

APPENDIX B**SCOTTISH EXECUTIVE****Minister for Transport
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I refer to Kate Dean's letter of 16th June 2006 about the Aberdeen Western Peripheral Route.

I welcomed the opportunity to discuss the scheme with both Councils in Aberdeen on 12th June and I write to confirm funding proposals and our intentions for the Stonehaven Spur.

As we discussed, I propose that the funding arrangements for the bypass section of the AWPR excluding the fast link, remain as per the Memorandum of Understanding and that the Councils will continue to contribute 19% of the costs arising from construction and its financing. This continues to recognise the local and strategic benefits of the scheme. Taking the scheme forward as a PPP will allow the Councils to contribute over a 30 year period. We estimate on current cost projections and assumptions that this might result in annual payments of around £2m per annum for each Council for these elements.

I consider that the fast link section between Stonehaven and the bypass forms a new commitment outwith the original agreement and serves principally as a strategic trunk road link. I agree therefore that this will be funded wholly by the Scottish Executive. I understand that the full scope of the traffic modelling work has still to be completed however I confirm that the planning of this section is being taken forward as a dual carriageway.

I hope this is of assistance. I have copied this letter to Kate Dean at Aberdeen City Council.

TAVISH SCOTT