materials still available from the original supplier, but this has had a knock-on impact on the programme in that it has delayed the roof mounted M&E units installation This means budget amounting to £1.517m requires to be reprofiled.
	Partners	908	234	335	(573)	Partner contributions have been reprofiled and the £573k will be received in later years.
SeedPod	UKG/SG	3,800	312	446	(3,354)	Change Request advises construction contract award delayed with work estimated to start on site Q1 2022 which means that forecast spend this financial will be £3.354m lower than anticipated with spend now profiled to 2022/23.
	Partners	1,350	348	1,350	0	
Digital	UKG/SG	5,590	3,391	4,032	(1,558)	Reprofile of Duct Network project reflects updated Phase 3 construction timeline. which means that £1.671m of spend will take place in later years; Full Fibre has drawn down the full government drawdown which is £0.113m higher than original forecast, a net underspend forecast of £1.558m. Total Digital Budget remains unchanged.
	Partners	9,046	6,614	8,760	(286)	In addition to reprofile of Duct Network noted above, one Full Fibre site completion is now expecting to be completed in 2022/23; Private Sector Investment has been increased; budget updated to account for staffing for 'Improving Access to Digital Infrastructure'. The net underspend forecast amounts to £0.286m of spend which will take place in later years. Total Digital Budget remains unchanged.
Strategic Transport Appraisal	UKG/SG	457	89	219	(238)	Funding received from Bus Fund, STA funding for Aberdeen Rapid transit not needed. Delay to progression of Wellington Road. Reprofile £238k to future years.
	Partners	-	-	-		
Transport Links	UKG/SG	742	30	150	(592)	Business Case submitted August 2021 being considered by governments for next phase of work. Reprofile £592k to future years required.
	Partners	-	-	-		
Aberdeen Harbour Expansion	UKG/SG	-	-	-		
	Partners	97,484	88,202	101,484	4,000	Final contract pricing has been confirmed, increasing forecast spend in 2021/22 by £4m, funded predominantly by the Private Sector together with a contribution from Scottish Enterprise.
<b>Total</b>		<b>188,385</b>	<b>141,702</b>	<b>176,849</b>	<b>(11,536)</b>	

3.3.5 Table 3 shows the financial profile for the remainder of the Deal and prior year spend for each of the projects.

The table shows the Deal growing to £936.662m from £826.200m primarily because of additional investment from the Private Sector alongside an additional £11.7m contribution from Scottish Enterprise that was announced in 2017.

