

ABERDEEN CITY COUNCIL

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COMMITTEE	Finance Policy and Resources
DATE	09 June 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Transfer of Site, Langdykes Road
REPORT NUMBER	CH1/15/7571
CHECKLIST COMPLETED	Yes

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1. PURPOSE OF REPORT

The purpose of this report is to advise members that a site has now been identified as a suitable location for the proposed development of the Hydrogen energy station.

2. RECOMMENDATION(S)

It is recommended that the Committee:-

1. agree that following an initial assessment the chosen site Langdykes Road (option 4) is to be progressed for the project.
2. note the update re progress with the project including the fact that a planning application for the proposed development was approved at the Planning Committee on the 28<sup>th</sup> May 2015.
3. note that the site extends to 0.32 ha (0.79 acres) and forms part of a larger site held by HRA and approve the transfer of the site from the Housing Revenue Account to the General Fund
4. note that following discussions with HRA the site is not earmarked for future development and HRA have no objections to the transfer, HRA would prefer to dispose of the whole site, we would recommend that the whole site is declared surplus, 0.32 ha (0.79 acres) is transferred to the General Fund with the remainder being marketed and proceeds of sale being lodged with HRA.
5. note that following consultation with local tenants / residents at the meeting of the Housing Performance and Budget Group on

23<sup>rd</sup> February the group confirmed their support of the proposed transfer.

### 3. FINANCIAL IMPLICATIONS

In order to take forward the proposal outlined, the subjects at Langdykes Road, Cove currently held by the Housing Revenue Account are to be transferred to the General Fund. The transfer of the site has to reflect Market Value and will require the approval of Scottish Government.

Against this background the site has been inspected in order to provide an indicative Market Value of the site at £500,000 (Five Hundred Thousand Pounds Sterling).

It is important to note that the figure provided at this stage is a headline indicative figure and will be subject to downward adjustment as further information is available particularly in relation to site remediation costs, abnormal development factors and any potential planning restrictions.

Whilst a land transaction is normally capital, the council cannot borrow to fund the transfer of land internally from one account to another and therefore this will require to be met from the General Fund revenue budget. The Council has maintained a strong focus on using underspends on the revenue budget to fund its future capital investment programme and this transfer can be met from this source. The transfer will not affect any currently approved capital budget.

### 4. OTHER IMPLICATIONS

There are no other significant implications in relation to the proposals, although continued legal, finance and land and property assets resources will be required to conclude the transaction.

A planning application has been approved for the proposed facility.

There is no impact on any PBB options relating to this Report.

As the proposed transfer is at Market Value there are no state Aid Implications.

### 5. BACKGROUND/MAIN ISSUES

- 5.1 ACHES (Aberdeen City Hydrogen Energy Storage Project) is part of a wider Strategic Hydrogen Programme which was outlined at EPI Committee in November 2013.

<http://councilcommittees/documents/g2897/Public%20reports%20pack%2012th-Nov->

[2013%2014.00%20Enterprise%20Strategic%20Planning%20and%20Infrastructure%20Committee.pdf?T=10](http://councilcommittees/documents/g2395/Public%20reports%20pack%2025th-Jan-2012%2010.30%20Council.pdf?T=10)

In January 2012 full Council approved a strategic European hydrogen Transport Projects paper which recommended that there be a phased roll out of projects with a longer term view of developing a network of refuelling stations. The ACHES project will support delivery of this.

<http://councilcommittees/documents/g2395/Public%20reports%20pack%2025th-Jan-2012%2010.30%20Council.pdf?T=10>

Two reports have subsequently been submitted to Committee:

On the 21<sup>st</sup> January 2014 the Enterprise Planning and Infrastructure Committee considered a report entitled Aberdeen Hydrogen Energy Storage.

