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ADDITIONAL CIRCULATION



To: Councillor Young, Convener; Councillor Forsyth, Vice Convener; and Councillors Allan, Cameron, Crockett, Dickson, Donnelly, Jackie Dunbar, Grant, Laing, McCaig, Milne, Noble, Reynolds and Yuill.

Town House,
ABERDEEN 2 May 2014

FINANCE, POLICY AND RESOURCES COMMITTEE

The undernoted items are circulated in connection with the meeting of the **FINANCE, POLICY AND RESOURCES COMMITTEE** to be held here in the Town House on **TUESDAY, 6 MAY 2014 at 2.00 pm.**

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

BUSINESS

MINUTE AND COMMITTEE BUSINESS STATEMENT

- 3.2 Committee Business Statement - Updated item 13 of the statement (Page 22 of the agenda) (Pages 1 - 2)

FINANCE

- 7.1 Council General Fund Monitoring 2013/14 – updated information (Pages 3 - 4)

GENERAL BUSINESS

- 11.5 Offshore Technology Conference 2014 and Offshore Northern Seas 2014 (Pages 5 - 10)
- 11.6 Haudagain Upgrade (Middlefield) Update (Pages 11 - 20)

Should you require any further information about this agenda, please contact Allison Swanson, tel. (52)2822 or email aswanson@aberdeencity.gov.uk

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FINANCE, POLICY AND RESOURCES COMMITTEE

COMMITTEE BUSINESS

6 MAY 2014

Updated Item 13 – Page 22 of the agenda.

13.	Finance, Policy and Resources 20/2/14 Article 16	<p><u>Request For Approval Of Expenditure For External Support Relating To The City Deal Fund</u></p> <p>The Committee resolved, amongst other things, to agree to receive a further report, once a successful bidder had been appointed on the project plan which would be followed to process the submission of a bid for City Deal funding.</p>	<p>Aberdeen City Council has commissioned PricewaterhouseCoopers (PWC) to assist us with our submission. This incorporates the work outlined in the Strategic Infrastructure Plan (SIP) to identify alternative funding sources for delivery of identified infrastructure projects.</p> <p>Meetings with Aberdeenshire Council have been had and further meetings arranged and a project team has been established comprising of officers from both Aberdeen City and Shire Councils.</p> <p>A draft project plan outlining key milestones and activities has been developed and is in the process of being finalised. The timeline for completion is July 2014 and we will report back with a full update on progress at the June 2014 Finance, Policy and Resources committee.</p>	City Development	19/6/14
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Agenda Item 7.1

Aberdeen City Council

Finance Policy & Resources Committee

6 May 2014

(Item 7.1) Update on General Fund Revenue Monitoring – Near Actual

The report presented to the Committee in the agenda papers shows the Period 11 (end of February 2014) forecast position for the General Fund for the financial year 2013/14.

This shows an overall surplus on the General Fund of £6.5 million, before the earmarking of funds for the Music Hall and for the Greenspace Strategy/In Bloom Agenda, in total a commitment of £1.4 million.

As the year has come to an end the following table shows the latest position on the year-end actual which has been brought together based on position reached in the preparation of the Statement of Accounts. Many of the transactions have now been captured for the year however there remains important review processes to ensure the robustness of the data.

The table incorporates certain assumptions that still have to be processed into the financial ledgers.

Please note that there is an item on the agenda and if Committee were to approve this (Thomas Blake Glover House) would be met from the surplus shown in the table below.

