

ABERDEEN CITY COUNCIL

---

COMMITTEE	Enterprise, Planning & Infrastructure
DATE	11 <sup>th</sup> September 2012
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Retail Rocks Update
REPORT NUMBER:	EPI/12/171

---

1. PURPOSE OF REPORT

This report aims to provide a current update on the “Retail Rocks” Torry Project and offer suggestions for future linked activities.

Progress reports for the Retail Rocks Initiative, have previously been submitted to Finance and Resources on 28<sup>th</sup> January 2010, then 17<sup>th</sup> June 2010 and 28<sup>th</sup> September 2010, and to this Committee on 9<sup>th</sup> November 2010 and 18<sup>th</sup> January 2011.

This report also presents an overview of vacant retail units across the city and explores the potential of replicating Retail Rocks in other city neighbourhoods.

2. RECOMMENDATION(S)

Committee are recommended to:

- a) accept this update as an accurate overview of the pilot project to date.
- b) note that no grant funding currently exists to replicate the Retail Rocks Project on the same basis as the existing project.
- c) note that initial investigations have not identified any obvious areas of the City where a subsequent Retail Rocks type project could be successful
- d) allocate a budget of £5,000 from within the existing Employability, Skills and Community Enterprise Budget to support the further research that would be required to determine whether other funding mechanisms can be developed, and other suitable areas of the city can be identified, to replace or realise a similar Retail Rocks type initiative within the city.

### 3. FINANCIAL IMPLICATIONS

Currently the project is operating within the approved financial limits. If there is support to further explore the potential of replicating Retail Rocks, additional analysis will have to be undertaken to identify options for attracting external financiers to purchase properties outright and agree a lease back arrangement with ACC or alternatively, identifying suitable funding to support the rental of private vacant units for a period of up to 18 months.

The Town Centre Regeneration Fund which supported this pilot project has not been replicated since 2009, so it is unlikely that future funding will come from this source. However it may be that the current economic climate would support lobbying for resurrection of this type of funding activity and an appropriate business case would need to be produced to support this type of lobbying.

Both of the above activities may require external assistance in relation to financial structures and/or the production of communications and lobbying materials. Hence the request for a relatively small support budget.

### 4. OTHER IMPLICATIONS

#### **Staffing**

If approval is given for the recommendations there is not predicted to be an increase in demand on officer time.

#### **General**

As can be seen from the Pilot Retail Rocks project in Torry, there has been an increased demand for retail property which has dramatically reduced the numbers of vacant properties and re-vitalised the area. In the current economic downturn and predicted ongoing shrinkage of the retail sector it is important that activities are developed to sustain our diverse retail offering and avoid an increase in the number of vacant units across the city

### 5. BACKGROUND/MAIN ISSUES

Aberdeen City Council was awarded £572,500 by the Town Centre Regeneration Fund (TCRF) for expenditure relating to the Retail Rocks, project, which is focused on the Town Centre area of Torry. The project was also match-funded to a sum of £379,145, comprising of internal and external cash and in-kind support

The Retail Rocks Initiative was designed to make structural changes in the declining market share and presence of traditional town centres, like Torry, which has suffered some of the worst levels of multi-deprivation in Aberdeen. This has been aggravated by local change in the economy as well as global changes in retail and distribution.

The main objectives and expected outcomes of the project were to:

1. Reduce the overall number of empty shops and develop new retail businesses in Torry Town Centre through the acquisition of private sector properties and their refurbishment into quality retail units in Victoria Road and Menzies Road.
2. Provide a more accessible, cleaner and attractive built environment in the Torry Town Centre that looks and feels safer, assisted by the installation of CCTV, lighting and introduction of ShopSafe radios in Victoria Road and surrounds.
3. Create successful, sustainable retail businesses operating from premises that were previously derelict, which will help to stimulate other forms of entrepreneurial activity within the local community.
4. Provide the local community of Torry with a much improved retail offering.

Currently six of the retail units are still occupied by the original competition winners, none of whom would otherwise have been financially able to invest in retail premises at the early stages of their business. These businesses are:

#### **Oil & Glass, 64 Victoria Road**

Artist Gallery and workshop

This business is owned by a practicing artist and produces bespoke jewelry crafted from glass, commissioned paintings, and prints and also delivers craft workshops from the premises. It is also her intention to promote the work of other local artists and host “artist in residence” opportunities.