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Aberdeen City Region Deal - 2016-2026 - Current Profile at December 2021												
PROGRAMME		Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Grand
Project	Funding Source	16/17 £,000	17/18 £,000	18/19 £,000	19/20 £,000	20/21 £,000	21/22 £,000	22/23 £,000	23/24 £,000	24/25 £,000	25/26 £,000	Total £,000
Net Zero Technology Centre	UKG/SG	4,100	12,200	17,600	25,200	26,700	22,900	26,400	19,800	14,900	10,200	180,000
	Partners	500	7,440	30,334	36,181	28,401	23,690	30,350	22,911	17,900	12,954	210,661
Bio Therapeutic Hub	UKG/SG	0	0	318	723	1,685	13,483	3,791	0	0	0	20,000
	Partners	101	157	532	461	281	335	4,299	3,961	2,339	2,911	15,377
SeedPod	UKG/SG	0	0	0	111	376	446	9,067	0	0	0	10,000
	Partners	13	21	53	469	424	1,350	1,772	1,624	1,624	1,626	8,976
Digital Theme	UKG/SG	0	0	45	257	4,142	4,032	1,524	0	0	0	10,000
	Partners	0	0	8,842	16,305	9,839	8,760	1,317	0	0	2,212	47,275
Strategic Transport Appraisal	UKG/SG	0	195	177	394	185	219	950	950	965	965	5,000
	Partners	180	0	0	0	0	0	320	500	500	500	2,000
Transport Links to Aberdeen South Harbour	UKG/SG	0	28	128	139	106	150	800	1,500	8,000	14,149	25,000
	Partners	0	0	0	0	0	0	0	0	0	0	0
Aberdeen Harbour Expansion	UKG/SG	0	0	0	0	0	0	0	0	0	0	0
	Partners	15,989	53,749	86,151	54,613	64,126	101,484	26,261	0	0	0	402,373
	<b>Total</b>	<b>20,883</b>	<b>73,790</b>	<b>144,180</b>	<b>134,853</b>	<b>136,265</b>	<b>176,849</b>	<b>106,851</b>	<b>51,246</b>	<b>46,228</b>	<b>45,517</b>	<b>936,662</b>
Summary Current Profile	<b>Funding Summary</b>											
	UKG/SG	4,100	12,423	18,268	26,824	33,194	41,230	42,532	22,250	23,865	25,314	250,000
	Partners	16,783	61,367	125,912	108,029	103,071	135,619	64,319	28,996	22,363	20,203	686,662
	<b>Summary Total</b>	<b>20,883</b>	<b>73,790</b>	<b>144,180</b>	<b>134,853</b>	<b>136,265</b>	<b>176,849</b>	<b>106,851</b>	<b>51,246</b>	<b>46,228</b>	<b>45,517</b>	<b>936,662</b>
Original Deal Profile	<b>Original Deal (£'000s)</b>											
	UKG/SG	4,500	23,250	35,950	42,750	37,950	34,900	24,300	20,300	15,400	10,700	250,000
	Partners	52,070	92,945	174,485	113,600	37,500	26,900	25,100	22,200	18,800	12,600	576,200
	<b>Total</b>	<b>56,570</b>	<b>116,195</b>	<b>210,435</b>	<b>156,350</b>	<b>75,450</b>	<b>61,800</b>	<b>49,400</b>	<b>42,500</b>	<b>34,200</b>	<b>23,300</b>	<b>826,200</b>
Original Deal Profile Compared to Current Profile	<b>Profile Compared to Original Deal</b>											
	UKG/SG	(400)	(10,827)	(17,682)	(15,926)	(4,756)	6,330	18,232	1,950	8,465	14,614	0
	Partners	(35,287)	(31,578)	(48,573)	(5,571)	65,571	108,719	39,219	6,796	3,563	7,603	110,462
	<b>Total</b>	<b>(35,687)</b>	<b>(42,405)</b>	<b>(66,255)</b>	<b>(21,497)</b>	<b>60,815</b>	<b>115,049</b>	<b>57,451</b>	<b>8,746</b>	<b>12,028</b>	<b>22,217</b>	<b>110,462</b>

## 4. Finance and Risk

- 4.1 The Deal funding is from 2016-2027 and until the remaining Business Cases are finalised and agreed there is a risk to the timeline.
- 4.2 Capital projects costs are being monitored and discussed with Regional Partners, UK, and Scottish Governments.
- 4.3 The grant offer letter states that “The Grantee and the individual partners will bear the costs of any financial overruns or increased spend on their respective Projects funded as part of the Programme.”

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## Appendix 1: Project Update

