

## ABERDEEN CITY COUNCIL

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|---------------------------|--|
| <b>COMMITTEE</b>          | Finance and Resources                        |
| <b>DATE</b>               | 8 <sup>th</sup> May 2024                     |
| <b>EXEMPT</b>             | No   |
| <b>CONFIDENTIAL</b>       | No   |
| <b>REPORT TITLE</b>       | Marks & Spencer Building, St Nicholas Street |
| <b>REPORT NUMBER</b>      | CR&E/24/157                                  |
| <b>DIRECTOR</b>           | Gale Beattie                                 |
| <b>CHIEF OFFICER</b>      | Julie Wood                                   |
| <b>REPORT AUTHOR</b>      | Jen Lawie                                    |
| <b>TERMS OF REFERENCE</b> | 1.1.17                                       |

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### 1. PURPOSE OF REPORT

- 1.1 In February 2024, Council instructed the Chief Officer – City Development and Regeneration to report to the Finance and Resources Committee on 8 May 2024 on developments relating to the Marks and Spencer’s building on St Nicholas Street, Aberdeen following the announcement that it will close in 2025. This report provides Members with an update on this basis.

### 2. RECOMMENDATION(S)

That Committee :-

- 2.1 Notes the progress that has been made to date; and
- 2.2 Instructs the Interim Chief Officer - City Development and Regeneration to provide a Service Update on progress should any new information become known, or where any decision be required, bring a report to a future Finance and Resource Committee meeting.

### 3. CURRENT SITUATION

- 3.1 In January 2024, Marks and Spencer announced the closure of its St Nicholas store in 2025, alongside an investment of £15 million in an expansion of its existing Union Square store. The building at St Nicholas Street is owned by Marks and Spencer and when announcing its closure, the company offered assurance that it would work with Aberdeen City Council and partners regarding the future of the building.
- 3.2 A City Centre Partners’ group has been established to support city centre collaboration and activity, with representatives from Aberdeen City Council’s Strategic Place Planning and City Development and Regeneration clusters; Aberdeen & Grampian Chamber of Commerce; Aberdeen Inspired; Our Union Street; and Prosper (formerly known as SCDI). Relevant members of this group

attended a meeting with the Estate Manager of Marks and Spencer, and the appointed commercial agent Savills, on 30 April 2024.

- 3.3 During the meeting Savills advised that active marketing of the site was launched in mid-April and at this stage it is too early to comment on level of interest. Prior to this Savills shared the draft prospectus with Aberdeen City Council for input. The prospectus highlights the ongoing investment in the surrounding city centre, including the new Market.
- 3.4 To support enquiries, Savills has requested that the Council provide additional materials which convey and promote our vision for the city centre and summarises the ongoing investment and regeneration activity being undertaken. This will be incorporated into an extended marketing pack for the site and serve to inform national developers of wider activity and enhance perceptions of the city as a location for investment.
- 3.5 In addition, the Council has offered pre-Planning Guidance which can be shared with any interested developers, and reassured that conversations to provide advice about potential development options with enquirers would be welcomed. There has also been discussion with other public service partners as part of a multi-agency meeting and we will continue to encourage any potential development options that may emerge.
- 3.6 City centre partners, Our Union Street and Aberdeen and Grampian Chamber of Commerce, will also support with provision of materials for an extended marketing pack and coherent city messaging. On the 1 May 2024, Our Union Street's website will launch collating information on all available units on Union Street in one place. This will improve promotion of vacant units to prospective tenants and encourage transparency from landlords, hopefully resulting in increased local and national occupier and investor interest.
- 3.7 Marks and Spencer confirmed that the planned closure date for the St Nicholas Store is likely to be Q3 or Q4 of 2025. Savills therefore advised that marketing of the unit is at an early stage, and sales of similar sites tends to take around 12-18 months. In other locations where Marks and Spencer have closed a store prior to a buyer being secured, they have supported temporary occupation by community-led or charity tenants.
- 3.8 Council officers and city centre partners will continue to engage with Marks and Spencer and Savills on progress of the marketing activity at six-monthly intervals, or when enquiries are received which we can support. Options for temporary occupation will be explored meanwhile, in the event that this may be required. Officers will also collaborate with Invest Aberdeen, ensuring that the site is included in its investment prospectus currently being developed.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