Due to issues with building warrants relating to the installation of the kiln this retail unit was not operational till the 12<sup>th</sup> May 2012

Since opening the shop has proven popular with both local and city wide customers, who have purchased ready made items and also commissioned bespoke jewelry and paintings. Bookings for the painting and jewelry workshops are also increasing.

Early indications show that this business has the capacity to continue to trade successfully after the supported period is over.

#### **Peapods, 24 Menzies Road**

Peapod specializes in restoring furniture that would often be consigned to the skip into bespoke vintage pieces of value. Customers can buy ready finished articles, commission a piece of work or have items of their own restored. In addition Peapod also retails small hand-made craft items on behalf of other local crafters, and will offer workshops on furniture restoration. Since being identified as a “Retail Rocks” competition winner, changes in personal circumstances have impacted on the “Winners” ability to run the shop on a full

time basis. Unfortunately the shop to date has not generated sufficient income to either employ staff or indeed pay the full rental when the rent free period is over.

The competition winner was advised to consider and investigate the potential of establishing a craft co-operative where other practitioners could share the cost of rental and also time spent manning the retail outlet, which would allow her to continue with the business on a part-time basis.

Since investigating this possibility, Peapods has identified potential partners and suitable larger premises in Rosemount, which will be opened in September.

Although this has not proved to be a sustainable enterprise within Torry, it has given a business start up the opportunity to test the market and develop a more sustainable business model to ensure continued survival within another part of the City, and also assist 2 new business start ups.

### **Mneumonic Photography, 39 - 41 Victoria Rd**

Mneumonic is a photography studio, specialising in offering a Wedding Photography and portrait service in an informal and natural style. He is also building a portfolio of potential business clients and hopes to capitalise in seasonal products e.g. family Christmas cards and portraits. To enhance the sustainability of his business and widen the service offering he is currently in negotiation with a video producer to co locate within the premises which will enhance the service, potentially increase footfall and reduce business overheads.

This business intends to continue trading within Victoria Road post the end of the support period. Currently this business appears to be on target to becoming sustainable.

### **NESCU, 28 Menzies Road**

NESCU – North East of Scotland Credit Union, currently operates a successful credit union in Torry. The Retail Rocks project enabled them to access additional premises to offer “White Goods” packages to home starts in partnership with the Co-op, at affordable prices and non-inflationary interest rates.

Footfall has not been as prolific as anticipated, however a large leaflet drop has shown an increase in client numbers over the last few weeks.

This business intends to continue trading within Menzies Road post the end of the support period.

### **Wonderfully made Designs, 26Menzies Rd**

Wonderfully made Designs specialises in designing and making handmade jewelry and accessories in a wide range of materials and fabrics.

Participation in the “Retail Rocks” project has however highlighted that although there is demand for the product, the overhead of operating a retail unit will not make the business sustainable in the long term. Wonderfully made Designs

has been advised and supported to continue the business on an online retail format and also to market via local craft fayres and events. Wonderfully Made Designs will however still remain closely associated with the other “Retail Rocks” businesses and participate in their business development, marketing and promotional activities.

### **Inkwire, 22 Menzies Road**

The Inkwire shop is the last unit to commence trading and will offer a toner cartridge recycling service and commercial pc access and desk space in order to sustain the business. Additionally Inkwire will provide community accessed literacy and numeracy support with a clear emphasis on basic adult learning on a free and fee paying basis.

As the unit has not been fully operational, it is too early to identify if Inkwire will continue trading post the supported period

Nearing the end of the 12 month supported period, the competition winners have been supported to establish a strong Retail Rocks brand identity and promote this identity on a city wide basis, driving a new consumer segment to Torry. To supplement the strong local consumer support, Aberdeen City Council have facilitated and financially supported their attendance at a number of key events across the city e.g. Aberdeen Highland games, Farmer’s market etc, to raise the profile of their individual businesses and the “Retail Rocks” brand, driving new footfall into Torry which will also positively impact on the other Torry based retailers.

Working under the “Retail Rocks” brand has not only created a strong support network for the six fledgling businesses, it has also ensured economies of scale can be achieved in marketing the brand rather than individual businesses.

The physical improvements within the area have also generated a new interest in retail units within Torry, dramatically reducing the number of vacant properties and creating a new vibrancy across the Torry Town Centre, currently with interest noted on any upcoming units from 3 other traders.

In recognition of the support received Oil and Glass are now participating in the “Activity Agreement” scheme by offering workshops in painting, jewelry design and production within the Curriculum for Excellence framework. Additionally, Oil & Glass, Peapods and Mneumonics have offered to host work experience placements to schoolchildren from within the “Looked after Children” segment, greatly enhancing opportunities for those with a creative flair or interest.

