

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	23 rd August 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Aberdeen Market - August 2023 Update
REPORT NUMBER	RES/23/249
DIRECTOR	Resources
CHIEF OFFICER	Corporate Landlord
REPORT AUTHOR	Stephen Booth
TERMS OF REFERENCE	21

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the progress with the re-development of the site as 91 – 93 Union Street and 3 – 6 Market Street.

2. RECOMMENDATIONS

That the Council:

- 2.1 Note the report in relation to progress with the Project.

3. CURRENT SITUATION

- 3.1 Previous Council Instruction.

At its meeting of 14 December 2022, ([RES/22/290](#)) the Council noted the business case for Aberdeen Market and instructed the Director of Resources following consultation with the Chief Officer - Corporate Landlord to proceed with the negotiation and execution of contracts for delivery and report progress back to Council on a six monthly basis. This report provides an update on the project.

- 3.2 Operator Selection

A preferred operator is in place for the site following an extensive marketing campaign undertaken by external Chartered Surveyors. This exercise included engagement with local food and drink and retail operators along with directly targeting operators of similar venues throughout the UK. From this exercise detailed discussions and negotiations have been undertaken both in relation to agreeable terms but also in relation to the design of the building and the development of the concept.

Heads of Terms have now been finalised as has the overall design which has allowed a revised planning application ([Link to planning application](#)) to be

submitted for the project incorporating a revised and simplified layout. An abbreviated operating proposal from the operator is enclosed as Appendix A.

Members should note that the working title for the project from the operator is 'Union Street Market' although this may be subject to change.

3.3 Planning and Design Development

The revised planning application was validated in June 2023 and this is currently going through the process. Reaction to the revised scheme which sees spaces off Union Street and at the green 'more open', appear positive whilst allowing greater flexibility in the future use and operation of the scheme.

In advance of submitting the revised application, Planning Officers were consulted to review the updated layouts, and these were also presented to the Disability Equity Partnership (DEP).

The scheme is being developed with Hub North Scotland and our approach with them has moved to the next stage to allow detailed design development. It is anticipated that financial close will be met in January 2024.

As part of the design development to date, investigation and survey work has been carried out to confirm the site conditions. This has included ground penetrating radar (GPR) surveys to identify buried utility services in the surrounding areas, water pressure tests to confirm availability of water supply for the new development, 3D laser scans to accurately record the existing buildings and the site, CCTV surveys of the sewerage network to confirm size and location of pipework and investigation of the adjoining buildings on Union Street to ensure there are no structural implications from working against the gable walls.

In addition to this, investigation was required to confirm the ground conditions following the completion of the demolition works and this involved coring a number of holes through the existing reinforced concrete ground slab. This confirmed the depth of the slab across the site and enabled further investigation to be carried out by means of sampling and testing of the ground below the slab itself.

The outputs from these various investigative works have been used to inform the revised design that was submitted to planning and will be used further to develop the detailed design.

The Fire Strategy has been updated to reflect the revised design and this is currently being finalised with Zurich insurers to address some of the queries they have raised around building materials, sprinkler systems and alarm system coverage. Once this is agreed, the fire strategy and associated building details will form the initial building warrant application in August as part of a phased warrant programme agreed with Building Control.

The revised scheme provides greater opportunity around feature landscaping and lighting. This is being taken forward in consultation with the wider city

centre team to ensure external areas complement the streetscaping proposals that they are also working on.

3.4 Demolition and Site Works

There are some outstanding snagging works being pursued with the demolition contractor. This is the delaying the erection of the permanent hoarding around the site although this should be in place during August 2023. Discussions have progressed with the Roads authority around maintaining minimum footpath widths and ensuring necessary permitting is in place.

The pre-construction programme has been developed with all design team input, so it's critical that the design is now progressed to meet the agreed dates for work packages, tender enquiries etc.

A preferred Tier 1 Contractor is in place as we push towards commercial close, with the aim of having DBDAa and site start in place in early 2024. Construction plans are being developed and discussions have commenced with the Roads authority to agree suitable traffic management for the area during the site works. The bus priority zone in the city centre has been considered and this is influencing the proposed construction traffic routes, with the ultimate aim of ensuring public safety

The contractor and the design team have identified a number of suppliers for the various work packages, and these will form the basis of the competitive tendering process later this year to ensure best value.

3.5 Enabling Works

The team are currently looking at elements that could be progressed early as part of an enabling works package, including hoarding upgrades, partial slab removal, fill material removal and further survey works.