ABERDEEN CITY COUNCIL FINANCIAL YEAR 2012/13 - YEAR END STATEMENT

As at 31 March 2014	Annual Budget 2013/14	Near Actual 2013/14	Variance from Budget		Forecast Variance at P11	Variance from Last Month	
	£'000	£'000	£'000	%	£'000	£'000	%
Services:							
Office of Chief Executive	871	735	(136)	(15.6)%	(129)	(7)	5.4%
Corporate Governance	29,075	27,431	(1,644)	(5.7)%	(1,010)	(634)	62.8%
Enterprise Planning and Infrastructure	40,336	38,082	(2,254)	(5.6)%	(2,004)	(250)	12.5%
Housing and Environment	36,632	34,168	(2,464)	(6.7)%	(2,406)	(58)	2.4%
Education Culture and Sport	162,534	161,148	(1,386)	(0.9)%	(1,132)	(254)	22.4%
Social Care and Wellbeing	121,769	120,627	(1,142)	(0.9)%	(1,277)	135	(10.6)%
Total Service Budgets	391,217	382,191	(9,026)	(2.3)%	(7,958)	(1,068)	13.4%
Total Corporate Budgets	30,005	33,969	3,964	13.2%	2,066	1,898	91.9%
Total Net Expenditure	421,222	416,160	(5,062)	(1.2)%	(5,892)	830	(14.1)%
Funding:							
General Revenue Grant & NDRI	(321,429)	(321,429)	0	0.0%	0	0	0.0%
Council Tax and Community Charge Arrears	(99,793)	(101,205)	(1,412)	(1.4)%	(12)	(1,400)	(11666.7)%
Total Funding	(421,222)	(422,634)	(1,412)	(0.3)%	(12)	(1,400)	(11666.7)%
General Fund surplus for the year	0	(6,474)	(6,474)		(5,904)	(570)	9.7%

Key Assumptions:

Review of the accounts is being completed by accounting staff to ensure completeness;

Finalisation of funding that requires to be transferred to other accounts and corporate provisions held by the Council have yet to be completed therefore an estimate has been assumed, e.g. transfer to the Insurance Fund;

Contingencies have remained unused and these will be used to support the funding of the Council's capital investment strategy, including its commitment to the AWPR and the Strategic Infrastructure Plan. This assumption has already been incorporated into the figures shown.

Key Variances:

Corporate Governance – the variance from P11 results mainly from changes to finalisation of the Council's Housing Benefit claim and the assumptions that have now been used in completing this for 2013/14. In addition additional chargeable income was calculated as part of the year end process.

Corporate Budgets – a revision to the general bad debt provision increased the amount that requires to be held by the Council as at the end of 2013/14, this increased costs. In addition the review of capital expenditure revealed expenditure that should be charged to revenue. This is a regular part of the year end process and has been accounted for against the Corporate Budgets.

Funding – the increased income is from the reduction in discount given to 2nd home owners, which during 2013/14 was 10% rather than the 50% previously awarded. This reduction of 40% generates additional income that is earmarked for affordable housing projects. It has been assumed within the figures that the additional income has been earmarked for this purpose.

ABERDEEN CITY COUNCIL

COMMITTEE	Finance, Policy and Resources
DATE	6 May 2014
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Offshore Technology Conference 2014 & Offshore Northern Seas 2014
REPORT NUMBER:	EPI/14/132
CHECKLIST RECEIVED:	Yes

1. PURPOSE OF REPORT

The report seeks approval for the Council Leader to travel to the Offshore Technology Conference (OTC) in Houston, 5th-8th May 2014 and Offshore Northern Seas (ONS) in Stavanger, 25-28th August 2014.

2. RECOMMENDATION(S)

It is recommended that Committee:

- a) Retrospectively approve the travel and associated arrangements necessary to enable the Council Leader to participate fully in the OTC 2014 programme retrospectively.
- b) Approve the travel and associated arrangements necessary to enable the Council Leader to participate fully in the ONS 2014 programme.

3. FINANCIAL IMPLICATIONS

The approved 2014/2015 International Trade budget will meet the costs, estimated at £6,500. The additional cost may require the International Trade team to scale down another project or projects in the approved 2014/2015 International Trade Plan in order to remain within budget.

4. OTHER IMPLICATIONS

Health and Safety: The health and safety implications of all overseas journeys are taken into account during planning, with any exceptional implications to be addressed at the time. Officers regularly review the travel advice provided by the Foreign and Commonwealth Office and are in contact with counterparts in-country to ensure information is accurate and up-to-date. When participating in overseas journeys, Council officers and Elected Members are covered by the Council's insurance policy. A risk assessment is carried out for each overseas journey.

Risk Management: The risk associated with not attending OTC and ONS is that Aberdeen's position as a global energy capital would be compromised if there was reduced visibility on the world energy industry stage and if profile was not maintained at key overseas trade events.

