
TRANSPORT ASPECTS OF THE ABERDEEN CITY REGION DEAL

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1 INTRODUCTION

This paper provides an overview of the Aberdeen City Region Deal, with a particular focus on the transport aspects of the deal. City Region Deals, and Regional Growth Deals remain relatively new on the policy and projects landscape within Scotland; each deal is unique, and also appear quite distinct from their relatives elsewhere in the UK. Aberdeen City Region Deal includes significant private sector involvement, and the specific focus on core economic development opportunities. Whilst infrastructure elements are important within the deal (particularly digital) the specific transport elements of the deal are focussed on supporting and enabling the economic growth objectives. The paper concludes by discussing some of the challenges and opportunities related to the process to date.

The process and outcomes of the work is presented from the perspective of the author and therefore the reflections and wider learning points should clearly not be read as the views or policies of Aberdeenshire Council or the other City Region Deal partners.

2 BACKGROUND TO CITY REGION DEALS

2.1 First Waves of English City Region Deals

City Region Deals (CRDs) were originally a concept promoted by 2010 Conservative / Liberal Democrat UK coalition government. They were designed to be bespoke packages of funding and decision making powers negotiated between central government and local authorities, and/or other regional economic development partners. The first wave of city deals focussed on the eight largest English cities outwith London, and were concluded in July 2012. The second wave covered the next fourteen largest English cities and areas, as well those English cities experiencing the highest population growth. Since then, the concept has been introduced in Scotland, Wales and Northern Ireland. (Ward, 2018)

In 2012, the then deputy prime minister Nick Clegg announced eight CRDs, stating “these ground-breaking deals signal a dramatic power shift, freeing cities from Whitehall control. Everyone in these eight core cities will feel the benefits - from young people looking for jobs to businesses looking to expand. Over the coming months, we are transferring more and more power from Whitehall to these cities.” (Ministry of Housing, Communities and Local Government, 2012). Clearly, the early CRDs had a policy goal of shifting power across to the regions, and away from a one size fits all model.

At least for the major English cities, the deals appear to have been part of a wider and ongoing conversation with the UK Government regarding wider devolution of powers. Further powers and projects have been negotiated over time between the government and regional bodies within the shared policy space which includes the CRDs. An example of this have been the wider devolution of powers within Manchester. (HM Treasury, 2014).

2.2 Scottish City Region Deals

The first Scottish CRD was Glasgow. The timing of the deal coincided with the 2014 Scottish Independence Referendum debate. It features a £1.13bn infrastructure fund to support a list of projects identified by participating local authorities (Glasgow City, East Renfrewshire, Renfrewshire, Inverclyde, West Dumbartonshire, East Dumbartonshire, North Lanarkshire, South Lanarkshire) focussed on improved transport network, and key development and regeneration sites. There is also a parallel focus

on jobs and skills including life sciences, support for business innovation, and targeted support for 16-24 years olds / vulnerable residents. The deal lasts for twenty years (Glasgow City Council, 2014).

The Aberdeen CRD was the second deal agreed in Scotland. This was markedly different from the Glasgow deal, with the signed deal including Opportunity North East (ONE), a private sector led economic development group. Relative to the Glasgow deal, the elements making up the deal appear to be more tightly defined, with the deal period lasting for ten years (Aberdeen City Deal, 2016)

Since then there has been a commitment from the Scottish Government, with support from the UK Government, to agree CRDs, or regional growth deals, to cover all other parts of Scotland. Other Scottish deals signed include Inverness and Highland, Stirling and Clackmannanshire, Edinburgh and South East Scotland, Tay Cities, and Ayrshire. Each appear to have been tailored to respond to specific individual requirements of each region (Burns-Murdoch, 2017).