<http://councilcommittees/documents/g2898/Public%20reports%20pack%2021st-Jan-2014%2014.00%20Enterprise%20Strategic%20Planning%20and%20Infrastructure%20Committee.pdf?T=10>

The report recommended and the Committee approved that:-

- i) Aberdeen City Council would provide the requested match funding for the project of £1,136,500 which would allow the project to proceed
- ii) that the Hydrogen station would be built to the south of the City within close proximity to the AWPR
- iii) Aberdeen City Council would sign the Charter on High Velocity (the Charter is based on establishing A European Network of Clean Hydrogen Bus Centres of Excellence)

On the 4<sup>th</sup> September 2014, the Enterprise, Planning and Infrastructure Committee considered a further report entitled Aberdeen City Hydrogen Energy Project

<http://councilcommittees/documents/g2901/Public%20reports%20pack%2004th-Sep-2014%2014.00%20Enterprise%20Strategic%20Planning%20and%20Infrastructure%20Committee.pdf?T=10>

The report recommended and the Committee approved:-

- i) the total estimated project costs of £1,894,130 and
- ii) noted the update in respect of the offer and acceptance of a grant from the European Regional development fund of

£757,630. (a copy of the application submitted to Scottish Government is attached at Appendix 2.)

## 5.2 Site Options

As part of the hydrogen fuel economy a second hydrogen filling station is required for the south side of the city. The purpose of the site is to provide a means of filling cars and is the contingency if Kittybrewster were to fail. When assessing sites the following criteria was used to define what was acceptable. These were:-

- Cannot be green belt, (unless it is current waste land)
- Good vehicle access, with 2 way working lanes
- Clear sight lines for junctions
- Site owned by ACC
- HV Electrical Cables available.

From the above, 8 sites were reviewed and are shown in appendix 3. These sites and comments are tabled below:-

Site	Comments
Option 1, Harness Road.	<ul style="list-style-type: none"> <li>• Site is adjacent to Green belt</li> <li>• Land is not owned by Council</li> <li>• Minimal Traffic through Cove</li> <li>• High Purchase Cost</li> <li>• Preferred site until ownership was clarified</li> </ul>
Option 2, Tullos Depot.	<ul style="list-style-type: none"> <li>• Land owned by council</li> <li>• Main depot and issue with public, worker interaction</li> <li>• Access to site is good</li> <li>• Site on split level causing higher cost</li> </ul>
Option 3, Burn Banks Village	<ul style="list-style-type: none"> <li>• Site in green belt but waste land</li> <li>• Land owned by council</li> <li>• On slope meaning increased build cost</li> <li>• Increased traffic through Cove</li> <li>• Good road access</li> </ul>
Option 4, Langdykes Raod	<ul style="list-style-type: none"> <li>• Good road access</li> <li>• Near HV Cables</li> <li>• Not in green belt</li> <li>• Close to main highways</li> <li>• Economic build cost</li> </ul>
Option 5, Old Football ground car park Langdkyes road/coast road	<ul style="list-style-type: none"> <li>• Area not in green belt</li> <li>• Land owned by council</li> <li>• Increased traffic through Cove</li> <li>• Site directly in front of residential property</li> <li>• Road junctions will cause traffic issues</li> </ul>
Option 6, back of	<ul style="list-style-type: none"> <li>• Land believed to be owned by council</li> </ul>

Gateway industrial park	<ul style="list-style-type: none"> <li>• Site is too far off main road connection causing increased traffic on rural road</li> <li>• Away from main city reducing the impact of the hydrogen strategy</li> </ul>
Option 7, Loirston Close	<ul style="list-style-type: none"> <li>• Area next to school and doctors' surgery</li> <li>• Site is restricted in space</li> <li>• Economic build cost</li> <li>• Increased traffic through Cove Road connection to main highway is poor</li> </ul>
Option 8, Lorry Park, off Harness Road	<ul style="list-style-type: none"> <li>• Land owned by council but leased and has legal and buy-out issues</li> <li>• Access to site is good</li> <li>• Site would not be optimised due to its size</li> <li>• Higher costs likely due to contaminated ground issues</li> </ul>

Following an initial assessment the chosen site was Langdykes Road (option 4), the design works were carried out and a planning application was submitted for this site. Following a number of discussions with interested parties and the Community a ninth site has been highlighted off Souter Head Road. If this site had been included in the above review it would have been deemed to be the 2<sup>nd</sup> most suitable site in the area. The table below compares the suitability of the new site with the site recommended by officers for the works.