5. BACKGROUND/MAIN ISSUES

Offshore Technology Conference, Houston

The Offshore Technology Conference is the world's largest offshore oil and gas conference and exhibition, attracting over 90,000 attendees. The event brings together the global supply chain, from operators to SMEs, and is the number one trade event in the global energy industry calendar.

The United States is a top priority current and target export market for Aberdeen companies. Aberdeen City Council's objectives for OTC include:

- Maintain and build on the city's strong profile as a global energy hub
- Support Aberdeen companies in promoting their strengths and capabilities
- Promote Aberdeen as a highly attractive place in which to invest, live or visit

In addition to attending OTC itself, the Council Leader will join a full programme of site visits, business briefings, World Energy Cities Partnership events and Aberdeen City Council-sponsored business events.

Offshore Northern Seas, Stavanger

Offshore Northern Seas (ONS) in Stavanger, Norway has been in existence for almost 40 years. Alternating with Offshore Europe, which is held in Aberdeen every two years, this international energy event attracts a global audience.

ONS attracts over 60,000 visitors over the four days and Aberdeen City Council works in partnership with Aberdeenshire Council to deliver an exhibition presence which offers the opportunity for local energy related companies to promote their company, identify business opportunities and experience the benefits of support from the Council's International Trade team.

Running alongside the ONS 2014 exhibition and conference is the globally recognised ONS Festival. Held on Stavanger Harbour Quayside from Monday 25th to Wednesday 27th August 2014, in previous years this event has attracted over 40,000 exhibition delegates, visitors and Stavanger residents over the 3 days. The Festival is designed to complement the exhibition with a cultural, musical and entertainment celebration from the Norwegian and invited host cities.

Lord Provost George Adam has accepted an invitation by the ONS Festival to take one of only eight guest city pavilions on the harbour side at the heart of the festival activities. Each purpose built pavilion is strategically placed to attract maximum footfall from the Festival attendees. The pavilions are intended to present a platform for each country to present all that is best in hospitality, entertainment, cuisine, food and drink. It provides the opportunity to:-

- demonstrate its commitment to the energy industry
- showcase Aberdeen City as a destination for business and leisure
- promote the area as a world class business location and a desirable place to invest, live, work, study and visit
- use the pavilion for facilitating business to business introductions
- signpost potential investors to local companies who are sponsoring the pavilion
- host VIP & international delegation networking events
- showcase council services to Aberdeen City delegates
- showcase our unique music, food and drink

Aberdeen City has strong ties with its twin city Stavanger. This is now the fourth time Aberdeen has been afforded the opportunity to host a pavilion at the Festival. This is a showcase to the global energy industry underlining our Energy Hub status and our exceptional talent for hospitality. It allows us to demonstrate our professionalism and also our commitment through Smarter Aberdeen to be at the forefront of the energy industry. This is a key opportunity for us to promote the city locally, to the business community who travel from Aberdeen City and Shire to the event, nationally and internationally.

Internationalisation, product and market diversification are key elements of the city's ongoing City Development Strategy and the Aberdeen Festival pavilion plays an important role in supporting this.

In addition to attending the ONS exhibition and Festival, the Council Leader will join a programme of business briefings and company meetings in support of Aberdeen's position as an Energy Hub.

6. IMPACT

Corporate: The contents of the report relate directly to delivering the economic development aspects of the Single Outcome Agreement:

National Outcome 1 – We live in a Scotland that is the most attractive place for doing business in Europe

National Outcome 2 - We realise our full economic potential with more and better employment opportunities for our people

Local Outcome – Anchor the Oil and Gas Industry

Local Outcome – Diversification of the Economy

The contents of the report also relate directly to delivering the economic development aspects of the Administration's Smarter Aberdeen vision.

An Equality and Human Rights Impact Assessment is not required for this report.