### 1.1 Net Zero Technology Centre, formerly OGTC

- 1.1.1 **Key Milestones achieved:** The Oil & Gas Technology Centre (OGTC) Business Case Approved 2016, OGTC opened February 2017, 18 Month Checkpoint March 2018 - where targets had been met or exceeded. December 2018 Submission of stretched targets to UK/SG, which have been agreed. Checkpoint December 2020 – targets have been met or exceeded – new targets to be agreed. In June 2021 New name announced
- 1.1.2 **Previous Milestone:** Launch of Simulator with Aberdeen University  
**Next Milestone:** Launch of National Subsea Centre Q1 2022
- 1.1.3 Established in October 2016, the Net Zero Technology Centre, formerly OGTC is already delivering significant results as it drives forward the organisation's key goals; to help maximise economic recovery from the UK continental shelf, anchor the supply chain in the North-East of Scotland, and create a culture of innovation in the region. These are driven through Solution Centres, National Centres, Tech X accelerator and the Innovation Hub.
- 1.1.4 Net Zero Technology Centre is focused on developing and delivering affordable technology for a net zero North Sea, with the purpose of the organisation still in support of the Oil and Gas industry and the community we live in. A link to case studies on completed and live projects can be viewed at [Live Projects \(netzerotc.com\)](https://www.netzerotc.com). The number of projects funded have increased from 280 to 292.
- 1.1.5 The focus this quarter has been on successful attendance and feedback at COP26 - the Road to Glasgow, alongside with completion of signing and award of Energy Transition Funds with Scottish Government for £16.5m. The organisation is actively working on the Launch of National Subsea Centre, finalisation of 2022 Goals and selection of TechX Cohort 4.
- 1.1.6 **COVID-19 Update:** Staff continue to support both Solution Centre Memberships and Directed projects working from home offices. Webinars have replaced meeting. The office is now open 3 days per week, staff can book to attend the office to collaborate.
- 1.1.7 **Finance:** NZTC forecast 2021/22 expenditure of £46.59m (£22.9m funded by governments, £23.69m funded from partners). Actual at Q3 amounts to £36.111m (£20.425m funded from governments, £15.686m funded from partners).



Net Zero Technology Centre, formerly OGTC

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## Appendix 1: Project Update

### 1.2 Bio Hub

1.2.1 **Key Milestones achieved:** Bio-Therapeutics Hub for Innovation Business Case Approval by Joint Committee in June 2017 and Funding Partners October 2017

1.2.2 **Previous Milestone:** Public launch of construction project with steel signing ceremony held on site, attended by ACRD partners, Scottish and UK Governments, NHS Grampian, and the University of Aberdeen

**Next Milestone:** Roof and envelope is due to be completed by end of March 2022. The roofing work has been delayed by issues around the roofing sub-contractor in January with an alternative contractor close to being in place, with materials still available from the original supplier, but this has had a knock-on impact on the programme in that it has delayed the roof mounted M&E units' installation.

Internally the metal partition framing and plasterboard installation in advance of the first fix mechanical and electrical services, progress has been impacted by a labour shortage within this trade. Trades teams are now back up to full complement.

The completion of the installation of all the glazing panels requires a period of calm wind conditions for this to be finished. However, the upper-level internal partitioning work can progress due to the use of weather proofing enviro-wrap.

1.2.3 The Bio-therapeutics Hub for Innovation (Bio Hub) is a ten year £40million investment project to accelerate growth and build on the strengths of the Life Sciences cluster in the Northeast of Scotland, which includes the company base, University of Aberdeen, Robert Gordon University and NHS Grampian.

1.2.4 Life Science company engagement has continued during the year, with high attendance at online life sciences forums and network events with face to face when possible. Participants in the accelerator programme continue to receive expert support.

The Company continues to work extremely hard to identify additional funding opportunities to enable the £2m shortfall to be funded.

Bio Hub will continue work to identify funding sources for additional funding requirement and engage with future tenants. A link to the project and life sciences update can be viewed at [Bio Hub | ONE \(opportunitynortheast.com\)](http://BioHub|ONE(opportunitynortheast.com))

1.2.5 **COVID-19 Update:** COVID-19 impact introduced significant cost and programme uncertainty to the project which continues to be proactively managed as the project build continues.

1.2.6 **Finance:** Bio Hub forecast spend of £13.818m in 2021/22 (£13.483m funded from governments, £0.335m funded by partners). Actual at Q3 amounts to £6.605m (£6.371m funded from



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governments, £0.234m funded from partners). As a result of the challenges highlighted above expenditure is forecast to be £2.090m lower than the budget of £15.908m.



Caption: January 2022. Progress on Aberdeen's £40 million Bio Hub project with all external works expected to be substantially completed in the coming weeks and by using enviro-wrap the upper-level internal works are progressing as planned.

