

ABERDEEN CITY COUNCIL

COMMITTEE:	Council
DATE:	30 June 2010
REPORT BY:	Chief Executive and Corporate Management Team
TITLE OF REPORT:	The City Garden Project – Next Steps
REPORT NUMBER:	EPI/10/184

1. PURPOSE OF REPORT

The purpose of this report is to inform Council of the proposed next steps to ensure delivery of the City Garden Project, as a core component of the recently adopted City Centre Development Framework.

2. RECOMMENDATION(S)

2.1. Members are asked to

1. Note the planned next steps as outlined in paragraph 6.6 and instruct officers to expedite these in accordance with the proposed timetable.
2. Note the suggested composition of the Project Management Board and ask the Chief Executive to determine who should be invited to become a member of this Board, in consultation with project partners and stakeholders.
3. Give specific approval to the issuing of tender documentation relating to the selection of a Design Competition Management Company to run the international design competition. This approval is requested on the understanding that the cost of this to the council will be fully reimbursed from funds made available to the project by the Wood Family Trust and the private sector.
4. Give specific approval to the issuing of tender documentation relating to the selection of a Communications and Community Engagement Company to provide the Project Management Board (PMB) and Project Implementation Team (PIT) with appropriate advice and

assistance in these areas. This approval is requested on the understanding that the cost of this will be fully reimbursed from funds made available to the project by the Wood Family Trust and the private sector.

5. Nominate two representatives to sit on the Project Management Board
6. Support the provision of administrative/secretarial support and Senior Officers support to the PMB and PIT
7. Note that progress will be reported to Council quarterly.

3. FINANCIAL IMPLICATIONS

- 3.1. There are no direct financial implications from this report, although officer input will be required to contribute and support the work needed to implement the next steps.

4. SERVICE & COMMUNITY IMPACT

4.1. Links to:

- 4.1.1. Single Outcome Agreement and Community Plan:-
The **Single Outcome Agreement** and **Community Plan 2008** outline a vision for Aberdeen City which wealthier, greener and safer and delivers the following National Outcome's:

Outcome

- 1 We live in a Scotland that is the most attractive place for doing business in Europe
- 2 We realise our full economic potential with more and better employment opportunities for our people
- 10 We live in well-designed, sustainable places where we are able to access the amenities and services
- 12 We value and enjoy our built and natural environment and enhance it for future generations.
- 13 We take pride in a strong, fair and inclusive national identity
- 15 Our public services are high quality, continually improving, efficient and responsive to local people's needs.

- 4.1.2. Vibrant, Dynamic & Forward Looking:-
A fully functioning and well utilised City Gardens represents a vital piece of social, cultural and leisure infrastructure that can contribute to the delivery of the Aberdeen City and Shire Economic Future's '**Building on**

Energy - An Economic Manifesto for Aberdeen City and Shire'. This in turn supports the strategic vision of Aberdeen City and Shire, which is to be recognised as one of the most robust and resilient economies in Europe with a reputation for opportunity, enterprise and inventiveness that will attract and retain world-class talent of all ages.

4.1.3. Equalities & Human Rights Impact Assessment:-

A positive impact is anticipated in terms of the Equalities and Human Rights Impact Assessment, as a direct result of linkages to the Economic Development theme of **Vibrant Dynamic and Forward Looking** and its expected impact on the future sustainable development of the Aberdeen City and Shire economy, through the City Garden Project's role as a piece of vital business and social infrastructure that supports local businesses and provides a venue for major social, leisure and cultural events.

5. OTHER IMPLICATIONS

There are no other major implications, other than those raised in the report itself.

6. REPORT

Introduction

6.1. On 19th May 2010, the Council's Chief Executive and Management team presented a report to Council (report OCE/10/010) asking Members to consider a proposal to raise Union Terrace Gardens, and take the project to an international design competition and onwards to a full planning application.