7. BACKGROUND PAPERS

None

8. REPORT AUTHOR DETAILS

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COMMITTEE Finance, Policy & Resources

DATE May 6th 2014

DIRECTOR Pete Leonard

TITLE OF REPORT Haudagain Upgrade (Middlefield) Update

REPORT NUMBER: H&E/14/032

CHECKLIST RECEIVED: Yes

1 PURPOSE OF REPORT

This report provides an update on progress on instructions to officers at the Finance, Policy and Resources Committee meeting of December 5th 2013 as a result of a previous report. The instructions were as follows:

- (i) To instruct officers to proceed with the project subject to negotiating acceptable financial guarantees from the Scottish Government or one of its agencies by 30th April 2014 in order for a report to come forward to the meeting of the Committee on 6th May 2014
- (ii) To instruct officers to prepare a report for the 6th of May 2014 meeting of the Committee outlining proposals including where appropriate costs for the regeneration of Middlefield without the proposed Haudagain improvements should the Scottish Government or one of its agencies refuse to commit to providing the Council with acceptable financial guarantees as requested.

2 RECOMMENDATION(S)

The Finance, Policy & Resources Committee is recommended to:

- (i) Note the letter of Comfort received from Transport Scotland
- (ii) Note the indicative costs (£8m) for the regeneration of Middlefield without the proposed Haudagain improvements should the Scottish Government or one of its agencies refuse to commit to the project
- (iii) Note the risk profile
- (iv) Continue with the current Asset Management Strategy established since 2008 to discontinue capital investment in area 1 on the attached Zonal Map until such time as plans for the Haudagain upgrade are finalised.

- (v) Instruct the Directors of Housing and Environment and Corporate Governance to report back to this Committee in September 2014 with a feasibility study and proposals to re-house the directly affected tenants in Middlefield and to regenerate the wider Middlefield Area. This should include proposals to relocate affected community facilities.
- (vi) Instruct the Directors of Housing and Environment and Corporate Governance, to report back to this Committee in September 2014 with potential funding solutions for the new build and regeneration proposals, noting that this Council has previously expressed the view that the Scottish Government should meet the cost of relocating the affected community facilities. The Scottish Government should also be asked to consider what additional financial support could be given to the new build and regeneration proposals for Middlefield.
- (vii) Instruct that Council officers consult with the residents of Middlefield on new housing and regeneration matters and that the results of this consultation is reported back to this Committee in September 2014.

3 FINANCIAL IMPLICATIONS

There are broadly three inherent financial implications for the Council should the guarantee attached not suffice.

- 3.1 One implication is that should the Council continue re-letting in the area until such times as the Compulsory Purchase process is formalised (c.2017) there is a risk that when the property is compulsory acquired by the Scottish Government it may be tenanted and therefore that will affect the value of the Council property (a property has more value within the process when vacant possession can be offered).
- 3.2 The second implication is that if the Council chooses to continue its policy of not re-letting in the area in anticipation of the road, it will generate a risk to the HRA of a loss of income for properties which are vacant during the re-housing period. This will require to be mitigated against through careful housing management planning in conjunction with tenants and their demands, and potential new development opportunities.
- 3.3 A third financial implication is the associated costs involved to regenerate Middlefield should the roads project not go ahead for any reason. This is documented in 5.2 and the Housing Revenue Account (HRA) will have to make provision for these additional costs in its business plan if these works are to be scheduled for the future.

4 OTHER IMPLICATIONS

- 4.1 Legal – no immediate implications arising directly from this report, however future involvement will be imperative throughout all stages of this project.
- 4.2 Health and Safety – The regeneration proposals will require health and safety plans in accordance with Construction, Design and Management legislation.
- 4.3 Risk Management – Management of risk for the regeneration of the area will be identified, monitored and mitigated in accordance with the ability to meet risk policy and programmed objectives. The Council led projects will form part of the Programme Management Office (PMO) process and progress reports will be scrutinised by CMT at regular PMO Sponsors Board meetings.

4.4 Risk Profile

ID	Description	Type	Impact	Likelihood	Score	Counter-measures / Updates	Owner	Identified	Updated	Status
1	Scottish Government no longer funds the construction of the road (Haudagain) including all compensation costs	Strategic	4	2	8	Letter of Comfort received 30 April 2014 from Transport Scotland	JQ/SW	April 2014	01/05/14	Open
2	The Council delaying re-housing of affected tenants until the financial terms of the CPO are legally finalised will negatively impact on the road construction programme, with economic consequences and reputational damage to the Council. Also, there would be an opportunity cost circa £8m related to the lower value of compensation received by the Council for the units being CPO'd.	Operational	3	4	12	Housing Allocations High Priority rating for tenants affected has been introduced Risk would be more fully mitigated by early action to re-house affected tenants.	DU/JQ	April 2014	01/05/14	Open
3	The Council commencing re-housing as soon as practical in order to avoid delays to the roads programme will result in rent loss of upper limit circa £800k over 3 years, depending on the rate of re-housing. This would not be mitigated against until the CPO process is formally concluded in 2017.	Financial	2	3	6	Early discussions on CPO process have taken place Risk can be more fully mitigated by additional housing provision in the local area as this will facilitate a more seamless re-housing programme which will likely be more "back loaded", reducing rent loss in the early years.	JQ/SW	April 2014	01/05/14	Open