3 CONTEXT FOR ABERDEEN CITY REGION DEAL

The Aberdeen city region has historically enjoyed significant economic and population growth in recent decades, thanks in main to the oil and gas industry. However, with recent volatility in oil prices, and finite life of UK continental shelf oil and gas reserves, key elements to ensuring continued economic prosperity for the region (and contribution to rest of Scottish and UK economies) have been identified as follows:

- a) Enabling cross-industry collaboration, cost reductions and investment in research and innovation¹ within the UK's oil and gas sector;
- b) Anchoring oil and gas expertise in the north east of Scotland, which can be marketed worldwide. Allied to this is the continued requirement to develop skills and innovation in the field of oil and gas decommissioning;
- c) Developing other key sectors that have a strength in the region, including food and drink, bio-pharmaceuticals and tourism. Supporting these industries will provide economic resilience and diversification, helping the north east become less reliant on the cycles of the oil and gas economy; and
- d) Addressing "supply side constraints" which have an impact on the area's competitiveness: improving the region's connectivity (transport and digital), boosting innovation, developing a better functioning housing market and expanding the harbour. Infrastructure is critical to the place making of Aberdeen City and Aberdeenshire - securing its long term economic wellbeing and an internationally competitive business environment.

Investment in public infrastructure has not necessarily kept pace with the large-scale economic and population growth that the region has experienced and, in terms of transport, this has resulted in congestion surrounding areas of economic activity, which has had the potential to stifle future growth and development of the region and its economy. This is particularly unwelcome in those employment areas where future growth is desirable to accommodate an increase in onshore activity associated with the oil and gas industry and the development of centres of global expertise. Some elements are now being addressed with investment in strategic roads infrastructure, and improvements to the rail service north of Aberdeen.

¹ Further detail about the challenges, opportunities, and recommended response contained in "UKCS Maximising Recovery Review: Final Report, Sir Ian Wood, February 2014". Available at: <https://www.ogauthority.co.uk/about-us/what-we-do/the-wood-review/>

The region is relatively peripheral to Scotland's central belt and to other major UK cities including London, Leeds and Manchester. Key parts of the region also remain relatively peripheral to the centre of the region. These include Peterhead, which is a key base for the sub-sea sector with an expanding deep water berthing facility. Furthermore, a number of locations to the south of Aberdeen within Aberdeenshire host key assets for the storage and maintenance of energy production equipment.

The core urban environment is identified as a regional asset and opportunity for economic growth, as expressed through Aberdeen's City Centre Masterplan, and recent work considering a revised Roads Hierarchy. There are aspirations to deliver more high quality and affordable housing stock within the city region to attract people to the area and to encourage them to settle here permanently. There is also a pressing need to develop safe and attractive active travel and public transport connections between residential areas and areas of economic activity to ensure population and household growth can be accommodated sustainably.

Reflecting these pressures and opportunities, the regional economic strategy (*Aberdeen City Council, Aberdeenshire Council, ONE, 2015*) provides a vision for the future of the North East of Scotland's economy. It outlines a 20-year plan to deliver a range of activities to maintain and grow the economy, with interventions identified under four programme areas:

- a) Investment in Infrastructure;
- b) Innovation;
- c) Inclusive Economic Growth; and
- d) Internationalisation.

It is these themes that are carried through to the final agreed CRD, which is seen as one of several delivery mechanisms for the regional economic strategy.

4 THE DEAL

The foundations for the Aberdeen CRD were set down between summer 2014 and spring 2015, culminating in a bid document submitted in March 2015. This period saw the problems of an overheating oil and gas dominated regional economy during the first part of 2014 turn into one of significant economic downturn, following the oil price crash of September 2014.

The bid document was submitted to the UK and Scottish Governments by Aberdeen City and Aberdeenshire Councils in March 2015. A Heads of Terms Agreement was finalised in January 2016, with the final deal announced in November 2016.

Unique to the Aberdeen CRD is the involvement of the private development organisation, Opportunity North East (ONE)². Led by private industry, collaborating with Scottish Enterprise, and supported by the Wood Foundation, ONE is seeking to help broaden the region's economic base in key industry sectors of food, drink, agriculture and fishing; life sciences; oil and gas; and tourism.

