

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Finance and Resources
<b>DATE</b>	12 <sup>th</sup> February 2025
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Update on Upper Floors of 101/103 Union Street, Aberdeen
<b>REPORT NUMBER</b>	F&C/25/032
<b>EXECUTIVE DIRECTOR</b>	Families and Communities
<b>CHIEF OFFICER</b>	Stephen Booth
<b>REPORT AUTHOR</b>	Jonathan Steele
<b>TERMS OF REFERENCE</b>	4.1

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### 1. PURPOSE OF REPORT

- 1.1 In December 2022, Council considered a Report on upper floor uses at 101-103 Union Street with officers being asked to Report back in August 2023. In August 2023 officers did not consider there to have been significant enough market changes to warrant an updated feasibility study and this was deferred to December 2024. Whilst there has not been significant positive market change this report gives an update on the position.

### 2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the updated position in relation to the financial viability of any redevelopment; and
- 2.2 Instructs the Chief Officer – Corporate Landlord to continue to monitor market conditions and to take no further action with the upper floors of the property until the completion of the new market.

### 3. CURRENT SITUATION

- 3.1 In December 2022 a report was presented to the Council (City Centre Update - RES/22/290) which included a Strategic Outline Case for the redevelopment of a property at 101-103 Union Street in Council Ownership.

[Link to Dec 2022 Strategic Outline Case.](#)

- 3.2 The conclusion of this was that all redevelopment options showed a funding deficit at that time. Officers were asked to provide an update in August 2023.

At that time officers advised there had been no significant market change and the reporting was moved to December 2024.

- 3.3 The consultancy team have been asked to review the previous options appraisal for the property in relation to both capital expenditure required and gross development value along with any other market factors that may have changed the circumstances of the development.
- 3.4 The advice received from chartered valuation surveyors is that end values will have fallen by 15 to 20% since 2022, whilst construction costs have increased.
- 3.5 The outcome of this is that the development loss is now reported at between £2.131 million and £2.913 million. Previous residual valuations in 2022 identified a negative value of between £1.78 million and £2.5 million. At this level it is recommended that the council continue to hold the unit, until such time as the new market is open and operational and to review options again at this time.
- 3.6 The unit is currently occupied, which covers the majority of occupational and holding costs. Investment is needed to undertake repairs to the fabric of the property, which has been allocated for within the Business Case for the New Aberdeen Market (the property previously provided secondary access to the Aberdeen Market and was physically connected).
- 3.7 During 2024 Aberdeen Inspired were also successful in gaining funding to undertake a feasibility study into the redevelopment of the upper floors in of 101/103 Union Street. Officers will continue to work with Aberdeen Inspired to identify how the lessons and options identified in their study could support this property.

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

- 4.1 There are no direct financial implications from anything contained within this report.

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

- 5.1 No immediate legal implications are identified; however, planning constraints due to the site's conservation area designation must be addressed in any redevelopment plans.

#### **6. ENVIRONMENTAL IMPLICATIONS**

- 6.1 Repairs will mitigate further deterioration of the building, ensuring compliance with environmental and safety standards.

#### **7. RISK**

<b>Category</b>	<b>Risks</b>	<b>Primary Controls/Control Actions to achieve Target Risk Level</b>	<b>*Target Risk Level (L, M or H)</b>  <i>*taking into account controls/control actions</i>	<b>*Does Target Risk Level Match Appetite Set?</b>
<b>Strategic Risk</b>	Delays due to economic conditions	Align plans with Aberdeen Market completion and future reviews	M	Yes
<b>Compliance</b>	Conservation area restrictions	Engage with planning authorities early	L	Yes
<b>Operational</b>	Access restrictions during repairs	Plan phased repairs to minimize disruptions	M	Yes
<b>Financial</b>	Repair costs may exceed budget	Continuous cost review and monitoring	M	Yes
<b>Reputational</b>	Delays or inaction regarding redevelopment resulting in negative publicity.	Provide regular updates to the Council and the public through transparent communication.	M	Yes
<b>Environment / Climate</b>	Delay in repairs causing further deterioration of the building leading to environmental hazards.	Implement planned repairs to maintain the building's integrity and prevent environmental degradation.	L	Yes

## 8. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN 2023-2024</u></b>	
	<b>Impact of Report</b>
<b>Aberdeen City Council Policy Statement</b>	Supports policy objectives for city centre regeneration and housing development.
<b><u>Local Outcome Improvement Plan</u></b>	
Prosperous Economy Stretch Outcomes	Positive – supports city centre regeneration and economic development
Prosperous People Stretch Outcomes	Neutral – the proposal does not directly impact social or educational outcomes but may indirectly improve accessibility and community engagement through city centre enhancements.
Prosperous Place Stretch Outcomes	Positive – the repairs and redevelopment align with the City Centre Masterplan.
<b>Regional and City Strategies</b>	Aligns with Aberdeen Local Development Plan and City Centre Masterplan.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	Integrated Impact Assessment - Completed.
<b>Data Protection Impact Assessment</b>	Not required.
<b>Other</b>	

## 10. BACKGROUND PAPERS

10.1 [December 2022 Report](#)

## 11. APPENDICES

11.1 None

## 12. REPORT AUTHOR CONTACT DETAILS

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