4.5 Risk Analysis

Risk 1 was discussed in the report to the December FP&R Committee and was scored at 16, which correlates to a risk rating of RED.

The Council has since received a letter of comfort from the Finance Director of Transport Scotland. Whilst this is in no way legally binding, Council officers view this to be sufficient to mitigate the probability element of the risk from a score of 4 to a score of 2. With the impact of this risk remaining at a score of 4, this gives an overall risk rating of 8, which represents an AMBER risk.

Risk 2 is a newly identified risk which would result from the Council delaying any re-housing of affected tenants until the CPO process is formally concluded in 2017.

Officers have determined a risk rating of 12 for this risk, which represents an AMBER risk.

The project will demand a housing programme which will fit with the Council's re-letting and re-housing policies and its strategic commitment to deliver 1000 new houses by 2017. Availability of replacement stock options in a high demand market makes any delay to the process serious in terms of impact and significant in terms of probability.

Risk 3 is a newly identified risk which highlights the potential rent loss associated with early action re-housing commencing with immediate effect.

Officers have determined a risk rating of 6 for this risk, which represents a GREEN risk.

An early re-housing programme maximises the level of overall compensation arising from the CPO process which mitigates against the financial risk presented by Risk 3.

Opportunity

The above risks should be assessed in the context of corresponding opportunities which are presented by the various activities involved in the road improvement programme.

The early introduction of a housing replacement (new build) programme would facilitate the re-housing of tenants which would minimize the financial impact on the Council and avoid delays to the roads improvement project. The provision of new affordable housing would improve the quality of life of local tenants.

Such a programme would require a capital investment of £20-25m, whilst Investment requirements for the wider regeneration of the Middlefield area have yet to be established.

An opportunity to maximise cross subsidy for the investment requirements exists, using compensation payments for the 130 or so directly affected properties (c £10m).

In addition the Scottish Government should be asked to consider what additional funding they may wish to provide towards the new build/regeneration investment for the Middlefield area. This should include the costs associated with replacement community facilities that are directly affected by the roads project.

5 REPORT BACKGROUND

The Finance, Policy & Resources Committee at its meeting on December 5th 2013 recommended that officers pursue specific actions outlining proposals including where appropriate costs for the regeneration of Middlefield without the proposed Haudagain improvements should the Scottish Government refuse to commit to providing the Council with acceptable financial guarantees as requested.

5.1 Regeneration Investment Indicative Costs

The attached Zonal Map (appendix 1) sets out the proposed investment and indicative associated costs for the regeneration of the Middlefield area.

It highlights an approximate Capital cost of £8 m for site 1 which includes housing upgrades to SHQS (Scottish Housing Quality Standard) and environmental improvements on all 325 properties originally associated with the Haudagain upgrade. (ACC capital investment has been discontinued since 2008 as these properties were either likely to be affected by the Haudagain improvements or contained within the triangle which was identified as a future opportunity site, no longer appropriate for housing.) Along with the SHQS programme for these houses a series of environmental improvements within the area would be required in order to improve and enhance the “streetscape” and overall quality of living in the neighbourhood.

5.2 Implications on the HRA Business Plan

The HRA will have to make provision for the additional Capital investment in the business plan if these houses and environmental works are scheduled for the future. At this present time there is no budget allocated for these works if they were to proceed.

6 THE POTENTIAL FOR ADDITIONAL NEW BUILD HOUSING PROVISION

A further £20–25m investment is associated with the housing developments and improvement works to be taken forward at the former Smithfield School site (site 2), Manor Walk (site 3), Woodside (site 5), Greenferns (site 6) and Smithfield Court (site 7). Some or all of this provision could be made available to re-house tenants directly affected by the road improvement project.