² Further details about ONE available here: <http://www.opportunitynortheast.com/>

The agreed deal seeks to enable future growth through investment in technology, innovation and research and infrastructure. Both Governments are committed to jointly investing up to £250 million over the next ten years, subject to detailed business cases, in order to bring projects that will boost the economy forward as quickly as possible. In addition to this, the two councils are committed to investing up to £20 million, with an anticipated further £556 million from the private sector and other partners, all of which will form part of an overall £826 million funding package. An additional £250m was pledged by the Scottish Government on top of, but separate to, the CRD³.

The key elements of the final deal are as follows:

- a) Oil and Gas Technology Centre (OGTC) - envisaged as a world leading Technology Centre to become the “go to” centre globally for solving offshore mature basin, subsea and decommissioning technology challenges. In doing so the OGTC seeks to generate a substantial competitive advantage for both the United Kingdom Continental Shelf basin and UK supply industry.
- b) Food and Drink, and Life Sciences Innovation Hubs – support for the region’s continued economic diversification, these will build on strong clusters in the region. The centres will attract and retain key skills and expertise in the region; build on existing innovation systems, research and development institutions and companies that are already based in Aberdeen; and complement the network of expertise across the UK and internationally.
- c) Digital Infrastructure Fund - Improving the region’s digital infrastructure is key to the long term future of the regional economy. It will drive innovation through the better use of physical and digital assets to enhance public and private service delivery, to tackle inequality and to improve social outcomes.
- d) Support for Expansion of Aberdeen Harbour – currently under construction, the deep water harbour is seen as an essential component of the regional economy, facilitating oil and gas service sector, but future opportunities in relation to cruise tourism, renewables, and decommissioning.
- e) Strategic Transport Appraisal – the regional economy has recently benefitted from the opening of the Aberdeen Western Peripheral Route (AWPR), and construction is currently underway on the re-dualling of the railway line between north of Aberdeen Station and Inverurie. The appraisal will recognise the priorities of local, regional and national transport plans and programmes as well as the existing work outlined above, looking at future requirements with a 20 year strategic view.

The additional support from the Scottish Government, announced alongside the CRD, included support for reducing rail journey times between Aberdeen and the Central Belt, grade separation of A90 / A937 junction at Laurencekirk, and a Housing Infrastructure Fund. Commitments for reporting progress on these projects to the City Region Joint Committee were established within a separate Memorandum of Agreement between the parties.

The specific funding allocations agreed across each element, are shown in Table 1.

³ Full details on the Aberdeen City Region Deal, and associated background documents, are available at:
<http://www.abzdeal.com/>

Table 1: Aberdeen City Region Deal Funding

CRD Theme	UK & Scottish Government	Local Authorities	Universities	Private/ Others	Total
Innovation: Oil and Gas Technology Centre	£180m	-	£23.5m	£150.6m	£354.1m
Innovation: Agri-Food & Nutrition Hub	£10m	-	-	£10.1m	£20.1m
Innovation: Bio-Therapeutic Hub	£20m	-	-	£18m	£38m
Internationalisation: Harbour Expansion	£25m	£11m	-	£339m	£375m
Connectivity: Digital Connectivity	£10m	£7m	-	£15m	£32m
Connectivity: Strategic Transport Appraisal	£5m	£2m	-	-	£7m
Total	£250m	£20m	£23.5m	£532.7m	£826.2m

Note 1 – all funding subject to business case approvals

Note 2 – additional Scottish Government funding of £250m alongside CRD; Rail £200m, Laurencekirk £24m, Housing Fund £26m

5 TRANSPORT ASPECTS OF ABERDEEN CITY REGION DEAL

5.1 Introduction

The overarching ambition of the Aberdeen CRD is to facilitate the sustainable growth of the City Region economy. In the context of transport, this will be achieved through:

