

## ABERDEEN CITY COUNCIL

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COMMITTEE Finance and Resources

DATE December 5th 2013

DIRECTOR Pete Leonard

TITLE OF REPORT Haudagain Upgrade (Middlefield) Update

REPORT NUMBER:

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### 1. PURPOSE OF REPORT

This report provides an update on progress on instructions to officers at the Finance and Resources Committees meeting of 26 August 2013 on a way forward for the regeneration of Middlefield in conjunction with the Haudagain junction improvements.

### 2. RECOMMENDATION(S)

The Finance and Resources Committee is recommended to

- a) Note progress made in discussions with Transport Scotland and their Consultants and the structured approach adopted
- b) Note that the Leader of the Council has written to the Minister for Transport and subsequently met with him to seek clarity on responsibilities and expedite speedy solutions to enhance delivery timescales
- c) Note that the Leader of the Council has written to residents affected in the Regeneration area of Middlefield to emphasise Council commitment to support them in their housing needs at this time of uncertainty
- d) Note that the Council has re-opened an office in the Manor Logie area to be the basis for a central point of contact for communication available to local residents
- e) Note the risk evaluation paper appended
- f) Note that commitment to the future location of the projects servicing the Logie area and located in premises within the proposed new road alignment is being addressed in the Council's Community Facilities audit and Strategic Plan to be delivered to Council early in the New Year by the Department of Education, Culture and Sport.
- g) Instruct officers to proceed with the project subject to negotiating appropriate financial guarantees from Transport Scotland and for officers to report on this matter at a future committee meeting.

### 3. FINANCIAL IMPLICATIONS

The principle financial consideration to be considered in this report is from a meeting held by Officers of the Council with Transport Scotland and the District Valuer to clarify the process for compensation to be paid for houses likely to be demolished to facilitate the proposed junction improvements.

Whilst final details of the proposed design of the junction improvement is still to be determined and therefore full knowledge of the houses to be directly affected is not known, it is clear from this meeting that the preferred proposal for the Council is to have tenants rehoused as soon as possible and prior to negotiation with the district valuer on values of the properties. This is because if the houses were still let the negotiations would be based on rental streams and not on vacant property value which is likely to be higher.

Officers are aware of this financial implication and will be planning accordingly.

Delivery of the Haudagain junction improvements will result in economic benefits to the City and wider region. Details of this as identified in 2008, and currently subject to review, are contained within the appended risk register.

### 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 junction improvement and the regeneration proposals will both require health and safety plans in accordance with Construction, Design and Management legislation. The communications group formed by Transport Scotland, its Consultants and ACC will manage the communication of health and safety in the area.
- 4.8 Risk Management – Management of risk 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. Transport Scotland will be responsible for risk management associated with the design and delivery of the Haudagain junction improvement.

## 5. REPORT

### 5.1 Background

The Council at its meeting on 26 August 2013 recommended that officers pursue specific actions in respect of the development of the regeneration of Middlefield in conjunction with the Scottish Government's delivery of the key infrastructure project of a junction improvement at the A90(T)/A96(T) Haudagain junction

The number of homes likely to be directly affected by the proposed junction improvement is in the order of 120, the majority of which are within Council ownership. The surrounding homes are now subject to renewed regeneration efforts and the Council is also working closely with Transport Scotland to ensure that both the regeneration objectives and the key junction improvements are delivered as sensitively as possible with maximum benefit to the local and wider community.

#### 5.1.1 Response to Actions instructed

The actions requested are included below with confirmation of the actions taken

#### **The Council resolved:-**

- ii) to acknowledge that Transport Scotland had agreed to arrange a meeting with the District Valuer and Aberdeen City Council to discuss financial compensation arrangements for Council assets as soon as possible;

A meeting was held on **6 September** and minutes of the meeting are appended (**Appendix 1**) including a letter to the Transport Minister from the Leader of the Council (**Appendix 2**)

- iii) to note that a further Equality Human Rights Impact Assessment was required in light of the Council's proposals to shorten the project timescales and that this was currently being developed;

#### **The Assessment has been concluded and appended (Appendix 3)**

- iv) to note the decision of the Council on 26 June 2013 and instruct officers to continue to work to that timescale;

**Council officials have continually requested an update in meetings on the timescale for the project being delivered.**

- v) to instruct Councillor Crockett, Leader of the Council, to write to all Council tax payers within the Middlefield regeneration area setting out the Council's objectives for regeneration, taking into consideration the fact that the Scottish Government had not yet agreed a compensation package despite this matter being discussed by Council on 25 June 2008 as an emergency item in order that the decision of Council could be referred to the Scottish Government at the earliest opportunity;

**A letter was distributed from Councillor Crockett in October along with a copy of the Middlefield Matters newsletter**

viii) to instruct officers to continue to push the Scottish Government to enter into a legally binding contract with the Council to fully fund the project noting the decision of the previous administration on 19 November 2009 at the Housing and Environment Committee, which included the then Vice Convener of that committee, Councillor Mark McDonald now MSP and ward Councillor Kevin Stewart now MSP and Jackie Dunbar, "to suggest that the Scottish Government fully fund replacement facilities for the Middlefield Community Project, Middlefield Youth Project, Pathways and the Healthy Hoose, reporting back to the December meeting of the Finance and Resources Committee on its progress";

**The Request for the Scottish Government to fully fund the project was included within the letter from Councillor Crockett to the Scottish Minister**