### Options Appraisal

<p><b>Option 4, Langdykes Road (recommended option)</b> Site was chosen following assessment of all available sites using criteria set down above.</p>	
<b>Advantages</b>	<b>Disadvantages</b>
<ul style="list-style-type: none"> <li>• Site located on 2 way road</li> <li>• HV cables located next to site</li> <li>• Visual impact low based on topography of site</li> <li>• Not in green belt</li> <li>• Site in ACC ownership</li> <li>• Works can be completed by end of Aug 2015, to meet funding requirements</li> <li>• Will not affect Wellington Road improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Site has been zoned for housing</li> <li>• Increased work to allow remainder of development to happen.</li> <li>• Potential noise from plant.</li> <li>• Minor increase in traffic on congested road (max 16 vehicle movements a day)</li> <li>• Residential area within 100m</li> <li>• Area required for site was increased by 25m due to nearby road junction</li> <li>• Site requires transfer from Housing to Revenue budget</li> </ul>

<ul style="list-style-type: none"> <li>• At preplanning meeting the planner highlighted that there were no significant issue with the proposed site.</li> <li>• Minimal clearance work and ecological significance</li> </ul>	
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<p><b>Option 9, Souter Head Road</b>  This site was not reviewed at the initial stage as it is in Green belt and has significant flora and fauna and therefore was discounted.</p>	
<p><b>Advantages</b></p>	<p><b>Disadvantages</b></p>
<ul style="list-style-type: none"> <li>• Site will have minimal impact on traffic congestion</li> <li>• Site away from residential areas.</li> <li>• Site is not designated for housing.</li> <li>• Visual impact less as the site is bounded by green space.</li> </ul>	<ul style="list-style-type: none"> <li>• Site is in green belt</li> <li>• Site is within the zone of Wellington road widening</li> <li>• Site will prevent green belt off set for Wellington road junction improvements</li> <li>• Site is part of green space network</li> <li>• Initial meeting with planning dept suggests that this site would not be favourable.</li> <li>• Site requires substantial clearance</li> <li>• Ecological survey will be required</li> <li>• Works cannot be completed by end of Aug 2015 and will therefore miss funding requirements</li> <li>• Revised layouts will be required at completion of Wellington road junction improvements.</li> <li>• Ownership has not been clarified</li> <li>• Potential noise from plant.</li> </ul>

## **Additional Considerations**

### **Option 4, Langdykes Road**

- Project works on this site currently out to tender
- Site currently in for planning approval
- 25% of the Hydrogenics contract has been paid to allow the purchase and design of Hydrogen Station

### **Option 9, Souter Head Road**

- Scheme would be delayed by 4 months if site was chosen as new design and planning permission will be needed
- Scheme may not advance as funding deadlines will be missed
- If scheme doesn't progress 25% contract payment to Hydrogenics would not be recoverable

A copy of the Grant Acceptance is shown in Appendix A, it should be noted that the project should be completed by the 30th June 2015 with the finances being settled by 30<sup>th</sup> September 2015

Following a review of the risk assessment of the sites and the information provided above the Officers' preferred site is Langdykes Road. This site gives the City the opportunity to maximise further the hydrogen strategy, meet funding requirements and protect remaining green space.

## **6. IMPACT**

The Strategic Infrastructure Plan (SIP) of Aberdeen City Council, at pg32, discusses the Aberdeen Hydrogen Project. This plan includes the need for "additional refuelling infrastructure" and therefore this project will support implementation of the SIP.

In 2013 "A Hydrogen Economy for Aberdeen City" a framework strategy for hydrogen in the area was launched. This strategy outlines the vision of a low carbon economy with hydrogen playing a key role in this. The project supports implementation of this strategy through the provision of refuelling infrastructure which is identified within the strategy as a key requirement.