- a) Enabling strategically important development areas to accommodate the growth anticipated by the City Region Deal and their specific transport requirements;
- b) Enhancing connectivity across the City Region to provide sustainable access to these growth areas;
- c) Addressing current and future bottlenecks which contribute to inefficiency, including gateways to the city and region;
- d) Improving connectivity to the Central Belt and beyond;
- e) Encouraging sustainable travel and development patterns, and ensuring that there is infrastructure in place to accommodate this;
- f) Managing the direct transport impacts of the CRD, anticipating the outcomes engendered by digital investment, the housing fund and Aberdeen Harbour expansion; and
- g) Considering appropriate future delivery and funding approaches.

The Aberdeen CRD Transport Working Group has responsibility for delivery of these elements, and reports to the CRD Programme Board, and ultimately to the City Region Deal Joint Committee. It consists of officers from Nestrans, Aberdeen City Council, Aberdeenshire Council, the Strategic Development Planning Authority, Transport Scotland, and the CRD Programme Manager. The Transport Working Group seeks to focus not only on the CRD projects listed below, but on tying together other wider stands of work such as the work on the Local and Strategic Development Plans, (and associated cumulative transport appraisal), Regional Transport Strategy (RTS), City Centre masterplan and Roads Hierarchy, and input to the forthcoming Strategic Transport Projects Review (STPR) led by Transport Scotland.

5.2 Strategic Transport Appraisal

In order to fully capture the scope and detail of the transport interventions that will be required to facilitate and manage the level of growth anticipated to result from the CRD, and the requirements of the region over the next twenty-years, the agreement contains a commitment to: *support the development of a strategic transport appraisal to take a long term strategic view of the transport implications of the investment unlocked by this Deal across modes of transport including road and rail.*

Both the Scottish and UK Governments have committed to investing up to £5 million together, with Aberdeen City Council and Aberdeenshire Council contributing up to a further £2 million towards a full transport appraisal of the infrastructure requirements of the region and how enhancing connectivity and improving infrastructure can help maximise the benefits of the Deal.

The key anticipated deliverable at the end of the appraisal process is a programme of transport interventions which will be recommended for prompt implementation based on their ability to facilitate the continued growth and prosperity of the region and thus contribute towards realising the economic aspirations of the City Region Deal. It is anticipated that each option or package of options recommended for delivery will be supported by a detailed business case providing a rationale for future funding. These projects will nest with the next RTS for the north east of Scotland and feed into the Scottish Government's STPR, all of which will be developed alongside the Strategic Transport Appraisal.

A number of different stages were identified in the approved business plan for the Strategic Transport Appraisal, which will comply with Scottish Transport Appraisal Guidance (STAG). Aspects which have been substantially completed are as follows:

- a) Completion of an interim upgrade of the regional transport model, Aberdeen Sub Area Model (ASAM) using updated information future year forecasting to generate a more specific and adaptive model, able to better identify future problems on the network, taking into account committed infrastructure and other development, and allow for testing of the impact of different land-use and transport interventions on the network. A refreshed ASAM model has been key to a cumulative transport assessment which has informed the Strategic Development Plan, and is now informing Local Development Plans.
- b) Pre-Appraisal for the Strategic Transport Appraisal, considering all modes of transport, taking into account interim ASAM outputs and the results of recent appraisal effort and studies undertaken across the region. This work was completed during Summer 2017, and identified problems and opportunities with the current and future transport network. It also developed and refined a set of objectives for the future operation of the network, which have now been adopted by work on the RTS.
- c) Identification of a long list of potential interventions to address these objectives, taking into account evidence base, stakeholder and elected Member views. The work has also considered the most likely "home" for where some of the proposed interventions

might sit, at a policy level (NTS, RTS, LTS), or projects level (STPR, CRD etc). The majority of this work has been completed.