6.2. Section 4.3 (c) of the report recommended that members approve Sir Ian Wood's offer of £50m based on ACSEF proposals, to go to the next steps in the process, subject to the following conditions being met:

- (i) That the costs of an international design competition be met up to 50% by Sir Ian Wood up to a maximum of £400,000, with the balance of the resource required to be met by the private/other sectors through ACSEF.
- (ii) That the design brief for the competition take account of the following:
 - Feedback from the consultation process
 - The engineering feasibility study

- Be able to deliver a project between £120-140m
- That the design brief take account of, but not be constrained by, the existing planning permission
- Include walk on/walk off access from all sides
- Demonstrate how the project complies with the principles of the City Centre Framework

(iii) That the project provides at least £15m for a new cultural arts centre for Peacock Visual Arts (including £8.2m from the Project Funding, £4.3m from the Scottish Arts Council and £3m from Aberdeen City Council), to be incorporated as part of the overall development in an iconic building.

6.3. Section 4.5 of the report stated that “a further report should be brought back to the next Council meeting, clearly setting out the detailed next steps as soon as possible”.

6.4. This report has been prepared to meet the requirements of Section 4.5 of Council report OCE/10/010, by clearly setting out the detailed next steps so that Members are fully aware of these.

Next Steps

6.5. Following the Council’s decision on 19th May, various meetings have been held between ACSEF, Wood Family Trust, City Council Officials, Scottish Futures Trust and Scottish Enterprise. The objective of these meetings was to agree the critical next steps that required to be taken in order to move the project forward.

6.6. These meetings determined that the critical next steps; the party or parties responsible for completing these; the time frame within which they should be completed; and the required budget to enable their completion, would be as follows;

	Next Steps	Responsible Party/Parties	Start Date¹	End Date¹	Status	Budget² (£)
1	Establish a Project Management Board (PMB)	ACC/ACSEF	10/06/10	30/07/10	In progress	None needed
2	Establish a Project Implementation Team (PIT)	ACC/ACSEF	10/06/10	30/06/10	In progress	None needed
3	Produce and issue tender brief under OJEU regulations, for the purpose of appointing an competent,	ACC	01/06/10	16/07/10	In progress	None needed

¹ All dates reflect the best case scenario. Unforeseen delays could lead to changes in forecast start and end dates

² All costs, where shown, are estimated costs that still need to be verified

	external body to manage the international design competition i.e. a Design Competition Management Company (DCMC)					
4	Produce and issue tender brief for appointment of PR company to manage Community and Stakeholder Engagement activities for a three year period (subject to appropriate cancellation clauses)	PIT/ACSEF	07/06/10	16/07/10	In progress	None needed
5	Appraise PR tenders and appoint PR company	PIT/ACSEF	31/07/10	27/08/10	Not Started	£60,000 p.a.
6	Commission Price Waterhouse to commence stage 2 of the TIF business case (including economic detailed impact assessment study). Study to run in parallel with design competition, with final version report being concluded after final design has been agreed Work with SFT and SG to try and establish the baseline as April or May 2010 so we benefit from the recent uplift in NDR	Scottish Enterprise	09/07/10	30/09/11	Not started	£65,000 (SE to pay 100%)
7	Develop cash flow forecast for the initial project phases. Draft a funding agreement document identifying which organisations the Council should invoice for any expenditure incurred during the design phase, where funds will be placed and under what terms, and what the mechanism should be for releasing these funds.	ACC/ACSEF/ SIWF	09/07/10	03/09/10	Not Started	None needed
8	Land assembly plan to be prepared	ACC	09/07/10	24/09/10	Not Started	None needed
9	Review tenders from international design competition management companies and determine which one should be	PMB	10/09/10	17/09/10	Not Started	None needed

	appointed					
10	Prepare brief for the design competition	Design Competition Management Company	17/09/10	01/10/10	Not Started	Up to £60,000
11	Approve brief for design competition, including agreed evaluation criteria, before the tender is launched	PMB	01/10/10	22/10/10	Not Started	None needed
12	Launch design tender, manage all subsequent processes related to the design competition, ensure full stakeholder engagement in these processes and obtain a sufficient number of high quality responses	Design Competition Management Company	01/11/10	08/04/11	Not Started	None needed
13	Work with DCMC to ensure receipt of high quality design submissions	PIT	19/09/10	08/04/11	Not started	None needed
14	Seek public comments on the short-listed design proposals	PMB/PIT/ Design Competition Management Company	08/04/11	20/05/11	Not started	£20,000
15	Determine most appropriate design	PMB/ Design Competition Management Company/ Expert Jury	20/05/11	17/06/11	Not started	None needed
16	Establish a funding work stream to obtain agreement/approval for the financial support package	PMB/PIT	17/06/10	30/09/11	Not started	None needed
17	Oversee establishment of SPV and ensure smooth transition from PMB to SPV, who will thereafter assume full responsibility for realising the proposed development scheme, once an appropriate design has been determined	PMB/PIT	03/10/11	25/11/11	Not started	£10,000
18	Appoint legal and accounting advisers to the SPV	SPV Board	25/11/11	23/12/11	Not started	£20,000 ³
19	Provide funding to cover 3 years staff costs for SPV	SPV Board/ Funding Organisations	09/01/12	09/01/12	Not started	£900,000