<http://thezone/nmsruntime/saveasdialog.asp?IID=21820&SID=8218>

The proposal is supported by 'Aberdeen – the Smarter City' which identifies a Smarter Environment as a High-level priority.

*We will design and construct all new infrastructures to be energy efficient by maximising the use of low carbon technology and materials. We will use recycled materials where appropriate.*

*We will increase energy efficiency and introduce carbon reduction measures in our processes and our housing and non housing assets to reduce our carbon footprint, save money and to bring people out of fuel poverty.*

*We will manage waste effectively and in line with UK and European legislative requirements by maximising recycling and reducing waste to landfill, thereby reducing our costs and carbon footprint.*

*We will provide clean, safe and attractive streetscape and promote biodiversity and nature conservation. We will encourage wider access to green space on our streets, parks and countryside.*

## 7. MANAGEMENT OF RISK

The project has a number of risks which will be managed through the normal risk management process. In particular the committee should note the following:

<b>Risk</b>	<b>Comment/ Mitigation</b>
Site Transfer not approved	If the site selected is not approved for transfer from the Housing Revenue Account the alternative site will require detailed layout work to be carried which will result in the project overrunning and losing the appropriate funding
Funding	Funding for the project has been provided however this will be lost if not spent in accordance with the project end date if the transfer is not approved the proposed refuelling station will either not be constructed or have to be fully funded by Aberdeen City Council.
Scottish Government Consent	Before the construction of the station commences Scottish Government Consent for the transfer of the site is required. If this is not forthcoming the project will be delayed. To mitigate this risk an application for Scottish Ministers Consent will be sent if this report is approved as soon as possible.




8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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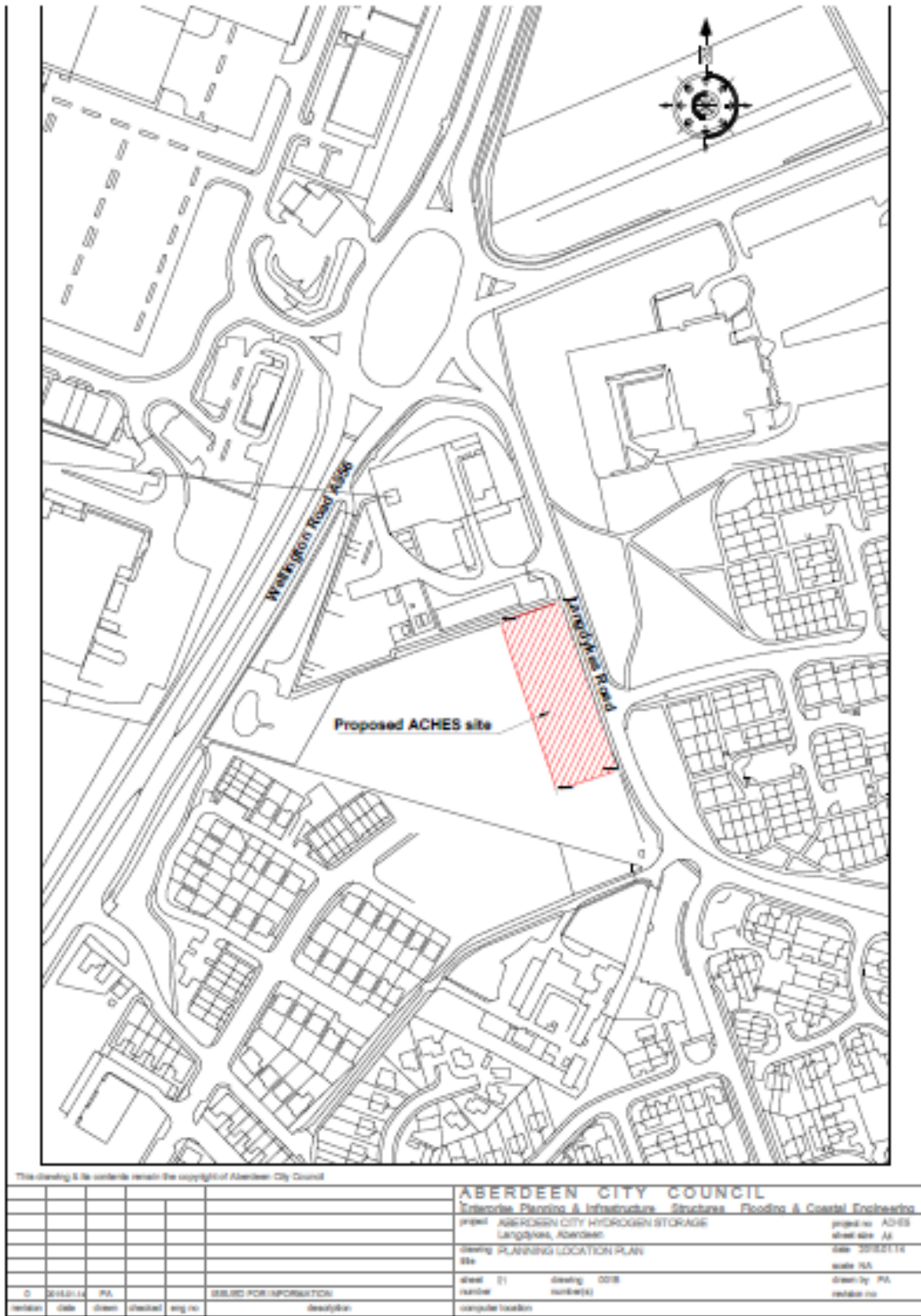
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Appendix 1