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## Appendix 1: Project Update

### 1.3 SeedPod

- 1.3.1 **Key Milestones achieved:** The Food Hub Business Case Approval by Joint Committee in August 2018; UK/SG approved 17th January 2019
- 1.3.2 **Previous Milestone:** Planning Permission Granted in May 2021  
**Next Milestone:** Complete tendering review and award a contract to build with the target date in April 2022.
- 1.3.3 The Food Hub (SeedPod) is a £21million investment project over ten years to accelerate growth and innovation of existing businesses and start-ups. It will build on the strengths of the food and drink industry in the North-East of Scotland through a consumer-focused, customer-driven approach to innovation across all sectors of the industry. Patrick Machray OBE has retired as founding Chair of Food hub (NES) Ltd and David Kishaw has taken over as Chair and Stanley Morrice has been appointed as Vice Chair. A link to the project can be viewed [SeedPod | ONE \(opportunitynortheast.com\)](https://www.seedpod.opportunitynortheast.com)
- 1.3.4 Increased material costs in the construction market resulted in a redesign of the building to achieve the goal of delivering the Food Hub building within budget without impacting on its functionality and ability to deliver the business case outcomes. The market testing carried out in Q3 indicated continuing ongoing concern about construction cost inflation. The tendering price has just been received and further work will be required in the coming weeks in relation to the tender between the project management team and the preferred contractor to address questions that have come out of that process. This critical work will continue before we then look to finalise a contract that will enable the main contractor to mobilise the team and be on site.
- 1.3.5 **COVID- 19 Update:** There is an ongoing impact on availability and cost of material and resources due to Covid, post Brexit and global supply chain issues which is under constant review.
- 1.3.6 **Finance:** SeedPod forecast spend of £1.796m in 2021/22 (£0.446m funded from governments, £1.35m funded from partners). Actual at Q3 amounts to £0.660m (£0.312m funded from governments, £0.348m funded from partners). Expenditure is anticipated to be £3.354m lower than budgeted as a result of the anticipated slippage of the contract award falling into April 2022.

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Caption: SeedPod is a £21 million investment in the food and drink industry to create a centre of excellence for manufacturing and production in northeast Scotland that will deliver regional and national growth ambitions.

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## Appendix 1: Project Update

### 1.4 Digital City Network Extension Project

1.4.1 **Key Milestones achieved:** In November 2017 Joint Committee approved this project and connection of 57 public sector sites. CityFibre with Vodafone announced a £40million investment for Fibre to The Premises Build in February 2018. In March 2021 TalkTalk were also announced as an Internet Service Provider (ISP).

1.4.2 **Previous Milestone:** In November 2021, last milestone was completed, and final payments made, the City Network Extension project extended Aberdeen City Council's fibre network to **57 public owned buildings sites** across the city such as schools and sheltered housing. It has successfully stimulated private investment to extend and deploy fibre, providing most of the city with access to 'fibre to the premises' and creating a 'Gigabit City'.

1.4.3 To date the following benefits against the business case have been met and realised and further detail is provided in the Project Close:

- Public sector sites that previously had low speed connections, now can work better, and increase their bandwidth. In addition to having the flexibility to expand at these sites, they are pro-actively managed in the event of any performance issues / outages.
- Additional private sector investment has been made sooner than without this Aberdeen City Region Deal investments
- Aberdeen is now a gigabit City with increased availability of fibre to the premises
- The Scale – over 558Km Network build
- There were 85 jobs created throughout the build
- Access to CityFibre's 'City Gigabit Club'
- Utilisation of existing Ducts share and partnership working to reduce digs and carbon impacts.
- CityFibre have been involved in supporting community projects

1.4.4 Benefits still to be fully realised include:

- Laying the foundation for further connectivity such as 5G and Internet of Things. The Council and CityFibre are exploring how new technology can provide benefits and opportunities for services and citizens.
- CityFibre is currently investigating the foundation for expansion into key economic locations

Aberdeen City Region Deal will continue to report on the Benefits of the City Network Extension project in the annual report.