### **Going Forward**

As it is likely there will be two vacant units by the end of September, other businesses that have noted interests in letting the properties have been shown them and negotiation is underway in relation to commercial tenancy agreements.

Kevin Stewart MEP also raised a request that officers should investigate the feasibility of replicating a “Retail Rocks” type initiative in Tillydrone.

The idea of replicating Retail Rocks in other parts of Aberdeen was always something that officers wanted to consider. However, rather than assess the suitability of Tillydrone in isolation, a more extensive audit of both commercial and council owned empty retail units was conducted across the city. This audit identified the numbers of vacant units within the various neighbourhoods, the current retail offerings within these neighbourhoods and the potential neighbourhood service gaps. (See appendix 1)

The current Scottish Government consultation paper on the Community Empowerment and Renewal Bill includes measures to encourage temporary use and potential powers for the local authority to enforce the sale or lease of empty properties. In addition, the Scottish Government also intends to create a new incentive to encourage landlords to let vacant commercial premises by reforming empty property business rates relief from Apr 2013. These activities may provide resources and powers to help deliver another future "Retail Rocks" based regeneration project.

Additionally officers within EP&I will continue to try and identify other external funding streams that may fund a future "Retail Rocks" type project

Further consideration will also be given to making application to the Business Improvement Scheme which potentially could be used to assist retail businesses develop skills and strategies to survive in the current economic climate. (This Scheme will not support capital purchases)

However this additional activity will require access to a small supporting revenue budget, to enable officers to secure external support, where needed and justified, to produce a meaningful business case for future funding support, and/or the materials needed to support effective lobbying in this regard.

From the attached audit (Appendix 1) the following most likely initial opportunities have been identified:

### **George Street**

The majority of the identified vacant properties were distant from each other and would not project a linked project, however, there may be opportunities to investigate the potential of delivering a small "Retail Rocks" project within the 3 empty retail units that are located across from John Lewis Partnership. It is believed that these units are currently owned by Land Securities.

### **Manor Place**

There is currently a block of 5 purpose built retail units located in Manor Place. The properties are in very poor condition due to vandalism and fire damage, and roofs may be structurally unsound. With the proposed redevelopment of this area it may be worth negotiating with private investors to consider purchasing these privately owned properties and working a partnership approach to deliver "Retail Rocks", which would give the investors a guaranteed income for a fixed period of time.

## 6. IMPACT

The project contributes significantly and directly to the achievement of six Single Outcome agreement (SOA) National Outcomes:

- 2 We realise our full economic potential with more and better employment opportunities for our people;
- 9 We live our lives free from crime, disorder and danger;
- 10 We live in well-designed, sustainable places where we are able to access the amenities and services we need;
- 11 We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others;
- 12 We value and enjoy our built and natural environment and enhance it for future generations;
- 14 reduce the local and global environmental impact of our consumption and production.

The Retail Rocks project (and any similar future projects) seeks to emphasise the continuing drive for “Smarter” regeneration opportunities, and encourage the purchase of local goods and services, adopt of ambitious recycling targets and measure to ensure the creation of safer communities.

The Retail Rocks project (and any similar future projects) focusses on the retention of small businesses in the community and the need to sustain a safe, attractive place for people to shop locally. Such projects also directly supports the rejuvenation of the Town Centre areas within the City that rely on small, independent businesses for a healthy and vibrant local economy. The project is also designed to promote Torry as a place of destination shopping.

### **Equality and Human Rights implications**

A full equality and human rights impact assessment was not required, as this project will have a positive impact for all the equality target groups.

## 7. BACKGROUND PAPERS

Town Centre Regeneration Fund Application to Scottish Government, and Award of Grant of the Town Centre Regeneration Fund  
Report to Finance and Resources Committee – 28<sup>th</sup> January 2010  
Report to Finance and Resources Committee – 17<sup>th</sup> June 2010  
Report to Finance and Resources Committee – 28<sup>th</sup> September 2010 refers  
Report to Enterprise, Planning and Infrastructure Committee – 9<sup>th</sup> Nov. 2010 –  
Report to Enterprise, Planning and Infrastructure Committee – 19<sup>th</sup> January 2011

8. REPORT AUTHOR DETAILS

Heather Farquhar

Senior Officer, Employability, Skills and Community Enterprise

Tel: 01224 523361

Email : [hfarquhar@aberdeencity.gov.uk](mailto:hfarquhar@aberdeencity.gov.uk)