It is proposed that a feasibility study into the potential for new build housing provision for the re-housing of directly affected tenants be brought to the Finance Policy and Resources Committee in September 2014.

7 WIDER REGENERATION INVESTMENT

A number of wider regeneration initiatives around the social, economic, health and education agendas are currently being developed by Council officers.

For example, the Granitehill (site 4) new location for Reserved Museum Artifacts will see a further investment of £3.8m into the area. Council Services are working together to develop an overall regeneration strategy and action plan for the area.

It is proposed that a feasibility study on housing and regeneration investment requirements be brought to the Finance Policy and Resources committee in September 2014.

7.1 Community Engagement

Clearly the local community has a major contribution to make to the shaping of new housing and regeneration plans for the area. It is proposed that a detailed consultation exercise is carried out in order to inform the development proposals and that the outcome of the consultation exercise is presented to the Finance Policy and Resources Committee in September 2014 together with the feasibility study into the planned developments.

8 SMARTER ABERDEEN

Smarter Economy (Competitiveness) & Smarter Living (Quality of Life)

We will improve access to affordable housing in both social rented and private sector, by supporting first time buyers, regenerating areas within the city and by working with developers to maximize effective use of developer contributions.

Smarter Governance (Participation)

We will seek to develop a sense of community in Aberdeen based on principles of openness, fairness, reciprocity and responsibility.

Smarter Environment (Natural Resources)

We will provide a clean, safe and attractive streetscape and promote bio-diversity and nature conservation. We will encourage wider access to green space in our streets, parks and countryside

REPORT AUTHOR DETAILS

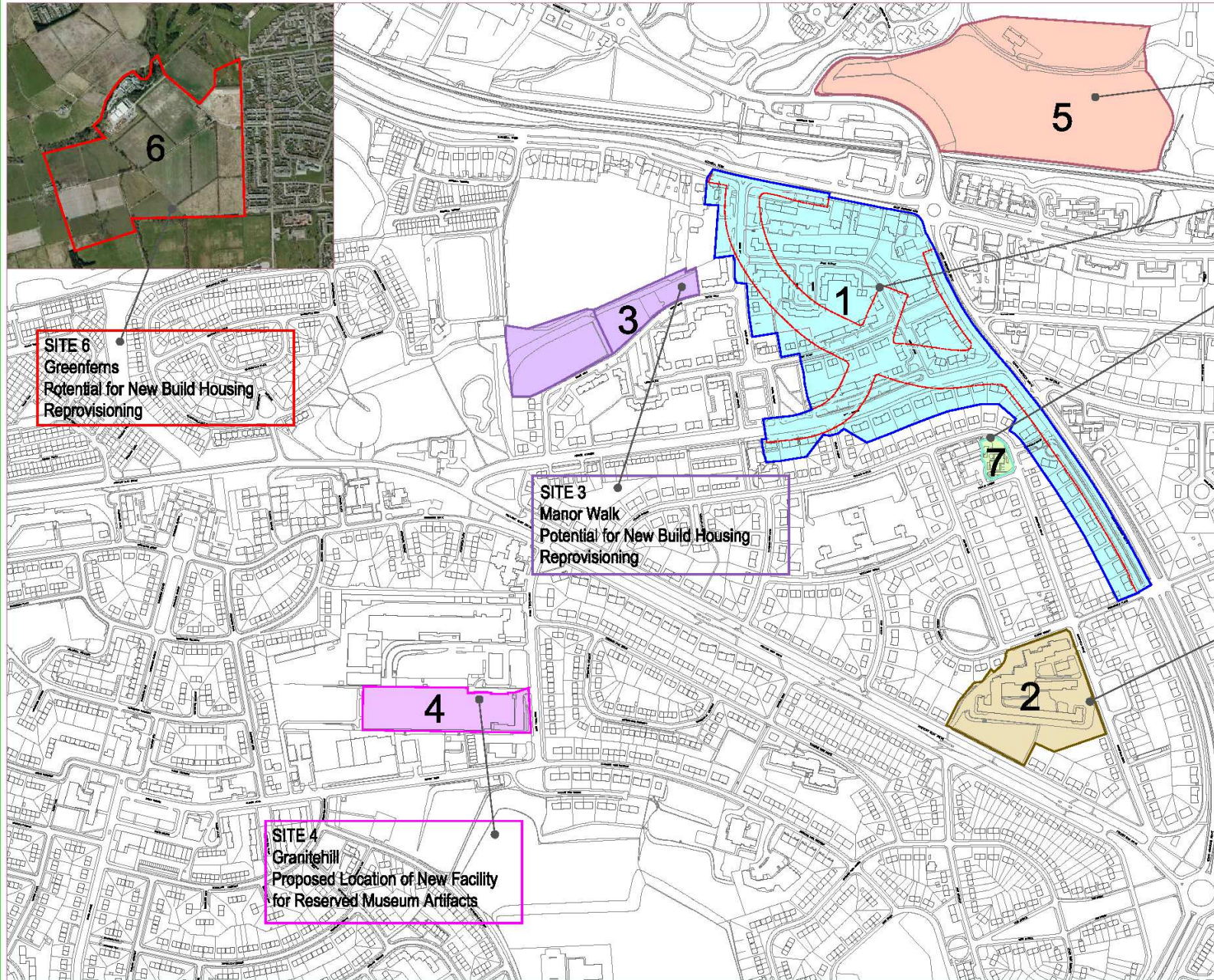
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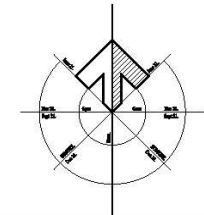
Tel: 439295