Work that is shortly to commence is as follows, running largely alongside work on the STPR:

- a) Undertake an initial qualitative appraisal of those projects that have the potential to fulfil the requirements and objectives of the CRD;
- a) Undertake an extensive traffic and transport data collection exercise now that the AWPR has opened, to inform a full ASAM upgrade;
- b) With the completed ASAM, undertake a check of the problems and opportunities/objectives, and then undertake quantified detailed appraisal of the transport interventions identified in the initial work; and
- c) Detailed business cases will be developed for those schemes that are ultimately recommended for implementation, based on their potential to facilitate the continued growth and development of the region and to meet the economic aspirations of the CRD.

Some wider benefits of the work, are as follows:

- a) Providing a robust evidence to inform the next RTS and Development Plans for Aberdeen City and Aberdeenshire;
- b) Providing an upgraded and updated strategic modelling asset for the region; and
- c) Provide substantive and evidence based north east Scotland-based input into the fourth National Planning Framework, the emerging National Transport Strategy and the STPR to ensure the needs of the north east of Scotland are adequately reflected in these plans.

The main challenges in the work have been ensuring progression of a number of parallel streams of work, such that they deliver outcomes and evidence in a timely manner to inform the evidence base. This has included the interim update of ASAM, cumulative transport appraisal linked to the strategic development plan, and scheduling ongoing appraisal work with the delayed opening of the AWPR. In the future, there will be a requirement to carefully co-ordinate appraisal effort with the STPR, in order to maximise benefits for both projects.

5.3 External Links to Aberdeen South Harbour

The focus of this project is the realisation of wider economic benefits of the regional investment in the new Aberdeen South Harbour. This project is being managed by Aberdeen City Council.

The immediate access solutions required for the Harbour are part of the planning consents, and are being progressed by Aberdeen Harbour Board. However, there is a longer term, strategic opportunity to developing more robust transport linkages, building on master-planning work done as part of the Bay of Nigg Development Framework. This sees the opportunities of providing more direct linkages to the regional strategic road network, and also opening up re-development opportunities in the surrounding industrial areas. These will be supported by wider sustainable travel opportunities. Initial stages of option appraisal have been completed, with the work now moving to detailed appraisal. This has been commissioned, aiming to deliver outcomes early in 2021.

Some of the issues being faced by the project going forward are:

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- a) Modelling alternative harbour market scenarios in an area where the mix of alternative development opportunities (supply base, decommissioning, cruise etc) may vary;
 - b) Properly appraising engineering feasibility constraints presented by the adjacent Ness Landfill site and the requirement to cross over/under east coast railway;
 - c) Correct modelling of future impacts of AWPR on wider area;
 - d) Capturing wider economic / regeneration impacts within the study area; and
 - e) Delivering attractive and appropriate sustainable travel options.

5.4 Associated Element – Laurencekirk Junction

This project is being led by Transport Scotland and their appointed consultants. Following on from the Access to Laurencekirk STAG appraisal, this project has been working through Design Manual for Roads and Bridges Stages 2 and 3, with draft orders due to be presented late 2019.

5.5 Associated Element – Aberdeen to Central Belt Rail Improvements

This project is being led by Transport Scotland with support from the Rail Industry. Work continues on seeking to identify the best opportunities that can be secured for the £200m investment announced alongside the City Region Deal.

6 KEY LEARNING POINTS TO DATE

A positive outcome from the Aberdeen CRD process is the establishment of a robust partnership, funding and governance structure, specifically focussed on delivering specific outcomes from the regional economic strategy, on a cross-boundary and cross-sector basis. This has raised the profile of longer term regional transport planning to Council Leader and Chief Officials, but also positively and collaboratively engaged different teams across the different organisations represented within the deal.

However, a challenge from a transport planning perspective is the tension between an expectation that CRDs would unlock an accelerated process and outcomes, against the reality of scheme development processes. Significant transport infrastructure investment needs to be founded upon evidence, robust and impartial appraisal, and certain statutory processes. This includes environmental appraisal, land acquisition, other consents, and potential Public Local Inquiry. There are not necessarily short-cuts to be taken, although the application of pro-active project and programme management is essential.