#### **5. LEGAL IMPLICATIONS**

5.1 There are no direct legal implications arising from the recommendations of this report.

## 6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

## 7. RISK

7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

| Category              | Risks  | Primary Controls/Control Actions to achieve Target Risk Level  | *Target Risk Level (L, M or H)<br><br>*taking into account controls/control actions | *Does Target Risk Level Match Appetite Set? |
|-----------------------|--|--|---|---|
| <b>Strategic Risk</b> | A vacant city centre site may negatively impact the success of the Council's wider city centre strategies eg. CCBMP and Union St Empty Shops | Continued engagement with Marks and Spencer, Savills and the City Centre Partners' Group.<br><br>Continued updates to the City Centre Board. | L   | Yes   |
| <b>Compliance</b>     | No significant risks identified - building owned by M&S  | N/A  | L   | Yes   |
| <b>Operational</b>    | No significant risks identified - building   | N/A  | L   | Yes   |

|                              |  |   |            |     |
|------------------------------|--|---|------------|-----|
|                              | owned by M&S   |   |            |     |
| <b>Financial</b>             | No significant risks identified – building owned by M&S  | N/A   | L          | Yes |
| <b>Reputational</b>          | Risk of reputational damage if Council not seen to be engaging with M&S and supporting enquiries | Effective working relationships between the Council, M&S, Savills and City Centre Partner Group.<br><br>Proactive engagement by dedicated city centre Planning and Building Standards officers. | M<br><br>M | Yes |
| <b>Environment / Climate</b> | None at this stage - if option to demolish is raised there would be carbon impacts               | If progressed, considered in relevant impact and option assessments.  | M          | Yes |

## 8. OUTCOMES

| <u><a href="#">COUNCIL DELIVERY PLAN 2023-2024</a></u>  |  |
|---|--|
|   | <b>Impact of Report</b>  |
| <b>Aberdeen City Council Policy Statement</b><br><br><u><a href="#">Working in Partnership for Aberdeen</a></u> | The activity in this report supports the delivery of the following from the Policy Statement:<br><br>A Vibrant City <ul style="list-style-type: none"> <li>Establish a task force to identify disused and derelict land and buildings and help bring them back into use, including investigating the purchase and conversion of upper floors along Union Street</li> </ul> |
| <u><a href="#">Local Outcome Improvement Plan</a></u>   |  |
| Prosperous Economy Stretch Outcomes<br>Prosperous People Stretch Outcomes                                       | N/A  |

|                                     |  |
|-------------------------------------|--|
| Prosperous Place Stretch Outcomes   |  |
| <b>Regional and City Strategies</b> | <p>The activity within this report supports the Regional Economic Strategy and the economic challenge identified of redeveloping town centres and the city centre post pandemic.</p> <p>It also supports successful delivery of the Council's City Centre and Beach Masterplan and Union St Empty Shops Action Plan.</p> |

## 9. IMPACT ASSESSMENTS

| Assessment                               | Outcome   |
|--|---|
| <b>Integrated Impact Assessment</b>      | No assessment required. I confirm this has been discussed and agreed with Julie Wood, Chief Officer – City Development and Regeneration on 30 April 2024. |
| <b>Data Protection Impact Assessment</b> | Not required  |
| <b>Other</b>                             | N/A   |

## 10. BACKGROUND PAPERS

10.1 Notice of Motion, Council, Thursday 8 May 2024.

## 11. APPENDICES

11.1 N/A

## 12. REPORT AUTHOR CONTACT DETAILS

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|----------------------|--|
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