SITE 5
 Woodside (Joint Ownership)
 Potential for New Build Housing
 Reprovisioning

SITE 1
 Housing Upgrade to SHQS and
 Environmental Improvements

SITE 7
 Smithfield Court Upgrade




SITE 2
 Former Smithfield Primary School
 Proposed For New Build Housing
 Reprovisioning and Potential for
 Re provisioning of Community
 Facilities

SITE 6
 Greenferns
 Potential for New Build Housing
 Re provisioning

SITE 3
 Manor Walk
 Potential for New Build Housing
 Re provisioning

SITE 4
 Granitshill
 Proposed Location of New Facility
 for Reserved Museum Artifacts

Rev.	Date	Description	By	Inc.
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Telephone 01224 436023		Fax 01224 436216		
Client: Aberdeen City Council				
Project: Middlefield Redevelopment				
Title: Middlefield Conceptual Layout Option B				
Date: 4/3/14	Scale: 1:2500			

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Steven Whyte
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Your Ref: SW/LI

30 April 2014

Dear Mr Whyte

Haudagain Junction Improvement

Thank you for your letter of 8 January in relation to the Haudagain Junction Improvement, the contents of which I note.

The Scottish Government has committed to commencing improvements to Haudagain following completion of the Aberdeen Western Peripheral Route (AWPR) currently estimated for spring 2018. The AWPR is predicted to reduce traffic levels on the existing A90 in the vicinity of Haudagain by around 20 per cent. It is important to await completion of the AWPR before commencing work at Haudagain to avoid making existing traffic congestion worse.

To underline that commitment, Haudagain is included in Transport Scotland's Motorway and Trunk Road Programme, which is published on Transport Scotland's website as well as in the Scottish Government's Infrastructure Investment Plan. We have already invested £3 million to commission a team of consultants to take forward the design of the scheme, with draft road orders on target for publication in summer 2015. Around 250 people attended the Haudagain public exhibitions held on 24 / 25 April, and attended by Keith Brown MSP Minister for Transport, to showcase the preferred option which further demonstrates this commitment.

The process we are following on Haudagain is identical to how we deliver, and have successfully delivered, new trunk roads all over Scotland. Design work must be completed to allow us to begin the statutory process, which includes acquiring the land needed to deliver the scheme.

Subject to satisfactory completion of the statutory process our programme indicates that Scottish Ministers will acquire the land required to construct the Haudagain Improvement in late 2017 / early 2018. Landowners including the local authority, will be compensated for any land or property in accordance with the compensation code

Yours sincerely

A thick black horizontal bar redacting the signature of Sharon Fairweather.

Sharon Fairweather

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