**Council Officers met with representatives of the four projects directly affected by the re-aligned road route and currently leasing properties from the Department of Housing and Environment. The projects are all intending to continue with their work in the area subject to the need of their services as identified by their management arrangements.**

**The projects are also subject to a comprehensive review of community facilities being undertaken by the Department of Education, Culture and Sport and which will be submitted to Council in 2014. This will help determine the requirement for replacement facilities for the projects, and decisions will be made accordingly.**

- vi) to instruct officers to carry out a feasibility study on how best to proceed with Middlefield regeneration should the Scottish Government renege on its verbal promise to fund the construction of the road improvements, including all compensation costs for the delivery of the Haudagain Scheme, reporting back to the December meeting of the Finance and Resources Committee; and to request a comprehensive risk assessment covering political, business and finance risks to be considered in the form of the Corporate Risk Register, reporting back to the December meeting of the Finance and Resources Committee.

## **A risk evaluation paper is appended (Appendix 4)**

### 5.1.2 Update

Council Officers were also requested to report to Committee as appropriate on discussions with Transport Scotland, Nestrans and their Consultants

Council Officers, and representatives from Nestrans met with Transport Scotland and their Consultants, Jacobs via a video conference on 2 August 2013 and 1 November 2013 as part of an agreed quarterly strategic meeting. Minutes are appended. (Appendix 5 The next meeting will be on 7 February 2014.

As a summary update, the Committee is requested to note the following from those discussions

#### **5.1.2.1 Haudagain Improvements - Delivery**

##### a) Delivery Groups

As a critical project for the regeneration of the area, the Council, Nestrans, and Transport Scotland have agreed to form three specific delivery groups to support the delivery of the Haudagain Improvements in parallel with the regeneration proposals and Council officers are represented on all three groups.

These are

- **Engineering and Transportation Group** with a remit to deliver a comprehensive review of the preferred Haudagain option in a manner complimentary to and aligned with the future development and economic needs.
- **Planning and Environment Group** with a remit to ensure the road improvement maintains a positive impact on the environment into the future and that it is developed with cognisance of the placemaking elements of the regeneration of Middlefield. This is to make sure that the physical impact of the road improvement continues to be sympathetic to the development of Middlefield as a place being regenerated.
- **Stakeholder and Community Engagement Group** with a remit to ensure that Transport Scotland as a stakeholder in the regeneration of the area through its road improvement will use consistent, timely and co-ordinated communication vehicles with Aberdeen City Council and other stakeholders, in particular the local community.

## b) Compensation

Council officers as instructed have sought clarity at every meeting on compensation to be paid for houses for houses which may be impacted by the Haudagain improvements. Normal practice and the default position for Transport Scotland in this instance, is that Transport Scotland will seek to pay compensation for assets required for a road after successful completion of the statutory procedures which in this case will be expected to be 2017/18. At this point a General Vesting Order would be issued if required to obtain the required assets and pay the compensation in accordance with Compulsory Purchase procedures.

Council officers have requested that this process be reconsidered for this project and payment for properties due for demolition be concluded earlier for the following reasons

1. The majority of the properties are Council houses (of estimated 120 affected by the proposed improvement, 117 are owned by the Council) and to meet Council demand, replacement homes need to be built or sourced as soon as possible – advanced agreement on compensation will greatly assist this process.

The risk to Transport Scotland of acquiring property prior to knowing the outcome of the statutory procedures could be mitigated by Aberdeen City Council agreeing to refund the Scottish Government should the project not go ahead.

Despite their default position, Transport Scotland have agreed to investigate this issue further and in the first instance have asked for clarity on any 'burdens' that may be inherent in the deeds. Burdens would normally be extinguished through the CPO process but not necessarily through acquisition by agreement. Therefore, Council officers have agreed to establish, with the Council's property and legal team what burdens may exist and how significant these may be in terms of resolving through a negotiated purchase. Further discussions with Transport Scotland will follow receipt of this information.

## c) 'Corner Site'

It is agreed that in the order of 120 homes will be affected by the junction improvement. The original regeneration proposals sought to change the residential nature of the remaining "triangular" piece of land to an opportunity site which could support local economic activity supporting other aims of regeneration. This land use is reflected in the adopted Local development Plan and officers are currently exploring the current economic viability of such a proposal.

Transport Scotland have requested detail and certainty on what the Council ultimately proposes for the 'corner site', which was previously modeled in traffic terms as a sensitivity for some form of development.

Council officers will consider this site as soon as possible on receipt of all information available through the Regeneration Board and make recommendations accordingly.

### **5.1.2.2        *Communication***

The Local Housing Office based at Mastrick has re-opened an office in Logie Manor within the regeneration area which will be open by appointment initially and will provide a central point where local tenants can engage with officers. It will be use by all parties (ACC, Transport Scotland, and Consultants) and be a vehicle for regular and consistent communication

The newsletter distributed to all residents 'Middlefield Matters' will similarly be used by all parties as a constant source of updates and news.

Appended minutes of meetings with Transport Scotland and copies of communication materials officers have distributed to residents (Appendix 6 & 7)

## **6 REPORT AUTHOR DETAILS**

John Quinn  
**Head of Regeneration and Housing Investment**  
[jquinn@aberdeencity.gov.uk](mailto:jquinn@aberdeencity.gov.uk)

Tel:439202

Maria Thies  
Project Manager  
Regeneration and Housing Investment  
[mthies@aberdeencity.gov.uk](mailto:mthies@aberdeencity.gov.uk)  
Tel: 439295