³ This is the administrative costs of the recruitment process, not the on-going employment costs

20	Appoint staff for the SPV, starting with a Project Director	SPV Board	09/01/12	30/03/12	Not started	£20,000 ⁴
21	Develop SPV Business Plan and Project Plan for implementation of the project, through the planning process and up to completion of construction	SPV Chief Executive	02/04/12	29/06/12	Not started	n/a
22	Obtain access to development funding, to enable completion of planning phase by end December 2013 and completion of construction by end April 2016	SPV Board/ Funding Organisations	02/07/12	30/04/16	Not Started	£139m
23	SPV to manage transition from building phase to operating phase	SPV	30/04/16	01/10/16	Not Started	n/a

Note: The above timetable is presented as a project schedule, in Appendix 1.

6.7. Once the PIT is established, they will be expected to create a high level risk register that ensures future risks associated with delivery of the project are fully considered and effective mitigation strategies are put in place.

Management Control

6.8. Management control would be exercised through the following two main bodies:

- The Project management Board (PMB)
- the Project Implementation Team (PIT)

6.9. **The Project Management Board (PMB)** would be a strategic, decision making body during the initial phase of the project. This will provide the strategic leadership and overview, and will manage the whole process until the time comes to establish a Special Purpose Vehicle to take the project to completion. (after a final design has been chosen). It would cease to exist once a Special Purpose Vehicle (SPV), with an appropriate board, is established to manage the planning and construction phases of the project:

⁴ This is the administrative costs of the recruitment process, not the on-going employment costs

- 6.10. The primary purpose of the PMB would be to:
- Achieve a final design proposal that meets the essential design and funding parameters of the project:
 - Make arrangements to transfer the agreed final design proposal to a SPV, so they can take responsibility for progressing the project through the planning process and into the project's construction phase (subject to obtaining planning approval).
- 6.11. To achieve these aims the PMB will manage the following key activities (and any others related activities commensurate with achieving the PMB's main aims);
- (a) Approving appointment of a communications and community engagement contractor to help the PMB facilitate effective communication and community engagement over the next three years.
 - (b) Agreeing the project's governance structure, including financial controls and delegated authority, up to the point where the SPV is established
 - (c) Approving the appointment of an Design Competition Management Company (DCMC) to run all elements of the international design competition (preparing brief, managing the tender process, liaising with potential design companies, producing a short-list for approval, advising the PMB on who the best company is to undertake the final design work etc)
 - (d) Overseeing and managing the design competition process from start to finish
 - (e) Recommending the SPV structure and remit for approval by the project's main core-funders and the City Council.
- 6.12. It is suggested that all decisions of the PMB should be taken on the basis of one member one vote.
- 6.13. With regard to the composition of the PMB, it is proposed that this would comprise a smaller number of representatives from the main funders and key stakeholders, who will to take advice from a separate advisory/reference group representing all other stakeholders and a wider range of interest groups. In such a scenario, the PMB membership would comprise the following;
- ACC Chair + 1 + advisers

- ACSEF +2
 - Wood Family Trust
 - Scottish Enterprise
 - Aberdeen and Grampian Chamber of Commerce
 - Aberdeen City Centre Association
 - Owners rep
 - Community rep (Chair of TACA, perhaps?)
 - Youth Council rep
- 6.14. The separate advisory/representative group, established to provide an input to PMB decision making, would involve as wide a range of stakeholders as possible, including (but not limited to) the following;
- *Scottish Government*
 - *Nestrans*
 - *Creative Scotland*
 - *Historic Scotland*
 - *Arts and Culture*
 - *Horticultural Society*
 - *Architectural*
 - *Environmental*
- 6.15. **The Project Implementation Team (PIT)** would be established comprising representatives and officers from the project's main sponsors. Like the PMB, the PIT would cease to exist once a Special Purpose Vehicle (SPV) is established to manage the planning and construction phases of the project.
- 6.16. The aim of the PIT would be to:
- Present the PMB with sufficient accurate information and concise recommendations, during the design process, to ensure that they can meet their aims (and undertake their key activities) without having to be directly involved in day to day operational activities.
- 6.17. To achieve this aim the PIT will manage the following key activities (and any others related activities commensurate with their aim);
- (a) Complying with the financial controls and delegated authority procedures determined by the PMB
 - (b) Overseeing all tender exercises and recommending suitable companies, for appointment by the PMB, to manage and advise on the design competition and the communications and community engagement process.