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### 1.5 Digital Full Fibre Infrastructure Project

- 1.5.1 **Key Milestones achieved:** In February 2018, Joint Committee approved a revised (January 2017) Digital Infrastructure Project. This Business Case was approved by UK/SG in January 2019. Network build started in June 2020.
- 1.5.2 **Previous Milestone:** Milestone Payment December 2021 for Segment 5  
**Next Milestone:** Milestone Payment March 2022 for Segment 6
- 1.5.3 Substantial progress has been made on the project; the latest segment of the project (segment 5) saw an additional 26 public sector sites connected. This takes the total number of public sector sites upgraded by the project to 163. Activity for the next quarter will include segment 6 due to be completed by March 2022 with a total of a further 28 sites to be connected.
- 1.5.4 This project has provided significant community benefits to date. The successful contractor, Neos Networks (formerly SSE Telecoms) has supported five apprenticeships on the project as well as five structured work placements, each lasted five days a week over eight weeks. There have also been further community outreach activities including five facilitated professional courses for the programme team to upskill the workforce, and 100 hours of staff time working with community organisations, including to help digitally isolated individuals gain access to devices. Neos Networks are also running grass-roots workshops with school pupils to teach them about Science, Technology, Engineering, and Mathematics (STEM) careers and to help develop interview skills for future job applications. They are advocating for STEM graduates to join their organisation, delivering guest lectures at universities, and creating opportunities for interns at Neos Networks.



Photo Caption: Portlethen Academy is among the schools getting faster broadband

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### 1.6 Digital Duct Network

1.6.1 **Key Milestones achieved:** In January 2017, Joint Committee approved the current Duct Network Extension Business Case. UK/SG approved the Business Case in January 2019.

1.6.2 **Previous Milestone:** Phase 1 and Phase 2 **75%** Complete December 2021  
**Next Milestone:** Phase 1 and Phase 2 **100%** Complete March 2022

1.6.3 Aberdeen City Council already operates a duct network in the city, and this will be expanded to cover key economic areas. Initially this duct network will be used by the Council, followed by engagement with commercial organisations to encourage them to utilise the expanded network to enhance their fibre offering in Aberdeen City, consequently stimulating the market. This project will also provide the enabling infrastructure for sensors and provide the opportunity for Aberdeen City to be used as a testbed for autonomous vehicles as well as supporting 5G installations.

1.6.4 In March 2021 works for Phase 1, which is the West Route (A944) and works for Phase 2 (South route, A956) began. Despite initial delays both Phases are now making good progress.

**Phase 1** is almost complete (95%) and most of the remaining works are road crossings which are 6-7meters each or less. The road crossings are subject to additional approvals and administration to align with events and traffic management and therefore need to be incorporated into a wider scheme of planned works.

**Phase 2** continues to make good progress and continues to be on course for March 2022 as per the milestone completion date. A contractor has been found for confined spaces (i.e., bridges) and a market comparison exercise has been undertaken to ensure price quoted is competitive. A fibre contractor is being sought.

**Planning for a Phase 3** is now underway with a request for approval at Programme Board, UK/SG and Joint Committee. If approval is granted, works to be expected to start in Q1 2022 (financial year).

1.6.5 The Duct Network will be on strategic transport Corridors and will connect all transport system assets. It allows for Connected and Autonomous Vehicles (CAVs) and will enable infrastructure 5G when services are deployed.

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## Appendix 1: Project Update

### 1.7 Digital Infrastructure Business Case Gap Analysis

- 1.7.1 **Key Milestones achieved:** Outline Business Case approved to proceed to Full Business Case at Joint Committee in May 2020.
- 1.7.2 **Previous Milestone:** Joint Committee gave approval for officers to drive demand stimulation and aggregation activities February 2021  
**Next Milestone:** Full Business case to be submitted May 2022
- 1.7.3 Information from the Scottish Government on the R100 premise level data as relevant to the Aberdeen and Aberdeenshire area is now available.
- 1.7.4 The outline Business Case approved at Joint Committee 5<sup>th</sup> February 2021, approved option 3 to drive demand stimulation and take up of the SG schemes and vouchers available. Aberdeenshire Council have since employed 3FTEs who have supported 52 cases in utilising R100 funding and have successfully targeted community work for voucher aggregation.
- 1.7.5 The remaining options regarding infrastructure will be explored further.
- 1.7.6 A full report will be brought to Joint Committee in May 2022, outlining proposals on how Aberdeen City Region Deal funding can be utilised to build on the infrastructure and coverage we now have in place.

