

McLaughlin E (Eileen)

From: Tranter J (Joan) on behalf of McLaughlin AC (Ainslie)
Sent: 17 November 2005 16:16
To: Minister for Transport
Cc: PS/ETLLD; PS/Transport Scotland; Ewing JA (John); Howison J (John); Barton JG (Jim); Duffy F (Frances); Edmond G (Graham); Kernohan ID (Ian); Adamson L (Lucy); Press Transport; Colwell A (Adrian); Ghibaldan S (Sam)
Subject: Aberdeen Western Peripheral Route - Policy Option Appraisal
Importance: High

I attach Minute from Ainslie McLaughlin on the above subject for the Minister's attention.



Aberdeen Western
Peripheral Ro...

R.S/40.

Joan Tranter
PS to Ainslie McLaughlin
x 47199

From: Ainslie McLaughlin
ETLLD: TRIPS/7
17 November 2005

Minister for Transport

ABERDEEN WESTERN PERIPHERAL ROUTE – POLICY OPTION APPRAISAL

Purpose

1. Further to the meeting on 14 November to discuss policy options for the AWPR to provide the Minister with the results of the economic assessment of the hybrid option which combined the Milltimber route with a A90 relief link to Stonehaven; and also to provide suggested lines for the Minister's proposed discussions with Councillors Kate Dean and Audrey Findlay on the preferred way forward.

Priority

2. **Immediate.** The Minister is aiming to make an announcement on the preferred route by Christmas. If the hybrid option is to be taken forward then we will need to work this up with our Managing Agent team and it would be helpful for the Minister to clear the ground at a political level with our Council partners.

Economic Assessment

3. Our traffic consultants have completed an initial economic assessment of the hybrid option and how it compares with the Murtle and Milltimber route options. A summary of the results is set out at Annex A. Four test options were modelled for the cost benefit analysis: discounted over 30 and 60 years with and without optimism bias. In comparative terms the results of all 4 tests were the same with the Murtle route demonstrating the highest benefit to cost ratio (BCR) while the Milltimber and hybrid options delivered almost identical benefits. The results in Annex A represent the benefits over a 60 year period with optimism bias built in to assumptions.

4. Although the Murtle option offers the highest BCR at 5.8, the hybrid option still offers a very good return at 4.8 but perhaps more importantly in terms of overall user benefits offers the highest efficiency benefits (PVB) at 20% more than Murtle. It is the higher cost of the hybrid option that brings the BCR down. If it were possible to reduce the cost estimate of the hybrid option through refinements in the detail design then we could expect to see the BCR moving towards the returns being predicted for the Murtle option. The costs reflected in these estimates is over twice our feeling of what the cost of the A90 link is likely to be. If that is the case then it might be possible to demonstrate a better BCR than Murtle, but that will take more detailed design work to establish.

5. The modelling also makes an assessment of the expected safety returns in terms of reductions in accident casualties as well as an air quality analysis. The safety benefits of the hybrid option are marginally better than the other 2 options (a further reduction of 8 accidents per year). In terms of CO₂ emissions, which is the issue which environmentalist groups such as Friends of the Earth tend to focus on, the hybrid option produces the lowest overall increase in CO₂ and indeed performs best against all the other emission tests. The results of these vehicle emission tests are also set out in Annex A.

6. Overall the hybrid option performs very well although the additional cost of routing it through Milltimber and providing the link to Stonehaven means it may not demonstrate better overall value for money in BCR than the Murtle option. However, in terms of overall transport efficiency the hybrid option offers many attractions particularly as we are probably going to be faced with increasing pressure to do something to improve capacity on the existing A90 between Aberdeen and Stonehaven. If the Minister wishes to pursue this hybrid option as the preferred route choice for the AWPR then we will need to involve our Managing Agents and consultants in preparing plans and technical information in advance of any announcement. I have therefore attached at Annex B suggested lines for the Minister's discussions with Councillors Kate Dean and Audrey Findlay.

Conclusion

7. The hybrid option does present a viable value for money solution for the AWPR however it is likely to face considerable opposition particularly in an around the South Deeside area where objectors could well point to the clear benefits offered by the Murtle option. If we can improve the cost of the hybrid option then that may go some way to countering those arguments together with the wider network benefits in terms of relieving the A90 that the hybrid option also offers.