- (c) Liaising with the DCMC chosen to run all elements of the international design competition, to ensure that they have all the day-to-day assistance required to satisfactorily complete the international design competition and reach a point where a preferred design can be submitted to the PMB for approval.
- (d) Liaising on a daily basis with the communications and community engagement contractor chosen to provide the PMB and PIT with advice and assistance relating to all communications and community engagement activities over the next three years.
- (e) Preparing a memorandum of understanding/partnership agreement with PVA or an equivalent organisation, to ensure delivery of a new cultural arts centre as part of the proposed development, for presentation to and approval by the PMB.
- (f) Recommending the SPV structure and remit for approval by the PMB, prior to seeking approval from the project's main core-funders and the City Council.

6.18. Since it is important that the PIT function as the “engine room” for driving the work and detail stemming from PMB decisions, it is essential that this team works as a coherent unit, with unity of purpose. For this reason, it is suggested that the PIT be composed of representatives from the main project sponsors only, plus Nestrans and Creative Scotland. If this is accepted then the composition of this body would be as follows:

- *ACSEF Chair +2*
- *ACC + 2*
- *Wood Family Trust*
- *Scottish Enterprise*
- *Creative Scotland*
- *Nestrans*

Proposed Management Support Structure

6.19. It is suggested that the PMB should meet on a monthly basis, with the PIT meeting on a weekly or bi-weekly basis. To facilitate effective management and ensure the PMB are kept fully informed of all activities/developments, the PIT will be expected to provide the PMB with formal monthly update reports.

6.20. To enable the PIT and PMB to function properly they will both need some administrative/secretarial support and it is suggested that this be provided by Aberdeen City Council.

- 6.21. The PIT will also need to be provided with some dedicated Executive support. This need not necessarily be on a full-time basis, but at least one discrete person should be nominated as a project executive working to the PIT.
- 6.22. It is therefore proposed that administrative and executive/officer support for PIT would be provided by Aberdeen City Council, subject to identification of suitable personnel and their subsequent approval by all members of the PIT
- 6.23. Finally, the appointment of an external management company to manage all processes associated with the international design competition is regarded as an essential component of the management control structure - since this will substantially reduce the workload of the PIT. Otherwise, each of the stakeholders would need to make available a significant amount of executive time to facilitate this task.
- 6.24. If deemed necessary, the PMB will be free to establish additional specialist stakeholder consultation groups to advise the Board on key issues. Representation on these stakeholder groups would be by invitation.

Immediate Actions

- 6.25. In order to launch the international design competition as soon as possible, it is proposed that the Council issue the tender documentation in respect of the appointment of the Design Competition Management Company, to run the competition, and the Communications and Community Engagement Contractors, to provide the PMB and PIT with advice and assistance in these areas over the next three years.
- 6.26. Immediate work will begin on a cash flow forecast for the first phase of activity and the establishment of a suspense account through which to administer the project costs.. The cost of both contracts will be met from funds made available to the Project Management Board by the Wood Family Trust and the private sector, via ACSEF. An appropriate mechanism will be established to enable the Council to pay the fees and be reimbursed accordingly. Such a mechanism will be in place before any contracts are issued to the chosen contractors.
- 6.27. The position of PVA not to take any part in the UTG development is both acknowledged and respected. The Council will continue to work with PVA separately to support them where possible in securing a sustainable future. To this end, the Chief Executive and Director of Enterprise, Planning and Infrastructure have already met with the Chief Executive of PVA to take discussions forward.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS

Council report OCE/10/010
Appendix 1: The City Garden Project - Next Steps Project Planning Schedule

The City Garden Project - Next Steps Project Planning Schedule

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