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### 1.8 Strategic Transport Appraisal

1.8.1 **Key Milestones achieved:** The Strategic Transport Appraisal Business Case Approval by Aberdeen City Region Deal Joint Committee, Aberdeenshire Committee and UK/SG in November 2017. Checkpoint Reviews with UK/SG Nov 2019 and March 2021.

1.8.2 **Previous Milestone:** Report to Aberdeen City Region Deal Joint Committee on Updated Strategic Business Case May 2021

**Next Milestone:** Commence detailed appraisal and Business Case work on specific schemes

1.8.3 The Strategic Transport Appraisal (STA) is tasked with considering the future transport requirements of the region over the next twenty years, taking account of the impacts arising from the investment associated with the Deal and completion of the Aberdeen Western Peripheral Route etc. The longer-term potential impacts of Covid-19 on travel patterns are now another key consideration.

1.8.4 Work on the Strategic Transport Appraisal informed the Regional Transport Strategy, which has now been approved by the Transport Minister. Local authorities are now basing their Local Transport Strategies on this work. The Strategic Transport Appraisal also formed the regional input to Transport Scotland's second Strategic Transport Project Review, which was published for consultation on 20 January.

1.8.5 Proposals for the next five years of work on the Strategic Transport Appraisal were considered by the Aberdeen City Region Deal Joint Committee in May 2021. These were identified and developed by mapping proposals coming out of the Regional Transport Strategy to the key opportunities where CRD funding would facilitate clear progression and added value:

- Completion of Strategic Modelling Work, and subsequent testing of key areas of interest where previous work showed pressures on network performance.
- Appraisal and Business Case Development for Aberdeen Rapid Transit proposals. This element is fully funded by the Bus Partnership Fund following award announcement in June 2021 and was confirmed in STPR2.
- Appraisal and Business Case Development for A90(N) Corridor, north of Ellon. This scheme was not specifically detailed in STPR2 as a national priority, but this would not preclude ongoing development as it forms a key part of the regional strategy.
- Business Case Development for A956 Wellington Road Corridor, following completion of ongoing options assessment on this route, which was reported in November 2021 to Aberdeen City Council and Nestrans.
- Smaller scale "Live-Lab" interventions modelled on proposals being implemented in England, with initial ideas focussing on:
  - Mobility Hubs – City, Suburban and Rural Small Town.
  - Alternative Fuelling Hubs.



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- Rural Mobility as a Service (MaaS) applications / Demand Responsive Transport.

- 1.8.6 Progress in Q3 has principally been the progression of the ASAM modelling tool and working scoping up proposals for transport “live labs”.
- 1.8.7 Activity for Q4 will include ongoing progression of the ASAM model, and completion of scoping work on Live Labs. Pending outcome of committee consideration of options for Wellington Road, further development work would be progressed. Outcomes from STPR2 are also now being considered and consultation responses developed by the two Councils and Nestrans.
- 1.8.8 **Covid-19 Impact:** The amber time status for the project reflects the delayed milestone and the ongoing uncertainty around COVID impacts, and the impact this may have on future milestones.
- 1.8.9 **Finance:** Forecast spend for the year, funded by governments, is anticipated to be £0.219m compared to budget of £0.457m, slippage of £0.238m due to funding not required from STA for Aberdeen Rapid Transit, and consideration of Wellington Road proposals being delayed. A change request outlining the intention to roll funding into a future financial year will be prepared once the final amount is known.