Each project associated with CRD has an elevated profile, relative to other projects being pursued. This can be a real positive in helping to facilitate progress. However, if progress is not as anticipated, or if there is not clarity on how a project may be implemented including programme, it can quickly become a disproportionate burden and reputational risk.

The Strategic Transport Appraisal in particular is a significant opportunity to achieve synergies across the RTS, Strategic Development Plan, STPR, and a number of project appraisals and studies currently underway. The prize is the bringing together and co-ordination of various strands of parallel activity and evidence gathering, in order to develop a coherent and in-depth view of problems, opportunities, potential impacts, and options. The risk is that different elements end up pulling in different directions, contradicting each other. With the next RTS shadowing the development of the Strategic Transport Appraisal, we're working to maximise these opportunities, and reduce the potential risks.

7 SO WHAT'S NEXT?

The Aberdeen CRD has a ten-year timeframe, and the Strategic Transport Appraisal is intended to identify priority schemes for delivery up to 2040, but not necessarily with funding streams identified to enable implementation. This highlights the obvious question – where next for City Region Deals – either in Aberdeen or elsewhere. Are the current City Region Deals a one off grant funding offer, or part of a longer term process? Politically, the fear is that our priority schemes be added to a pipeline of national projects, only to be out of date once they are delivered.

It is interesting to note that the partnerships voluntarily formed by the Scottish CRDs have been seen as a potential model for future regional relationships, and indeed some CRD areas appear to have formalised their partnership working arrangements within their structures. This is relevant with consideration being given to town planning (Planning Bill), regional transport planning and skills development at this time. Might the City Region Deal groupings provide some coherence to what have been historically different approaches to regional working across different sectors and agencies?

One element that is clearly not on the agenda in Scotland as it is England is devolution of powers to city regions, with fundamentally the CRD process being more about bespoke funding partnership arrangements with each area. Would there be sufficient appetite in Scotland for any such devolution of powers in future CRD arrangements? Might this include the power to raise funds to bring in inward investment, and deliver on infrastructure requirements?

8 SUMMARY

When the Aberdeen CRD was signed in 2016 it marked the culmination of an enormous amount of preparation by the public and private sectors to identify and develop projects that will contribute to the region's future prosperity. The formalisation of the Deal was viewed as a landmark moment for the north-east and the catalyst for a 10 year programme of investment worth in excess of £800 million to the area.

The new Aberdeen South Harbour currently under construction to the south of the City, and the appraisal of transport links to it, in order to maximise its economic impact, regionally and across Scotland is progressing well. The South Harbour will be capable of docking much larger vessels, to support subsea engineering, offshore energy, decommissioning activities, berth large cruise liners (which will also have a positive impact on tourism in the City Region) and support the industry trend towards increasingly larger ships.

In addition, the Deal includes significant investment to improve the City Region's digital infrastructure and a Strategic Transport Appraisal to identify the improvements to the City Region's transport infrastructure required over the next 20 years, building on the completion of the AWPR and other planned investments. This latter element is a key element in co-ordinating future transport requirements for the region, alongside the Strategic Development Plan, RTS, and the forthcoming STPR.

Projects associated with the City Region Deal are being progressed by Transport Scotland, including Laurencekirk Junction (draft orders planned for this year) and Aberdeen to Central Belt Rail improvements (work ongoing).

The CRD has engendered a positive framework for cross sector regional working, with a clear focus on delivery of priority schemes to support economic development objectives. As the outcomes of the Aberdeen deal are now being delivered, alongside other outcomes across Scotland, it will be priority for all agencies to now consider how CRDs are to be developed in the future. Questions include future funding commitment and arrangements; how partnership working around regional development may be

arranged; and whether any devolution of powers or other arrangements should form part of this agenda, including the power to raise funds regionally to attract inward investment and support infrastructure.

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