AINSLIE McLAUGHLIN
ETLLD: TRIPS/7
Ext 47132

17 November 2005

| Copy List: | For Action | For Comments | For Information | | |
|------------------------|------------|--------------|--------------------|------------------|-------------------|
| | | | Portfolio Interest | Constit Interest | General Awareness |
| Minister for Transport | | | | | |

PS/ETLLD
 PS/Transport Scotland
 John Ewing
 John Howison
 Jim Barton
 Frances Duffy
 Graham Edmond
 Ian Kernohan
 Lucy Adamson
 Press Transport
 Adrian Colwell
 Sam Ghibaldan

ANNEX A

ECONOMIC AND EMISSIONS ANALYSIS

Economics

| | Efficiency Benefits (PVB) £m | Present Value Costs (PVC) £m | Benefit to Cost (BCR) |
|------------|------------------------------|------------------------------|-----------------------|
| Murtle | 1620 | 278 | 5.8 |
| Milltimber | 1638 | 352 | 4.6 |
| Hybrid | 1951 | 407 | 4.8 |

Emissions

| | Murtle | Milltimber | Hybrid |
|-----------------|--------|------------|--------|
| CO ₂ | 3% | 2.6% | 2.3% |
| NOX | 2.7% | 2.3% | 2.1% |
| PM10 | 4.8% | 4.3% | 3.7% |

- these percentages represent increases in emissions when compared to the do nothing scenario

ANNEX B

Lines to take with Councillor Kate Deans and Audrey Findlay.

- Clearly Camphill is likely to remain a major issue if we try to promote the Murtle Route.
- I met Camphill representatives last month to see if there was any way we could come to some accommodation with them – including relocating the communities – but they remain implacably opposed.
- I am firmly of the view that Aberdeen needs a Western Peripheral to address the growing congestion and transport problems in the Region. My view is that on their own none of the route options fully address those problems.
- We are facing growing pressures on the existing A90 south to Stonehaven which will only get worse when the AWPR is in place. Widening the A90 online is likely to present us with considerable difficulties.
- In some respects the Peterculter/Stonehaven option has attractions in getting strategic traffic quickly round Aberdeen but I recognise it is too far out to help relieve city centre traffic.
- I asked my officials to look at further ways we can better address these strategic and local needs. They have suggested a variation which effectively combines the Milltimber alignment with an amended A90 relief link down to Stonehaven running alongside the Netherly Road.
- Initial traffic modelling suggests that this variation would deliver better user benefits, better safety and perform better on air quality emissions. I recognise it would be more expensive but overall the benefits could outweigh those extra costs. I also recognise it would delay completion of the scheme.
- I consider that this variation is the line we should promote but we need to link it more strongly with the public transport improvements planned on the back of the AWPR and present it as a balanced package.
- If you are agreeable I would wish to prepare this option with a view to making an announcement before Christmas.

Edmond G (Graham)

From: McLaughlin AC (Ainslie)
Sent: 21 November 2005 18:46
To: Minister for Transport
Cc: PS/ETLLD; PS/Transport Scotland; Ewing JA (John); Howison J (John); Duffy F (Frances); Shields A (Alison)
Subject: RE: Aberdeen Western Peripheral Route - Message from Minister for Transport
Importance: High

Tom

Please see below a suggested response to the points raised by FM:

The original estimate of £120m was produced in 2002 by the Councils prior to us taking the project over. It was already out of date and reflected the very preliminary nature of the design of the scheme and understanding of the ground conditions and environmental issues that needed to be taken into account. Following the detailed design process that estimate was revised prior to the public consultation exercise in March to £210m to £280m at outturn prices at 2010.

Cost ranges for the alternative route options were also published at that time but these were deliberately pessimistic to reflect the lack of detailed design that had been done on them and the cost ranges were therefore wider to reflect the greater estimating risk. The Milltimber estimate was put at between £265m to £365m. Given the pessimistic nature of that estimate we would seek to bring that down to the lower end of the cost range through value engineering.

The Murtle option on its own delivers the best balance of cost against expected road user benefits. The Milltimber variation that is being proposed takes into account the fact that we will be faced ultimately with having to make significant investment in the A90 between Stonehaven and Aberdeen. It addresses that by building a single carriageway fast link to the AWPR which we estimate will cost around £30m. The Murtle option does not lend itself to a similar layout. We would expect an on line widening of the A90 at least as much, and based on recent prices we have for similar works on the A8 possibly more, and would also entail significant disruption to the route whilst the work is going on.

