

Regeneration in Middlefield Project

Risk Evaluation Paper

13th November 2013

This paper has been prepared by officers to respond to the request made at Committee for an evaluation of the risk outlined below (taken from the Regeneration in Middlefield Project Risk Log).

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	4	16	Continue to engage with Scottish Government and report any findings that would affect this risk.	JQ/MB	June 2013	13/11/13	Open

Officers have scored this risk as an 16 (Red). Although the Impact would be Catastrophic the likelihood is rated 'Significant' based on the rationale that there is a lack of surety because of no legally binding documentation which will be affected by pending elections before the proposed start date. This lack of surety is also 'Significant' to the Regeneration of the area because there is likewise a lack of clarity on how the needs of a complementary replacement housing programme will fit with the Council's own strategic commitment to deliver 1000 new houses by 2017. A definition of the Risk Impact and Likelihood is given below as well as Officers rationale for arriving at this score:

Impact			Likelihood	
Catastrophic	4		Very High	6
Serious	3	High	5	
Material	2	Significant	4	
Negligible	1	Low	3	
		Very Low	2	
		Almost Impossible	1	

• Connectivity across the City would be significantly affected
 (Cost savings in terms of journey time delays and vehicle operating costs being reduced - **£239.14M** over a 15 year assessment period
Benefit to cost ratio 14.63)
 • Financial costs to the Council would be significant should the Council consider delivering the Haudagain Improvements (16m+)
 • Significant Impact on Regeneration Strategy and

	its timing <ul style="list-style-type: none"> •Community could feel politically marginalised •Benefits to the travelling public would be lost •Negative impact on the local and regional economy due to unresolved congestion at this key strategic road junction 			construction of the road <ul style="list-style-type: none"> • Lack of surety on timing of Rehousing programme and opportunities for tenants being rehoused in new houses to be build by SIP
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Score			
Between 1-7	Green	Low Risk	Not a priority
Between 8-14	Amber	Medium Risk	Quick wins now plus medium term plan to address
Between 15-24	Red	High Risk	Address immediately

Scenario Planning- Should Scottish Government not fund the Haudagain Junction Improvement.

(This is tested against the bypass option (Option 5) being the Council's preferred improvement option for the junction to meet scheme objectives and complement the Regeneration of Middlefield. The costings are based on a preliminary understanding of the route of the road and numbers of houses affected.)

From the information available, Officers have identified two options and possible impacts.

<p>Option 1: ACC does not deliver the Haudagain Junction Improvement</p> <ul style="list-style-type: none">• 325 houses within Regeneration Area would require refurbishment to meet SHQS standards with an extended timescale target beyond 2015 regulatory deadline• Cost of meeting SHQS standard would be c. £5m to be met by HRA• Cost of additional Environmental Improvements would be c. £500k• Potential apathy and resentment towards both Govt and Council from Community who may cease to engage further with the regeneration• Local and City wide social, economic and employment outcomes could be greatly diminished• Connectivity across the City would be detrimentally affected and economic benefits for both the City and Region would not be realised – the following were identified in 2008 and whilst subject to review are still relevant:<ul style="list-style-type: none">○ Cost savings in terms of journey time delays and vehicle operating costs being reduced - £239.14m over a 15 year assessment period○ Benefit to cost ratio 14.63	<p>Option 2: ACC delivers the Haudagain Junction Improvement</p> <ul style="list-style-type: none">• ACC raises £15m funding for the Haudagain junction improvement (2007/08 high level estimate and subject to review)• Increased Council borrowing for the £15m funding required. It is not currently considered in the Council's financial strategy as identified in its Strategic Infrastructure Plan. Alternative funding models may need to be found• Council refurbishes c. 200 properties to SHQS standard at a cost c.£3m with an extended deadline beyond 2015• Cost of loss income (net) c. £1m• Timescales will be elongated due to: de-trunking timescales – likely post 2018 (until that time this junction remains a Trunk Road Authority responsibility); Procurement, feasibility studies, developing funding package• Resource and Project prioritisation Implications for Council• Community may feel fatigued with additional delays
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