## Appendix 2

### **Notification Of Change**

#### *Application Information*

<b>Title</b>	Aberdeen City Hydrogen Energy Storage
<b>Reference</b>	LUPS/ERDF/2013/10/1/0070
<b>Version Number</b>	2
<b>Status</b>	Grant Accepted
<b>Organisation</b>	Aberdeen City Council
<b>Programme</b>	LUPS (ESEP) European Regional Development Fund
<b>Fund Name</b>	Competitiveness
<b>IAB</b>	ESEP
<b>Area</b>	Lowlands and Uplands Scotland
<b>Application Type</b>	European Regional Development Fund
<b>Priority</b>	Priority 1: Research and Innovation
<b>Expenditure Type</b>	Capital
<b>Project Contact</b>	Stuart Bews, 01224523773, stbews@aberdeencity.gov.uk

#### *Notification Of Change*

<b>Description of Notification of Change</b>	LUPS/ERDF/2013/10/1/0070 - Request to extend project end date
<b>Status</b>	Submitted
<b>Sections required to be changed</b>	Extending End Date of Project

### **Details of Changes Requested**

Aberdeen City Council request to amend the physical and financial project end dates as outlined below;

Physical Project End Date - 30 June 2015

Financial Project End Date - 30 September 2015

There are no financial adjustments required, only changes to the end dates.

### **Justification for Change**

Delays have been incurred at various stages of the project including;

- receiving the offer of grant letter
- developing the invitation to tender documentation

These issues are now resolved, a successful procurement exercise has resulted in a chosen contractor and there are clear timeframes for project delivery and payments.

### **Impact of Changes on Expenditure Forecast**

There are no changes to the total expenditure forecast for this project. However, the dates of the payments would obviously be later than earlier forecast.

The chosen contractor has outlined project delivery milestones upon which payments will be made as per the payment schedule.

Following the invitation to Tender Aberdeen City Council has been able to ensure that the initial budget for this project is still accurate and there is no need to amend the expenditure forecast.

#### **Certification Confirmed**

#### **Certifying Officer**

Stuart Bews

EUROSYS - Notification Of Change for Application LUPS/ERDF/2013/10/1/0070

Agreed list of Sites. Jan 2015