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### 1.9 Aberdeen South Harbour Extension

1.9.1 **Key Milestones achieved:** The Aberdeen Harbour Extension Business Case approved in August 2017

1.9.2 **Previous Milestone:** Crown Wall and South Breakwater complete December 2021  
**Next Milestone:** Completion of Quay construction March 2022

1.9.3 The Aberdeen Harbour Extension will include a new South Harbour 7,300m in length. It will be able to accommodate vessels of up to 300metres and more. The new facilities will create new opportunities for energy transition activities, including renewables and decommissioning, and tourism opportunities around the North Sea.

1.9.4 Following the departure of Dragados UK from the project with effect from early June 2020, the Aberdeen Harbour Board have taken on the responsibilities for managing the remaining works on the contract. Completion is on target for October 2022, though there is still confidence that some form of phased opening may be possible earlier.

1.9.5 Progress from the last quarter includes completion of Crown Wall and South Breakwater to time and budget, demobilisation of final marine-based plant and change in status of project from a marine project to a land-based construction project.

Activity for the next quarter will include contract awards for suspended deck, completion of cope plate and quayside works and commencement of final filling and surfacing works.

1.9.6 **Covid-19 Impact:** The timeline has been revised to Green as work is proceeding at pace and significant progress has been made in the last quarter despite the continued effects of the global pandemic and challenging supply chain due to global issues.

1.9.7 The 2020/21 Annual Report can be read at: [Aberdeen Harbour Annual Review – 2020 – 2021 \(aberdeen-harbour.co.uk\)](https://www.aberdeen-harbour.co.uk/annual-reviews/2020-2021)

1.9.8 **Finance:** The two Councils contribution of £11m towards Aberdeen Harbour was drawn down and applied in prior years. The Harbour continues to report on spend for private and other investment, which continues to see an increased investment compared to the forecast at Heads of Terms. £88.202m of expenditure has been incurred in 2021/22 at the end of Q3.



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### 1.10 External Links to Aberdeen South Harbour

**1.10.1 Key Milestones achieved:** In July 2017, a Strategic Business Case received approval for £100k (extended to £150k in January 2018) to undertake the STAG Pre-Appraisal and Preliminary Options Appraisal stages for the project. Outcomes were reported back to Joint Committee, and ACC's City Growth and Resources Committee in November 2018.

In October 2018 a Strategic Business Case received approval for £250k to undertake the STAG Detailed Options Appraisal stage. The preferred option was reported back to Joint Committee and ACC's City Growth and Resources Committee in February 2021.

In August 2021 a report on the Updated Strategic Outline Business Case for the project was approved by Joint Committee and ACC's City Growth and Resources Committee and submitted to Scottish Government for approval. This identified the funding requirement of £1.2m for project management resource and costs to complete the design works.

**1.10.2 Previous Milestone:** Report containing the preferred option approved by Committee February 2021

**Next Milestone:** Confirmation of approval of revised Strategic Business Case from UK/SG, and commissioning DMRB Stage 2/3 Design Process.

**1.10.3** The preferred option, which is illustrated below, improves the existing Coast Road, replaces the existing traffic signal-controlled road-over-rail bridge, linking into Wellington Road at Hareness Roundabout via Hareness Road. Active travel improvements, and options for public transport have also been identified.



UK/SG did not approve the business case, providing feedback on several specific areas. A revised Strategic Business case was re-submitted in December 2021.

Once the Design work is commissioned, an updated and re-profiled timeline and financial projection will be submitted.

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- 1.10.4 Progress in Q3 has focussed on revising and re-submitting of Strategic Business Case. In parallel, ongoing engagement with the Energy Transition Zone Ltd and the associated master planning process.
- 1.10.5 **Finance:** With a £25m investment from UK/SG this project's main period of expenditure will be towards the end of the Deal period. The expenditure profile will be updated once design consultants are appointed to progress the design phase, expected Q4 2021/22. Forecasts spend for 2021/22 is expected to amount to £0.150m and may increase slightly to accommodate any further work required to address feedback from governments and Transport Scotland. A variance of £0.592m is expected compared to budget of £0.742m in 2021/22, which require to be reprofiled to later years. A change request will be prepared once the final figures are known.

**End**