As part of their traffic management and site establishment, the contractor has proposed a phased approach that involves re-aligning sections of hoarding as the works progress. To give greatest flexibility and to ensure safe working room for their staff, new hoarding will be installed to the perimeter of the market site, and this is being proposed for August 2023.

Scottish Water has confirmed that rainwater attenuation is required at the development, so a buried storage tank will be installed as part of the main construction works. To facilitate this, a section of the existing concrete slab will need to be removed and proposals for this are being finalised and necessary permissions put in place to commence in September.

As a safety measure, the demolition contractor retained material on site and formed a temporary embankment to the retaining walls. This material will need to be removed from site to allow some further structural investigation work to be carried out in advance of main construction commencing and this is also likely to commence in September.

There is an opportunity to commence work at 91-93 Union Street, but this is dependent on erecting scaffolding to protect the public and to provide working room for the contractor. Initial discussions with the Roads Authority indicate that this is unlikely to be possible until early January 2024 to avoid any conflict with festive activities, such as erecting/removal of Christmas lights and festive parades.

Scottish & Southern Electricity (SSE) has an above ground junction box located in the footpath directly in front of the new Market Street entrance and investigation has commenced around relocating this box to Hadden Street. The timing for this has not been confirmed, but it is possible that this work could be carried out in advance of the main construction works.

3.6 District Heating

As previously confirmed, the new development will be supplied from the district heating system with the infrastructure extension being carried out by Aberdeen Heating & Power. ACC Energy team are reviewing this at present in terms of the route to provide greatest long term benefit.

3.7 Ancillary properties.

To consolidate title and control areas around the development, 4 retail units in Union Street were purchased either as part of the original purchase or the subsequent purchase. All 4 units are currently occupied by retail businesses albeit on relatively flexible short term leases to reflect the uncertainty of the construction period on the properties.

4. FINANCIAL IMPLICATIONS

- 4.1 The project remains within the capital spend parameters identified in the business case for the site.
- 4.2 Financial profiling will be further developed during design development and reported as part of the capital plan.
- 4.3. The project is part funded through levelling up funding although the monies allocated to the market project equate to costs in purchase and site clearance.

5. LEGAL IMPLICATIONS

- 5.1 Detailed Heads of Terms have been agreed and also approved by the council commercial property advisor for the site. Solicitors are now progressing the formal lease. External advice is being obtained to ensure that all legal implications are thoroughly addressed and mitigated.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The project has been designed to reduce lifecycle costs and meet current environmental standards and the Scottish Government's Heat in Buildings strategy.
- 6.2 As noted the building will be connected to the District Heat network and as such the project will require to have the existing network extended from Broad street to the site. This is consistent with the wider strategic aims of the network. Whilst this will mean that the site is in theory 'gas' powered the opportunity exists to have the network de-carbonised in future tears.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Risk of non - delivery and limited impact on city centre	Experienced delivery team and operator identified.	L	Yes
Compliance	n/a	n/a		Yes
Operational	Site development and operational Health and safety compliance.	Risks transferred to operator/ developer.	L	Yes
Financial	Increased construction costs. Operator failure.	Experienced design team appointed with early contractor engagement. A suite of KPIs is being developed with the operator to track performance and success of venue. Council will have step in rights based on commercial performance.	M M	Yes
Reputational	Project not delivered or further extensions to programme.	Non-delivery of project or significant delay would have reputational damage to the council both with citizens and funding partners. The high-level design is now frozen to give certainty on design delivery	L	Yes
Environment / Climate	Enhanced carbon footprint of estates.	Designed developed to be energy efficient.	L	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
Prosperous Economy Stretch Outcomes	Outcome 1: No one will suffer due to poverty by 2026: The project, through its business activities and economic initiatives, can create job opportunities and stimulate economic growth in Aberdeen. By generating employment and income opportunities for the local population, it can help uplift individuals and families out of poverty.
Prosperous People Stretch Outcomes	
Prosperous Place Stretch Outcomes	The development has been identifies as a key site within the city centre masterplan in creating a 'destination' redeveloping a key site on Union Street but also by increasing connectivity between Union Street, the Green and the station beyond.
Regional and City Strategies	

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Other	Not required

10. BACKGROUND PAPERS

None

11. APPENDICES

11.1 Operator Statement – to follow

12. REPORT AUTHOR CONTACT DETAILS

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