Overall our estimate for the Milltimber variation would be between £295m to £395m. On a direct comparison between Murtle on its own and the Milltimber variation the cost difference would be £85m to £115m. The cost difference between Murtle and Milltimber variation, if you take into account that we would need to spend at least as much on an upgrade of the A90, would be between £55m to £85m. The costs presented in the Annex to the paper represent the construction and operating costs of the options, discounted to 2002, for the purposes of the cost benefit analysis, but the £129m difference does not take account of the operation costs of the A90 between Stonehaven and Aberdeen for the Murtle option and is not directly comparable.

The cost benefit analysis that was attached to Mr Scott's minute reflected almost the top end of the cost estimate range so we would expect through value engineering to bring both the estimate down and deliver a better Benefit Cost Ratio(BCR). For example a £40m reduction in the cost estimate would take the BCR up from 4.8 to around 5.4.

Mr Scott is already undertaking a review of the major project programme with a view to updating Cabinet. He is looking at a balanced procurement strategy between conventional procurement and PPP to deliver the portfolio. We would expect to take forward the AWPR as a PPP which would spread the investment over a 30 year period. The A90 upgrade is currently not in the smaller scheme so this would present an opportunity to get better value for money on the back of the larger project.

Ainslie

-----Original Message-----

From: McLaughlin E (Eileen) **On Behalf Of** Howison J (John)
Sent: 21 November 2005 15:17
To: McLaughlin AC (Ainslie)
Subject: FW: Aberdeen Western Peripheral Route - Message from Minister for Transport
Importance: High

Ainslie

To see.

Eileen

-----Original Message-----

From: Ritchie MD (Martin)
Sent: 21 November 2005 10:53
To: Minister for Transport; Minister for Finance and Public Service Reform
Cc: PS/ETLLD; PS/FCSD; PS/Perm Sec; PS/Transport Scotland; Ewing JA (John); Reid DNG (David) (Finance); Duffy F (Frances); Howison J (John); Ghibaldan S (Sam); Colwell A (Adrian); Press Transport; Shields A (Alison); First Minister
Subject: RE: Aberdeen Western Peripheral Route - Message from Minister for Transport
Importance: High

Tom,

As discussed, the First Minister has seen Mr Scott's note below but is not content with the proposal put forward. He has made the following comments;

"I think the original budget was around £150m. This proposal more than doubles that and is £129m higher than the previous preferred route. The paper makes no real reference to that. Any decision to divert money from other projects must be fully cleared before going public. I cannot agree to this without seeing the financial implications laid out in detail."

Martin

Martin Ritchie
APS/FM
Ext. 45191

-----Original Message-----

From: McMahon T (Tom) **On Behalf Of** Minister for Transport
Sent: 18 November 2005 16:41
To: First Minister; Minister for Finance and Public Service Reform
Cc: PS/ETLLD; PS/FCSD; PS/Perm Sec; PS/Transport Scotland; Ewing JA (John); Reid DNG (David) (Finance); Duffy F (Frances); Howison J (John); Ghibaldan S (Sam); Colwell A (Adrian); Press Transport; Shields A (Alison)
Subject: Aberdeen Western Peripheral Route - Message from Minister for Transport
Importance: High

<< File: Aberdeen Western Peripheral Route - Minister of Transport - Ainslie McLaughlin - 18 November 2005.doc >>

PS / First Minister
PS / Minister for Finance and Public Service Reform

I enclose a minute from Mr Scott informing your Ministers of his decision on the preferred route of the Aberdeen Western Peripheral Route. We propose to announce this next week and would be grateful for early comment.

Tom McMahon
PS / Minister for Transport
18th November 2005

Tracking:

| Recipient | Read |
|------------------------|------------------------|
| Minister for Transport | Read: 22/11/2005 09:09 |
| PS/ETLLD | Read: 22/11/2005 08:15 |
| PS/Transport Scotland | |
| Ewing JA (John) | |
| Howison J (John) | |
| Duffy F (Frances) | Read: 21/11/2005 20:28 |
| Shields A (Alison) | Read: 21/11/2005 19:03 |
| McLaughlin E (Eileen) | Read: 22/11/2005 07:32 |
| Borrowman I (Iain) | Read: 22/11/2005 10:03 |